

**“Change management –  
approach including business and human dimensions”**

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# I. Introduction to problem – case presentation

ABC-FI was a multicultural company. The core business of ABC-FI were financial investments executed around the world. That's why ABC-FI had its premises located in many countries with employees coming from different cultures.

Before the acquisition, the organisational structure was quite flat. The organisational culture of the ABC-FI (in contrary to ABC-Bank) was in practice based on direct contacts and openness that made a decision-making procedure relatively fast. That's crucial in the financial world. Apart from the core business purposes, there was an internal culture that stipulated relatively familial relations between employees and managers. The HR paid special attention to information policy, in order to provide employees with sufficient and on-time information on any important event. Once a month all employees received an e-mail with an invitation to evaluate anonymously on-line the efficiency of the information policy. The Head of HR and CEO organised as well once a month meetings with different managers and employees to identify existing shortcomings and potential problems in order to find possible improvements and solutions.

Teams worked in the open-office space, where only the top management and HR had their own offices. The north-south orientation of the office was quite important because despite an air-conditioning, in the south part of a building a temperature was always higher, and often unbearable. This was often a subject of disputes and jealousy between employees, especially during the summer.

Already in 2008 however, the financial crisis started to spread worldwide and came from the United States to Europe. ABC-FI, although itself was financially "healthy", belonged however to a big financial "ABC-Group", that announced critical problems in its Bank. As a consequence of huge financial problems and lost of reputation on a market, in 2009 the whole "ABC-Group" was bought by the foreign financial group AAS.

This time it was ABC-FI that was overtaken. And it faced important challenges:

- legal – ownership has changed,
- general business challenge: AAS wanted to overtake almost whole middle office tasks of the ABC-FI and leave in Brussels just a small part of fully automated tasks. The top management of ABC-FI decided to prove that the process in Brussels is performed better than in AAS and hence should stay in Brussels.
- organisational : structure and culture were to be adapted to AAS needs,
- internal systems to be changed and adapted to AAS – internal migration,
- vis-a-vis managers and employees : keep motivation in the relatively unstable situation, under huge pressure, increased workload, management changes, etc.
- costs cut – trainings, salary rise, bonuses were suspended.

ABC-FI's was faced with a clear problem related to the business acquisition: uncertainty about the future and necessity of changes that were imposed and unwanted. That's why, at the beginning, the changes were regarded both by managers and employees as a threat, constraint and difficulty, provoking such reactions like: anxiety and resistance. The

status-quo had been violated. The communication between HR and employees was suspended. Neither the top management nor HR was sure about the outcome of their negotiations with AAS as concerns:

- which part of the business would be maintained in Brussels,
- organisational re-structure – new departments, new managers,
- how many employees would be needed for the new structure – ABC-FI officially wanted to keep as much of the posts as possible,

Hence, they could not communicate any direct and clear information. They tried however to calm down a tense situation by ensuring that jobs would be maintained.

The top management informed the staff that in order to keep the jobs, the company needed to prove the tasks were performed much better in Brussels than by the same department in the AAS. There was a huge pressure imposed on all of the employees. The work was supposed to be done faster and of better quality than in AAS. At the same time, the line and middle managers were supposed to keep a good atmosphere and high motivation level within the teams. All financial incentives however were cut at that time. The line and middle managers were left with their own soft skills, without any support, training or coaching.

The imperfect internal systems and hence certain inefficiency that was accepted before acquisition by ABC-FI's top management, was not tolerated any more. The systems that were not ameliorated before the acquisition due to the costs involved, suddenly were supposed to be improved by the employees and a consultant in a very short time. The top management vis-a-vis AAS started to put blame of the situation upon the line and middle managers.

This stressful and uncertain about the future situation, caused escalation of conflicts between managers of different teams and then between employees. There was no more cooperation but competition, especially between the middle managers. Suddenly the differences of origin and managerial levels started to be important. Many “bad tricks” took place.

At the same time the top management started a restructuring process in order to meet the demands of AAS. The organizational structure became more complicated and more hierarchical. The managers were shuffled and located not only in Brussels but also abroad, e.g. London, Paris, and a city where the AAS headquarter was located. The decision process became more complex.

On top of all the internal problems there was one very important challenge : to keep trust of the clients and shareholders.

The consequences were the following:

- the top management lost the close connection with the middle and line managers – as they were busy with strategic issues,
- the communication was basically limited to present new organigrams,
- the middle and especially the line managers were left without any support – neither from HR nor the top management,
- employees (including management) worked under big pressure with increased workload,

- as many changes were planned to be executed at the same time, the situation was very stressful and even chaotic,
- it was already the second reorganization in the relatively short period of time (2-3 years) and some of the employees started to feel tired, frustrated, overstressed, burnout, resistant to changes,
- and as a consequence: increase in absenteeism.

## II. Analysis and discussion

### ABC-FI – WHAT SHOULD HAD BEEN DONE:

It was quite clear that there was a lack of an efficient change management plan.

The right and effective change management plan should had been prepared and then implemented by the new merged company : ABC-FI-AAS. What does it mean “the right plan”? We could simply say: adapted to the situation, as each change is different.

For the last 30 years there have been many theories and models created about how to establish a best change management plan. There is however certain common agreement of what should be taken into account when preparing a good and efficient change management plan.

Below I present some theories and practical findings which help answer the question how the best change plan should look like. In this light, I present what happened in the ABC-FI middle office and what recommendations would be the best to improve the ABC-FI-AAS's change strategy. According to Prosci, the world leader in benchmarking research and change management products: “change management is the application of a structured process and set of tools for leading the people side of change to achieve a desired outcome”, where the “people side” of change is emphasized. And that, according to my analysis, was missing the most in the case of ABC-FI.

### 1. Psychology & neuroscience vs change

Understanding psychological aspects of a change implementation is crucial for the success of the process. Changes at work, environment, team, relationships or home trigger neurological and physiological responses that person does not control.

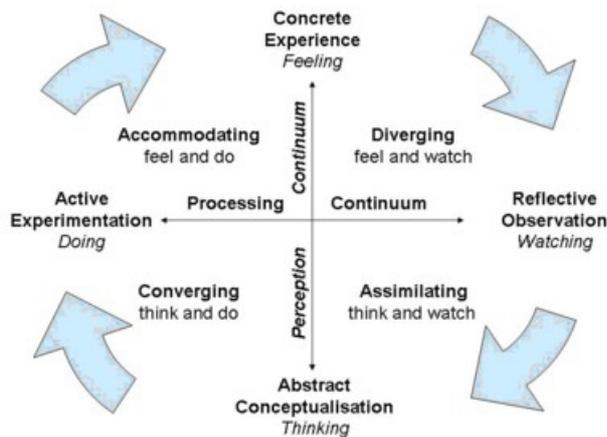
Lawson and Price (2003) presented a few conditions of the successful change strategy. They stated that employees would alter their mind-sets only if they see the point of the change and agree with it - at least enough to give it a try. Moreover, the surrounding structures (for example: reward and recognition systems) must be in tune with the new behavior. Employees must have as well, the necessary skills and must see the others, preferably management they respect, modeling the new behavior actively.

They also recall the necessity of meeting the values. If people believe in the overall purpose, they will be happy to change their individual behavior to serve that purpose and they will suffer from cognitive dissonance if they don't. They supported this conviction with the findings of social psychologist Festinger from Stanford who published in 1957 his theory of cognitive dissonance and the distressing mental state which arises when people find that their beliefs are inconsistent with their actions.

Stanleigh (2008) warns in his article that during the change process the “management may end up dealing with employees that may be burned out, scared or frustrated and who do not work well together. (...) In these situations, leaders often look for blame. There is no control ... only a crisis. The top management have moved into acceptance and left their employees behind.” He lists the most common mistakes the management does that create a crisis in the management of change:

- not engaging all employees;
- managing change only at the executive level;
- telling people they have to change: "we're in a crisis";
- sending staff on a change program and expecting change to occur;
- not honoring the past; and
- not giving time for staff to vent first and then change.

Another psychological challenge is that the organizational changes concern adults. And adults, unlike children, they need time to adapt to the new situations. During the 1980s, David Kolb, a specialist in adult learning, developed his four-phase adult-learning cycle. Kolb showed that adults can't learn merely by listening to instructions; they must also absorb the new information, use it experimentally, and integrate it with their existing knowledge (see below).



Source: [http://www.cpea.co.uk/FSWM\\_workbased.html](http://www.cpea.co.uk/FSWM_workbased.html)

The organizational psychologist Chris Argyris in collaboration with philosopher Donald Schön, proved that people assimilate information more thoroughly if they go on to describe to others how they will apply what they have learned to their own circumstances. The reason, in part, is that human beings use different areas of the brain for learning and for teaching.

This way, we touched here the fastest growing area of interest in the contemporary science, the neuroscience. Its findings are more and more used in many areas of social life. They are part of modern change management theories and practice.

Neuroscience has confirmed the brain's receptivity to change and development (deCharms and others, 2005). It's been proved, for example, that an acquisition or a cultural/organisation change is perceived by employees as a threat of losing their jobs, position, etc. A stress induced is shown up in their brain's pain centers. Practically in the same areas as in case of physical pain. That's why the unwanted changes provoke usually such feelings like fear, anxiety and protectiveness and are very natural reactions. The new neuro-scientific approach to leadership make leaders aware of these natural responses, that are located in a reptilian part of human brain. Leaders are encouraged to introduce such strategies/ approaches that would make switch / re-wire brain of an employee in order to use different part of brain, namely prefrontal areas of cerebral cortex. That part is responsible for managing emotions, adapting to change, innovation and creativity. Once it's done, the employees open themselves for acquiring "how" to change and implement new skills to day-to-day work.

David Rock together with his colleagues (2012) stated that "one of the toughest tasks is to maintain employee engagement and motivation in the midst of uncertainty created by wide scale organizational change." They elaborated the Focused Manager program designed to enable managers to lead change from a neuroscience perspective. The underpinning theory for the program was a five-step brain-based change model (SCARF) that addresses what takes, according to the author, to create successful change:

step 1: set the direction – create a "toward" state. It helps people feel safe enough to think about the future. Wide scale corporate change creates uncertainty and fear – messages that the brain interprets as threat. The result is that employees react with a fear response (fight or flight) and cannot contribute their best thinking.

step 2: get into action - facilitates new connections and help people think in new ways. Successful organizational change requires that employees create new mental maps for how to move forward with a fresh perspective. In change conversations, the goal is to teach managers how to help employees think in the new ways.

step 3: work through challenges - emotional regulation strategies for self and others. The dynamics of organizational change can result in employees feeling quite threatened and resistant to change, just at a time when the organization most needs creativity and great decision-making from its employees.

step 4: implement the change - integrate key learning from previous modules and apply to challenging one-to-one and team conversations. The conversation framework is designed to structure the thought processes and interactions of a team so that the threat response of a challenging meeting is offset for both the manager and employees.

step 5: engage the change - embed new wiring – help people develop new habits.

## 2. Change management plan

### 2.1. Change is a process

Change management is not a matter of simply following steps. No two changes are exactly the same, nor are any two organizations. The right approach to a given change is specific to the situation.

John Kotter from Harvard (Kotter, Cohen, 2002), one of the most popular authority on leadership and change said: "The most general lesson to be learned from the more successful cases is that the change process goes through a series of phases that, in total, usually require a considerable length of time. Skipping steps creates only the illusion of speed and never produces satisfactory results."

Prosci's ADKAR<sup>®</sup> Model provides the five building blocks of successful change, as concerns individuals:

- Awareness – people need to be aware of the reasons for the change, the bigger picture.
- Desire – people need to feel motivated to want the change (either because it is so attractive or because the existing situation is unattractive, or both).
- Knowledge – people need the knowledge and skills to be able to use the new system.
- Ability – people need further support to put their new skills into practice.
- Reinforcement – if people are not rewarded for their movement towards the desired change, they are more likely to revert to old methods and patterns of behavior.

At organisational level, the change management program consists of 3 phases:

- 1 - Preparing for change (occurring during the Current State),
- 2 - Managing change (occurring during the Transition State) and
- 3 - Reinforcing change (occurring during the Future State).

During the efficient change management plan, different tools or levers can be used to help move individuals forward through the change process - communications plan, sponsor roadmap, coaching plan, training plan and resistance management plan. Depending on if we are in the Current State, the Transition State or the Future State, different tools will be more effective and the content will change.

We can distinguish three different views at the states of change depending on a group of interest within one company:

- Executives and senior leaders live in the Future State. That is what they are responsible for and compensated for - deciding how the organization should function in long time perspective, etc.
- Project teams live in the Transition State. They investigate alternatives, decide on a

path and develop a solution to change the organization.

- Employees, managers and supervisors live in the Current State. They cannot simply stop their work to implement a change. They are responsible for keeping the organization functioning while a change is being implemented.

These differences may have important consequences when it comes to communicating about change. Senior leaders tend to focus on and speak about vision while project teams tend to focus on the details of their solution, the milestones and time-frames when change will happen. And employees want to know why what they are doing at present needs to be changed.

Thank to the efficient change management strategy, this gap between the three states of change is covered. The process of change can have different stages on individual and organisational levels. Each individual employee or manager who is impacted by a change must go through their own, personal process of change.

### **What “ABC-FI-AAS” did or did not and my recommendations:**

The middle office in ABC-FI understood the change as a process. The changes were not introduced over the night. There was a changing plan but related to business part only. There were milestones and short deadlines imposed without taking into account readiness of the employees. The top management did not assess potential risks and impact on motivation and resistance, when imposing sense of urgency and pressure of the changes on the business side. And as concerns people side, the change plan covered mainly shuffling the managerial positions and the teams, building up a new hierarchical structure based (hopefully) on competences.

The lack of human aspects, according to me, jeopardized the successful change implementation. The middle and line managers were put into a “sandwich”. The HR department was almost invisible. It insisted the managers increased motivation and team spirit during this difficult time. But no support was given. On the other hand, the top management demanded to do work faster, better and more.

Employees were still between two stages: “awareness” and “desire”. While top managers wanted them to be already in a stage: “ability”. There was not enough time given to “swallow and digest” the changes were unavoidable.

## **2.2 Communication about change – who is responsible for?**

In preparing an efficient change strategy, it's very important to inform adequately in order to create awareness of the employees. People need to understand what is going to change, why, when and what impact it will have on them.

According to psychological science what a sender of the message says and what a receiver hears are usually two very different messages (Prosci, 2013). The top managers

of the company play a critical role in building awareness about the change, and reinforcing the strategy through the whole implementation process. And the most common error the executives make is not communicating enough about the change.

The supervisors providing employees with reasons of major restructuring projects within the company usually focus on business, while only few percent of the time spend on explaining the implications for each employee. And the employees concentrate on those parts of the message that concerns them directly: impact on the job, etc. Moreover, each employee filters the information about the business change through the own private situation verifying its impact on:

- his/her career or educational plans
- situations at home or with personal relationships
- the past experience with other changes at work
- the current performance on the job
- whether or not they trust or respect the sender.

As the consequence much of the key business information communicated by the supervisor to the employee during the first conversation is not heard.

Who should provide the employees with the sufficient information? According to Prosci methodology, there are two preferred senders of change messages:

- first one is a person regarded as “in charge” - usually a senior manager or executive. From this person, employees want to hear:
  - Why are we changing?
  - What is the risk of not changing?
  - How does this change align with our vision and business direction?
- second preferred sender is an employee’s immediate supervisor, from who the employees want to hear:
  - How does this impact me and our group?
  - How will this change affect my day-to-day responsibilities?
  - What’s in it for me ?
  - What's in it for us (our team or workgroup)?

The best and the most efficient communication is a face-to-face discussion. That is because a primary component of any communication is carried in the tone and body language of the sender. “Credibility and respect are conveyed not simply through words, but intent, and intent is sensed, not simply heard” (Prosci 2012).

### **What “ABC-FI-AAS” did or did not and some recommendations:**

The employees learned about the acquisition from the news (TV, radio, press) as it was very spectacular acquisition. Only after a few days, the top manager of the middle office grouped the employees in the corridor and announced the acquisition and necessity to start changes. He concentrated on the business aspects leaving many questions unanswered as they were still unknown at that stage probably even to him.

Later on, there was no further communication between the top manager and employees. The middle managers received no sufficient information about the change in order to pass it to their colleagues.

There was an evident mistake concerning leaving personnel in uncertainty and letting rumors to spread around. As mentioned at the beginning, the hard competition between teams started, people became tired, stressed and frustrated.

The company should have provided the regular information meetings between top manager and middle managers, in order to empower them to organize face to face meetings with line managers and the employees.

### **2.3. Resistance to change**

A common mistake made by many business leaders is to assume that by building “awareness” of need to change, they have also created a “desire” to engage in that change. And the resistance from employees takes these managers usually by surprise and they find themselves unprepared to manage such phenomenon.

The change, especially the imposed one, creates anxiety and fear. It's well known in psychology that people like what they are comfortable with. When changes in the workplace are unknown, ill-defined or not sufficiently explained, the created uncertainty may cause fear about the future. The accompanied physical and emotional reactions are powerful enough to create resistance to change.

The influencing factors of resistance are for example all aspects of a person's life and employee's internal value system. What motivates a person is unique to that person.

How to introduce the change management effectively in order to avoid resistance as much as possible? It's important to be aware that: the top reasons for resisting a change for both employees and managers are not related to whether or not the strategy and the chosen solutions to implement the change are right. They relate to how an individual employee or manager understands and experiences the change process. The effective change management can shift from preventing and managing resistance to engaging employees and building not only acceptance but even enthusiasm or passion around the change. To this end however, the line/middle managers should obtain specialized trainings providing them with skills in such sensitive areas like : cultural differences and value systems, motivation strategies, etc.

#### **What “ABC-FI-AAS” did or not did and some recommendations:**

There was no strategy to cope with potential resistance. At least at the first stage. It was typical situation when employees together with their line managers were left alone. The top management made personnel aware of the necessity to change and they expected people to follow and accept the new circumstances. Any resistance due to e.g increase in

workload, was regarded unexpected and sometimes even punished. The newly appointed middle managers (after shuffling) at first had to build up trust of their new employees. Only after some time they started to get some important information about the future of the company that they could inform people about.

Rather than waiting for resistance to happen, or being taken by surprise the leadership and HR, should had assumed that resistance to change is a normal and natural phenomenon. Again, the regular meetings should had been organised in order to :

- inform enough about the changes and future perspectives,
- support the middle/line managers, and the employees => involve them in the process,
- explain impact on a job,
- provide some necessary trainings and coaching (for both employees and managers) in order to increase soft skills and competences. Managers often lack sufficient knowledge and tools to cope with the process of change: to keep good/positive spirit in the team, motivate employees, prevent frustration and burnout among them, etc.

## **2.4. Sponsor of change and guiding coalition**

In order to successfully introduce changes into organisation not only a strong leader of change (sponsor of change) is required but a strong guiding coalition should be there as well. Leaders throughout the organization (board members, executives, union leaders, etc.) have to form a powerful guiding coalition to guide the transformation process. They bring authority for change and legitimize changes within an organization.

It means that leaders and change managers should be appointed in such a way that they :

- are at the right level and in the right part of the organization to support the changes (they must have control over the people and systems impacted by the change),
- should be visible (they are involved with the project team and communicate to employees),
- create a coalition of sponsorship with other business leaders (so there is no resistance from other managers in the organization),
- are involved in the change during the whole project,
- efficiently manage resistance during the process.

### **What “ABC-FI-AAS” did or did not and some recommendations:**

In case of the middle office of “ABC-FI-AAS” a leader of the change process (= sponsor) was appointed at the right level with strong coalition withing ABC-FI. Unfortunately he remained invisible. He was involved in the change process but on a business side rather. The “people part” was left on a side.

The top manager, being the leader of changes, should have obtained support in form of training or even better coaching. The coaching process (even a short one) could had

helped him to understand the necessity of more open and effective contacts with people in the organisation.

Moreover, due to many problems with internal systems he blamed his managers (scape goats) vis-a-vis AAS. This way he was losing trust. And he should have supported his managers by organising fast and effective technical support for instance: in order to improve defective systems and smoothly process their migrations.

## **2.5. Culture and organisational value**

The organizational value systems impact the way change happens. Lenox (1994) recalls after Hall David "the ability to understand and manage company culture is crucial to effective management". Things get complicated when the culture in organisation also changes. And this was a case of ABC-FI. In such situation the following should be taken under consideration:

1. organizational culture - is the largest part of the "shadow-side" categories, because it sets the standards for "the way we do things here."
2. organizational politics: the politics of self-interest and institution-enhancing politics - the former can be quite costly, while the latter is usually positive, adding value.
3. the hidden organization (structure) - including the overall structure found on organizational charts and job structure within individual organizational units: communication processes, including information technology systems; decision-making processes; and control mechanisms.

The basic principles of change management will be manifested differently in every organization.

- Change management action plans should be customized and scaled taking into account the unique value systems of the impacted organizations.
- Change management must address both the organization as a whole and the individual. Focusing exclusively on traditional organizational change activities such as communication and training is no longer sufficient.

The situation gets complicated in the situation of multinational companies with multicultural teams within it. The managers face an important challenge to introduce changes to the culture of the organisation taking into consideration the multiculturalism of their enterprises. In the situation of stress, the antagonisms between teams and departments may appear.

The managers must be prepared to deal with potential or real conflicts arising from cultural differences (national cultures, company cultures, etc). To that end they need to obtain sufficient support e.g. trainings, coaching, direct support of HR and/or the higher management.

## **What “ABC-FI-AAS” did or did not and my recommendations:**

In case of ABC-FI the organisational culture had changed. From a quite informal and direct structure became very hierarchical with the highest management levels located abroad. The decision-making process became much longer. ABC-FI was the multicultural organisation with its own style of management. It was characterized by a wish for compromise and the need to reach a workable, acceptable solutions. This approach was quite normal for the country of factionalism and regionalism, like Belgium. The organizational culture of the ABC-FI was based on direct contacts and relative openness that made a decision-making procedure relatively fast, what is crucial in financial world.

Before acquisition, the cross cultural management was based on working in teams and collaboration also across hierarchical levels. Allocation of roles within the team were quite clearly defined and people took greater responsibility for their specific task (autonomy).

Due to the acquisition however, the management style changed and adapted to the AAS one. It became more authoritarian and hierarchical. Managerial positions and the corresponding power were now clearly defined. Decisions were taken only at senior levels and passed down the chain to lower management just for implementation. Hence it had no necessary team-building elements. Additionally, the working contacts between the middle/line managers of ABC-FI and those in AAS became very formal, often through their secretaries.

The change in organisational culture within the multicultural company, from a “human resources side”, required very experienced and competent expert that would help the management of ABC-FI-AAS to introduce the right measures during the process. He/she could be from the company itself or an external expert. It wasn't the case however. This part of the change was totally ignored by the management. That's why so many antagonism between teams had taken place. The situation might had been avoided if for example, a series of special coaching sessions for managers and employees were organised that would help understand the cultural differences and how to work effectively with them.

## **3. Change and burnout**

Frustration, anger, fear and anxiety are common emotional effects of any undesired or unexpected change. The rapidly increasing speed of business and the expectation of more, better and faster results in the necessity of change unseen before. In the present situation many companies, especially in the financial sector, are nearing at, or even past the point of change saturation. “The common symptoms of a change saturated environment are: disengagement, apathy, burnout and automatic resistance that necessitate more time and resources dedicated to change management activities” (Prosci, 2013).

The number of employees suffering from stress increases every year. In 2012, in Belgium, the number of people unable to work extended for more then 1 year (=> 300000 workers &

employees – it means an increase of 33% over 10 years), including mental disorders (34%) and musculoskeletal disorders (29%). According to WHO stress becomes the leading cause of disability and inability to work (Hansez, Firket, and others, 2012).

Burnout is nowadays quite frequently occurring reaction to prolonged stress at work. According to Christina Maslach, burnout is a “syndrom of physical and emotional exhaustion, which result in development of negative self-estimation and negative attitude to work, as well as a decline in interest in problems of others”. According to her, the burnout is not due to a problem of an individual person but due to problems of the social environment in which they have to work.

In Belgium, the most often factor of the burnout is the workload (58%). The other most common constraints are: time pressure (41%), organizational change (38%), conflict in the workplace (37%) and difficulties at work and private life balance (30%) (Hansez, Firket, and others, 2012).

The main causes of burnout are:

1. Excessive work overload - need to do too much in too short period of time, having at a disposal not enough resources. Often reductions in the organization size do not go along with the reduction of duties ..
2. Lack of control over what we do (= autonomy). Being bound by the rules and top-down decisions employee falls in frustration. Such organisational and decision making rules and restrictions, kill innovation and creativity of employees!
3. Lack of adequate rewards for the work - the lack of recognition!
  - Frozen wages and increasingly popular short-term contracts
  - The fear of losing their jobs
  - More and more responsibilities, tasks to do
  - Less and less appreciation and recognition from managers and lack of sense of pride of having done something important and valuable!
4. The breakdown of the community - the loss of a good contact with colleagues. The fast pace of work and the growing frustration of employees leads to tensions and conflicts.
5. No fair treatment – as to salary levels, work load, bending the rules by some at the expense of others, unfair promotions.
6. A conflict of values («soul erosion »).

According to Maslach (2011) an effective responses to burnout must include a prevention rather than a treatment”. The companies, aware of the problem, should implement special organisational adaptations and improvements. Besides, a good solution for a company could be a specialized coaching programme aiming at preventing burnout at work. In order to prevent and reduce burnout, the intervention should be twofold: firstly actions focused on the organization of work and then other actions focused on the individual. For long-term effects of prevention and care, it is important to combine both approaches.

On the organisation side, a way to prevent burnout, depends:

- on the nature of the work,
- the characteristics of the organization and team,
- external factors affecting the organization.

As concerns individual person, the effective prevention depends on what is important to a given person at work:

1. control or autonomy?
2. salary?
3. teamwork and cooperation? The sense of community and a lack of conflicts?
4. Reducing the workload?
5. Fair treatment at work?
6. The feeling that the work fully meets your values?

In which area the mismatch poses the biggest problems for a person? In which area there is the greatest potential to make an improvement? What values are important to a person at work and in life? Are they present in a person's life?

### **Recommendations for “ABC-FI-AAS”:**

ABC-FI underwent through many organizational changes during the relatively short period of time. The first changes had not been completed yet (related to take over of the company X) when the new, even more significant changes had to be implemented (acquisition).

The HR department together with the top management were already aware of the consequences on the human side during the take-over of X, hence they should have anticipated potential problems when faced the inevitable changes imposed by AAS. In order to avoid quite high costs related to absence of the employees due to burnout, ABC-FI, might have prepared and introduced such organisational solution that would prevent such situation. This aspect was absolutely not taken into account. In consequence, unsatisfied persons left the company and those that stayed had to adapt to the new circumstances.

## **III. CONCLUSION**

During the latest financial crisis, among different problems that occurred, the question of ethics and morals became extremely crucial when introducing various remedies for business and economic recovery. In this context, leaders should remember about ethical dimension and accountability of change. “They should be equipped with a moral compass ensuring they act in the interests of the many rather than the few” (Todnem and others, 2012).

When introducing changes in the organizational structure, it is vital to bear in mind that change is a process, not an event. The change does not happen instantaneously because there was an announcement, a kick-off meeting or even a go-live date. Change concerns

individuals not just IT systems or organigrams. And employees do not change simply because they received an email or attended a meeting with an executive. The transition period during the implementation process is normal and should be envisaged in the change plan and the change strategy.

The best change plan, in order to get employees on board and have their support to the change, should include effective communication, strong coalition, coaching, training and resistance management.

One must remember as well, that to make the change effective, it's important to customize and scale change management strategies to the unique situation and characteristics of the organization.

In the times of globalization and internet, organisations like for instance ABC-FI, represent multinational and multicultural workforce. In case of acquisition, such companies are challenged not only with the internal culture but with many cultural values that vary from person to person. This drives a need for more individualized and intricate change management plans.

In case of ABC-FI many essential aspects of the effective change plan were missing, especially as concerns human part of the process.

The predominant problem for the successful implementation of the change strategy was, according to me, lack of any modern method applied by the executives, that would include employees into the plan. The top management did not assess potential risks and impact on motivation and resistance, when imposing sense of urgency and pressure of the changes on the business side.

The employees paid unnecessary cost in form of anxiety, stress, frustration and burnout. This of course had negative impact on efficient implementation of necessary changes hence on business itself. It's not beneficial to neglect human aspects of changes as at the end such approach backfire on performance of the whole company.

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