

## Establishing Change Management for Organisational Effectiveness in Architecture Studio

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**Abstrak.** Architectural studios face ongoing challenges in balancing creativity with business-oriented formalization. This research examines Studio A, an Indonesian architectural studio established in 2010, which has experienced organizational challenges during its growth phase. In recent years, Studio A initiated several organizational changes, including restructuring toward a semi-corporate system and establishing new business units. However, these initiatives have been ineffective, resulting in delayed organizational reform and limited improvements in organizational effectiveness. This study addresses three research questions concerning the gap between current and desired organizational effectiveness, the alignment of Studio A's change process with established frameworks, and strategic actions required to improve organizational reform. Primary data were collected through in-depth interviews and focus group discussions with current and former staff and the principal architect, complemented by benchmarking interviews with comparable studios. Secondary data were obtained from internal documents and relevant literature. The McKinsey 7S framework was used to assess gaps between current and ideal organizational states, while Kotter's 8-step change management framework evaluated the change process. Findings reveal significant gaps across the 7S dimensions, particularly in strategy communication, decision-making autonomy, leadership development, and talent management. The change process analysis indicates weak foundations in the early stages of change management, including an unclear vision and insufficient empowerment. This research recommends strategic actions focused on defining a clear vision, structuring decision-making autonomy, implementing leadership development programs, establishing phased hiring plans, developing structured talent management, and aligning compensation with staff expectations to enhance organizational effectiveness in creative-sector enterprises.

**Keywords:** Organisational Effectiveness, McKinsey 7S, Change Management, Architectural Studio.

### INTRODUCTION

In the context of rapid growth in innovation and design trends, there has also been a strong increase in interest in developing architecture as a business, as illustrated by the growth of the architectural design sector, which is predominantly composed of self-employed practitioners and small-to-medium enterprises (Asoba, 2020; Storey, 2016). At the same time, this growing interest is expected to intensify competition within the sector. To ensure organizational adaptability in this highly competitive environment, strategic alignment is crucial for effective market positioning. Strategic alignment requires a continuous change process to respond to external market dynamics and internal organizational needs. From a theoretical perspective, change can be defined as a continuous modification that an organization or an individual makes to address changes in any matter (Wee & Taylor, 2018). Although essential, this process often presents organizations with significant challenges. According to Kotter (2012), seventy percent of organizational reforms fail; therefore, when implementing changes, it is essential to follow appropriate steps to ensure successful transformation.

Analysing sectoral dynamics is also an important process, as different sectors vary in their pace of change (Laimon, Mai, Goh, & Yusaf, 2019). Understanding these differences is crucial before determining the appropriate steps for change.

The architectural design sector has a distinctive and complex nature in its business processes. As its final product is mostly intangible, architecture firms operate as design-oriented services that are highly dependent on each studio's internal resources, capabilities, and ability

to establish their identity in responding to evolving design trends and user needs. This identity subsequently determines the studio's position in the architectural design sector, serving as a source of competitive advantage.

In response to the growing competitiveness of the architectural design sector, architecture studios are increasingly striving to balance their position as both business-driven studios and design-oriented services. Ultimately, competitive advantage for these studios extends beyond their design capabilities; it is also determined by business performance and productivity outcomes (Elijah & Millicent, 2018). Architectural studios are advised to take initial steps to evaluate their business processes and implement changes to strengthen their market position and enhance the efficiency of their internal operations.

However, architects as design professionals may struggle to initiate and navigate the change process. The lack of managerial expertise may be one reason why only a small number of architectural studios have achieved a significant global market position. The Royal Institute of British Architects (RIBA), one of the leading professional bodies for architects, has stated that further development and research of new business management methodologies are needed for the architecture industry (Lee, 2025; Segara et al., 2024). Therefore, this research aims to contribute to the limited studies on strategic change management in the architecture sector by analysing a company in the case study from a business management perspective (Arnez-Wegelius, 2024; Monferdini & Bottani, 2024).

This research has several limitations as follows: this research uses Studio A as the research object, and because the nature of each architecture studio varies, the findings from this research might not be fully relevant to other architecture studios. Insights for this research were derived from in-depth interviews, internal company documents, and focus group discussions specific to Studio A's context (Chand, 2025; Del Baldo, 2017). The data collection period spans from May 29 to December 2025, reflecting the business conditions and architecture profession regulations in the context of that specific time frame. Future shifts in the business context or potential changes in architecture profession regulations may affect the applicability of the proposed business solutions from this research (Mba et al., 2024). In the research process, the researchers have sought input from architecture professionals, especially those affiliated with the Ikatan Arsitek Indonesia (IAI), which manages architect regulations in Indonesia, while also considering applicable laws and the architects' code of ethics. However, misinterpretations may still occur due to limited information.

## **MATERIALS AND METHODS**

### **1. Type of Research**

This study employs a qualitative research approach to explore the organizational change management process and change initiatives aimed at improving organizational effectiveness in Studio A. The qualitative method allows for an in-depth understanding of individual and collective perspectives through exploration of experiences, perceptions, and organizational dynamics. The research is supported by a literature review to establish a theoretical foundation.

### **2. Population and Sample**

The population of this research consists of individuals directly involved in or previously associated with Studio A. The sample is selected using purposive sampling, including the principal architect, senior management, supervisors, junior staff, and former employees of

Studio A. In addition, benchmarking interviews were conducted with selected architecture studios that share similar characteristics to provide external perspectives.

### **3. Data Collection Techniques**

Data collection involves both primary and secondary data. Primary data were obtained through preliminary assessments, in-depth interviews, and focus group discussions (FGDs) with current and former staff, as well as benchmarking studios. Secondary data were collected from Studio A's internal documents, such as strategic plans, and relevant academic literature.

### **4. Data Analysis Techniques**

The collected data were analyzed using thematic analysis and content analysis to identify patterns and key themes related to organizational effectiveness and change management. NVivo 15 software was used to support data coding and analysis. To ensure validity and reliability, data triangulation and method triangulation were applied by comparing findings from multiple data sources and research methods.

## **RESULTS AND DISCUSSION**

### **Analysis**

This section presents the findings from qualitative data collected from three primary sources: Studio A's current staff, former staff, and benchmarking studios for comparison. These data were gathered through in-depth interviews and focus group discussions. The analysis employed thematic and content analysis to evaluate the ongoing change management process. The thematic analysis approach, according to Braun and Clarke (2006), includes six stages: (1) familiarisation with data, (2) creation of initial codes and creation of categories, (3) searching for themes, (4) reviewing themes, (5) defining and naming themes, and (6) producing the report. In this research, these phases were conducted using NVivo 15 software. The transcribed interviews were imported into NVivo 15, and then open coding was conducted using a literature review of organisational effectiveness and change management to produce initial and final nodes. The process was carried out repeatedly to discover the interviewees' perceptions of a phenomenon guided by measurement models designed by the researcher.

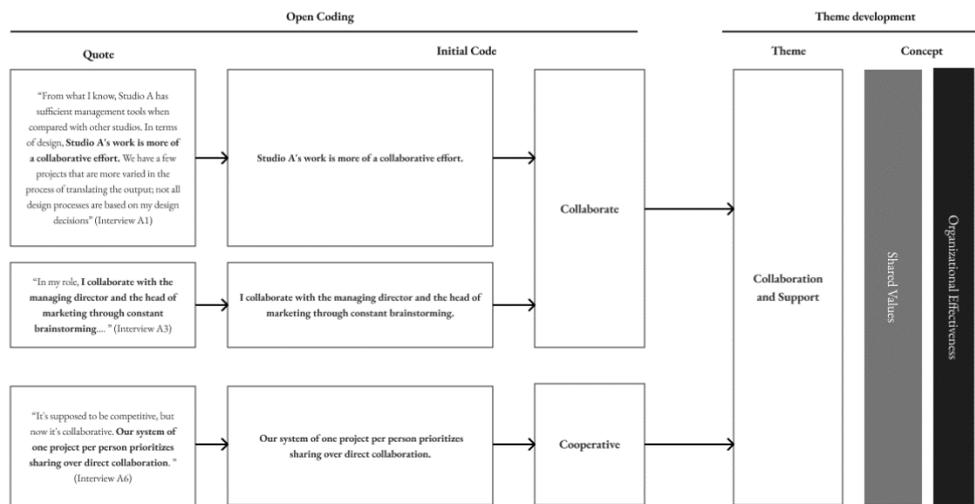
#### **1. Input Data**

The analysis process begins by reorganising all collected data from in-depth interviews and focus group discussions. As Studio is a relatively small organisation with fewer staff, in-depth interviews involving the majority of the staff are feasible. In addition to in-depth interviews, focus group discussions were also conducted with both junior and senior staff; the discussions spanned between 15 to 30 minutes. All interviews were audio-recorded with the interviewees' consent in order to verify the information and ensure accuracy. The recordings were then transcribed using selective transcription, as the interviews were conducted in Indonesian, and then translated into English. This process was carried out so that the essence of each interview context is not reduced. Each transcript was labelled based on the interviewee's role within Studio A. Interviews with the principal architect and current staff were labelled as Interview A (A1, A2, A3, etc.), interviews with former staff were labelled as Interview B (B1 and B2), and interviews with benchmarking studios were labelled as Interview C (C1, C2, and C3). The labelling process enabled researchers to begin coding without staff-role-related biases, thereby providing a general understanding of staff's perspectives on change initiatives. The role of each staff member was then reintegrated as context when describing the analysis results

(Petersen, Labriola, Nielsen, & Larsen, 2016).

## 2. Initial Code

Initial coding was conducted as the first stage of qualitative data analysis, converting raw data into preliminary research findings. The research used open coding to analyse transcripts line by line, revealing essential ideas and important concepts to answer the research questions.



**Figure 1.** Initial Coding Process Illustration

Source: Author's analysis using NVivo 15 software (2025)

The figure above illustrates the open coding process that resulted in the identification of the “collaboration and support” theme, which aligned with the shared values dimension of the McKinsey 7S framework. When determining the initial code, each statement was thoroughly evaluated to identify meaningful statements related to how the staff interact and operate. These initial codes were compared with multiple interviews to identify the most common patterns. Initial codes indicating teamwork and joint effort were grouped under the code “Collaborate”, whereas codes indicating task distribution among staff were grouped under the code “Cooperative”. The open coding process involved constant comparison and theoretical reference to extract a more comprehensive code, such as “Collaboration and support” that aligned with the shared values dimension of the McKinsey 7S framework.

## 3. Organisational Effectiveness

The McKinsey 7S model measures organisational effectiveness through 7 dimensions, classified into two S categories: Hard S and Soft S. The three elements of Hard S, which include strategy, structure, and systems, can be defined as formal and tangible aspects. These dimensions are usually prioritized in the change process because they exist as visible organisational components that can be directly managed. Soft S can be defined as an abstract cultural element that are more challenging to measure. Changing Soft S requires people to modify their behaviour, which will take longer and require each individual's willingness.

### (1) Strategy

Strategy can be defined as a set of actions in response to changes in an organisation’s external environment. Interview findings indicate that the principal architect defines the studio’s strategy as focusing on producing solution-oriented works.

“From the business perspective, we are now leaning towards approaching middle-class clients with tertiary circles and shifting focus away from smaller clients. We are opening opportunities for partnership with personal clients or developers, with consideration for design. In terms of design, we always try to provide the latest design, the newest design, and rarely duplicate our previous design, so people will perceive our innovation as something fresh.” (Interview A2)

At the managerial and supervisor levels, this strategy appears to be generally understood and aligned with the principal architect’s vision. However, it seems that the strategy did not reach the staff well. Multiple staff members said they did not understand the current organisational changes, which were intended to address increasing competition in the architecture industry.

From the interview, it can be inferred that the staff’s understanding of strategy is already aligned, but limited only to the manager and supervisor levels.

“I don’t know much about the change initiatives. From what has been explained to me, the changes concern the system for managing people and an effort to invest more in employees.” (FGD 1)

The lack of clarity in the strategy regarding the change initiatives suggests that, while the strategy is well defined at top management levels, it is not consistently communicated to all staff. For an organisation to be effective, the strategy must be understood by all organisational levels to enable coordinated action (Lawrie, Abdullah, Bragg, & Varlet, 2016). Ideally, Studio A should define its strategy through a specific action plan, communicated consistently, that explains the objectives of each initiative.

## (2) Structure

Structure refers to how an organisation formally organised its chain of command and accountability. From the interview, it can be inferred that the current organisational structure is perceived as inefficient. A former expressed that the highest attainable role is limited to senior or head of design development, creating a limitation to career development (Interview B2). This indicates a structural gap in supporting career development. The new organisational structure, as a part of the change initiatives, can be seen as an active effort to address this gap (Benzer, Charns, Hamdan, & Afafe, 2017). The new organisational structure will enable supervisors and juniors to establish direct coordination with top management by utilising weekly meetings as discussion platforms. Furthermore, interviewees also emphasised that the structural change requires role clarity to eliminate confusion and reduce inefficiencies.

“For example, in my role, I do some HR recruitment, social media marketing, partnerships, and other things that are supposed to be handled by a few people.” (Interview A4).

The new organisational structure can enhance Studio A’s organisational effectiveness by clearly defining roles and enabling optimal career development.

## (3) Systems

Systems refer to the formal and informal procedures that drive the organisation through workflows and decision-making chains. The in-depth interview findings show that Studio A’s system is heavily reliant on the principal architect. This dependency often slows down the business process and creates inefficiencies, particularly when decisions made by managers or supervisors are later overridden by the principal architect (Arora, 2025; Blokhina, 2024).

“Absolutely, that is what we are hoping. The business process will take a long time if we keep relying solely on our principal architect. If a problem arises, then we will bring the principal into the discussion. It would be better if we were given the authority to make decisions. That's the challenge we're experiencing now. In some scenarios, the head of design development may already have made a decision, and if the principal architect doesn't fully agree with the design, the project may need major adjustments. I'm hoping that it is possible to give the managers and supervisors the decision-making autonomy.” (Interview A2)

The interviewee expressed that decision-making autonomy at the managerial and supervisory levels can improve Studio A's business process. The principal architect needs to build trust in the appointed “head” while accepting decisions as shared responsibilities. This gap has been acknowledged by the principal architect, who realises that change will require personal sacrifice to delegate decision-making, especially on design decisions, and is starting to shift their focus towards organisational growth and business.

“I have to start accepting myself as a business owner and be ready to let go of my identity as an architect.” (Interview A1)

Another apparent gap in Studio A's system concerns leadership qualities beyond those of the principal architect. Studio A's staff perceive that no individual stands out in demonstrating leadership qualities (Interview A4 and A2). The over-reliance on the principal architect and the tendency to override decisions may suppress the development of the individuals' leadership qualities. To increase Studio A's organisational efficiency, leadership's assertiveness needs to be strengthened by empowering others through decision-making autonomy, enabling shared responsibilities, and reducing bottlenecks in the decision-making process.

#### (4) Style

Style refers to the leadership approach and management style. The leadership of Studio A's principal architect is perceived as approachable, humble, and discussion-oriented. Interviewees explained that their work environment enables knowledge sharing, with discussion encouraged and guidance provided by the principal architect. Studio A benefits from the principal architect's leadership approach, which positively impacts their collaborative work environment. Additionally, the principal architect prefers to expose staff to real-world challenges rather than organise development programmes.

“For now, we don't have a specific workshop or training to develop skills and capabilities. I prefer throwing them into the worst-case scenario to see how far they can survive.” (Interview A1)

While this method enables rapid development of the staff, it also creates burdening expectations as expressed by a former staff. Furthermore, the studio lacks leadership among its staff.

“It's a bit heavy, to be honest. None of the individuals in the team stands out. I can't think of a name that qualifies with leadership qualities.” (Interview A4)

This lack of leadership qualities among staff may restrain leadership succession. The principal architect's positive leadership qualities could be intentionally passed on to managers and supervisors to build trust in internal leadership and improve organisational effectiveness.

#### (5) Staff

Staff refers to a pool of resources that needs to be nurtured and allocated. Findings from the in-depth interview indicate that Studio A's staffing composition may require more

experienced staff to strengthen leadership and technical expertise, instead of hiring less experienced individuals.

“They should find people with the right specifications, find seniors who are skilful and fit the studio's needs. Instead of wasting time training juniors, they should find someone who can be the 'chief architect'.” (Interview B2)

Regarding the current performance evaluation system, former staff expressed that they feel burdened by the expectations of the senior staff.

“They should find people with the right specifications, find seniors who are skilful and fit the studio's needs. Instead of wasting time training juniors, they should find someone who can be the 'chief architect'.” (Interview B2)

According to Becker and Huselid (1998), organisations should use talent management to achieve maximum organisational effectiveness by implementing an aligned reward system, performance management, and career development. In line with this perspective, the principal architect has expressed their aspiration to build a career development path as an internal legacy to the studio.

“I want to start a legacy for individuals who wish to dedicate their career here. As of now, we already have two individuals who are the target for this legacy, maybe as an associate or partner. Like other studios, the nature of an architecture firm is a high turnover rate; if they see an opportunity in this studio to fulfill a certain higher role, then it will hopefully retain them.” (Interview A1)

The principal architect intends to create opportunities for individuals willing to commit long-term, potentially progressing to associate or partner, which may help reduce the high turnover rate common in architecture studios. While the principal architect already has an intention regarding staff career development, the current system still lacks a structured talent management system and a dedicated human resources function. The ideal talent management for staff should balance the staff composition by competency, experience, and skills, while providing clear performance evaluations, realistic workload allocation, and opportunities for career development.

## (6) Skills

Skills refer to the organisation's capabilities and competencies that enable it to achieve its objectives. In-depth interview results showed that the Studio lacks leadership, technical expertise, and field supervision. Although Studio A has established job descriptions for the new organisational structure, the implementation of the roles remains inconsistent, leading to architects taking on both technical and supervisory roles, on top of their main tasks, which are design, while specialised staff for the task remain unavailable (Interview A2). It may cause task overload, especially for the architects, and misalignment between required skills and capacity. Furthermore, Studio A lacked formal development programs. Studio A facilitates learning through project visits, traveling, and participation in design talks, which should be requested and organised by the staff themselves (Interview A4). This approach may be sufficient for the studio's current condition with smaller teams, but as the number of staff increases, it may become irrelevant. Organisational effectiveness can be enhanced through proactive assessment skills and systematically designed skill development programs (Bangura & Lourens, 2025; Huu, An, & Trung, 2026).

(7) Shared Values

Shared values refer to the foundation of an organisation in the form of mission, objectives, and values. Studio A’s strength lies in its culture of sharing, openness, and knowledge exchange, both within the internal team and with the external community (Interview A6). The culture of Studio A is also defined by close emotional bonds among staff, creating a family-like environment. However, shifting towards a “semi-corporate” structure introduces the risk of a cultural shift. Increased formalisation and a multi-layered structure may possibly distance staff from the principal architect and weaken the emotional bonds. One interviewee expressed concern that this shift could lead to disintegration among staff if not carefully managed.

“I hope that the studio will maintain the sense of family within the team. We have to make sure the transition to a semi-corporate structure doesn't cause groups to split into cliques and lose our unity.” (Interview A2)

Schen (2010) explains that structural change leads to organisational evolution, requiring values and behaviours to be adjusted to new environmental demands while preserving the organisation’s core essence. Shared values among Studio A’s staff must be aligned with the defined vision. The ideal approach is to maintain a collaborative, family-like culture while gradually integrating a more formalised approach. The objective is to balance the increased formalisation while maintaining the emotional bonds among staff.

**Summary**

**Table 1.** Summary of Identified Gap in Studio A’s 7S Dimension

<b>McKinsey 7S Dimension</b>	<b>Current State</b>	<b>Desired State</b>	<b>Identified Gap</b>
<b>Strategy</b>	The principal architect clearly articulates the strategic direction, focusing on solution-oriented design, innovation, and targeting middle-class and B2B clients. This strategy is largely shared among managers and supervisors.	A clearly defined and consistently communicated strategy that is understood across organisational levels, including staff.	Strategy understanding is uneven. There is limited understanding regarding strategy and its objectives among staff.
<b>Structure</b>	Despite having a new organisational structure, it has not been effectively implemented. Role boundaries, responsibilities, and career progression paths remain unclear. Staff often perform multiple overlapping roles.	Effective organisation structure with clearly defined roles, responsibilities, decision-making autonomy, and career progression path.	Structural changes are not yet effective due to unclear roles and responsibilities, leading to confusion.
<b>Systems</b>	Decision-making is highly reliant on the principal architect. Workflows are often disrupted by decision overrides.	Decision-making autonomy to the managers and supervisors, supported by a discussion platform, such as weekly meetings to consult with the principal architect and the whole team.	Limited decision-making autonomy that makes business processes inefficient
<b>Style</b>	The principal architect's leadership style is acknowledged as open and discussion-oriented. However, no leadership qualities emerge among the staff.	A leadership approach will remain while empowering managers and supervisors to exercise leadership and authority.	Over-reliance on the principal architect limits staff leadership development and reduces confidence in internal leadership capacity.

<b>McKinsey 7S Dimension</b>	<b>Current State</b>	<b>Desired State</b>	<b>Identified Gap</b>
<b>Staff</b>	Staffing composition is leaning towards hiring juniors rather than already mature individuals. Lack of structured talent management and a dedicated human resources function.	Strategic talent management with aligned reward systems, realistic workload distribution, proper performance evaluation, and clear career development pathways.	Lack of structured talent management and a dedicated human resources function.
<b>Skills</b>	Staff have strong design capabilities but lack leadership, engineering, and field supervision skills. There are no specialised programs for skills improvement, and the current opportunities to development are self-initiated by staff.	Proactive assessment skills, along with systematically designed skill development initiatives.	Lack of proactive skill development programmes and insufficient coordination to address skill gaps.
<b>Shared Values</b>	Strong family-like culture characterised by openness, sharing, and strong interpersonal bonds.	Preservation of family-like culture while integrating formalisation.	Risk of cultural shift due to the organisational structure transforming into a more formalised and structurally layered.

Source: Author's analysis

#### **4. Change Management**

Studio A is currently undergoing a series of organisational change initiatives that have been in place since 2020. Despite the establishment of the change initiatives, Studio A has not been able to implement them effectively, leaving them long overdue. This situation has led to Studio A's attempts to enhance organisational effectiveness not being fully realized.

To understand the issues, the change process is analysed using Kotter's change management framework, specifically the first five steps, which are : (1) establishing a sense of urgency, (2) forming a powerful guiding coalition, (3) creating a vision, (4) communicating the vision, and (5) empowering others to act on the vision. The analysis focuses on the five steps because, according to Kotter (2012), the first four stages are important for unfreezing a hardened status quo within an organisation, while the fifth step provides base to synthesizing a more concrete action plan.

##### **(1) Urgency**

Creating a shared sense of urgency is the first and critical step in Kotter's change management framework, as it is the basis for driving individuals to step outside their comfort zones and achieve objectives. In-depth interview findings indicate that staff show a high sense of urgency, especially from the principal architect, who sees that the change initiatives have been long overdue. As expressed in the interview, change initiatives have been compiled since 2020. Postponing the execution of change will only delay the inevitable transformation (Interview A1). This statement reinforces the principal architect's view that immediate action on change is necessary.

Urgency among staff is also present, but expressed at various levels. One interviewee expressed that they understood the importance of change but emphasised that it should be implemented gradually and carefully to prevent shock (Interview A3). Another staff member perceives the change initiative shifting towards a more "semi-corporate" structure as less urgent

than annual performance targets.

“The large-scale initiatives, such as becoming semi-corporate, I don't think it's urgent; just go ahead and do it. What's more urgent are the annual targets, like if last year we had to get 20 projects, the target now is 25 projects.” (Interview A2)

This statement shows a tendency towards short-term thinking, as the focus is on achieving limited progress and losing sight of the broader objectives of change initiatives. The uneven urgency level among staff suggests they may lack a complete understanding of the strategic goals that drive the change initiatives, leading them to pursue tangible short-term goals rather than the long-term implications of these initiatives.

## (2) Coalition

Kotter explains that organisations must establish a guiding coalition, composed of members who demonstrate their commitment to improved performance. From in-depth interviews, Studio A suggests that it has a generally positive foundation for creating this guiding coalition, as key individuals, such as managers and supervisors, show high motivation and enthusiasm. New challenges associated with the change initiatives are perceived as motivation and purpose-giving, even when targets are not always clearly defined (Interview A2).

Nevertheless, it is important to note that motivation alone may not be sufficient to sustain coalition strength, as many key individuals who drive change initiatives have left the studio. A former staff highlighted that commitment can be influenced by compensation and incentives. They suggested that the shift towards a more “semi-corporate” structure should be accompanied by improved compensation and incentives to increase individual willingness to contribute.

“My suggestion is that if the studio wants to shift into a more "corporate" system with many divisions, they must provide greater benefits and appreciation to the team. When people are treated well and given good benefits, they are more willing to contribute.” (Interview B1)

This suggestion is also supported by findings from benchmarking studios, where comparable studios provide additional compensation for staff members with new responsibilities and offer flexible employment arrangements, including the option to work part-time or full-time across different business units (Interview C1 and C2).

These findings suggest that Studio A has the motivation to contribute to change; additionally, the guiding coalition's strength could be enhanced by aligning additional contributions with appropriate compensation to increase long-term commitment.

## (3) Vision

Kotter explains that successful change requires a clear and collective vision among all individuals. Organisations that lack a clear vision may result in change initiatives that are difficult to comprehend, lack cohesion, and need significant time investment. When asked about their understanding of Studio A's vision, staff responses indicated inconsistent understanding. They mostly emphasize the vision as expansion, scale, and professionalism, but the details differ. The principal expressed that Studio A aims to be a problem-solving architectural firm capable of responding to future challenges (Interview A1). Certain staff members also describe the vision as evolving into a mid-sized, semi-corporate company to accommodate B2B clients and support growth (Interviews A2 and A3).

Generally, Studio A staff members share a common vision of contributing through their professional work. Some staff members even expressed that they see work not merely as a means to earn money, but also as an opportunity to bring positive change to society and to

engage more deeply with the community (Interview A4 and A5). Although Studio A did not explicitly include this moral purpose in its vision, its initiatives shape the staff's motivation.

A gap remains in the understanding of the vision due to its unclear definition. This ambiguity also extends to the definition of the new business unit objectives, which is one of the change initiatives. The principal architect and the key individual who developed the concept have a different perspective. The misalignments indicate that Studio A needs a clear definition of its vision, which must be communicated to all stakeholders to enable them to make the right decisions related to it.

#### (4) Communication

Effective communication is essential to make individuals share a common understanding of the organisation's goals and direction. Most staff expressed that Studio A's vision has not been formally stated or consistently communicated. Staff tend to draw their own conclusions about the vision from the principal architect's actions and values rather than through formal discussions.

"It hasn't been formally stated (the vision for Studio A), but I think our principal architect's focus is on impact. They don't really care about the how-to and just want to do something impactful and useful by any necessary means..." (Interview A6)

Several focus group participants also stated in the discussion that there are no dedicated formal discussions about the change initiatives, and the changes are mainly sensed during weekly meetings or through informal observation (FGD Group 1). This situation led staff to be more passive, following leadership direction without deeply engaging with the vision.

Currently, weekly meetings are considered the most effective platform to distribute information (Interview A2). In addition, according to the principal architect, annual meetings serve as the primary platform to discuss goals and initiatives (Interview A1). Some staff suggested that the annual meeting should focus on the core vision rather than just presenting the annual objectives. While short-term goals have been effective in motivating staff productivity, they are not a substitute for a shared long-term vision. A well-defined vision should meet the SMART criteria, which are Specific, Measurable, Attainable, Relevant, and Time-bound, to provide a stable foundation to all initiatives. Weekly meetings can also be utilized to reinforce the vision throughout the year.

#### (5) Empowerment and Barrier

Kotter highlights the importance of removing barriers that hinder action. Within Studio A, some structural and behavioural barriers were identified. One of them comes from resource and capability gaps, mainly in human resources and financial systems. Studio A has been using digital tools such as Monday to support their workflows, but usage is inconsistent and lacks monitoring, reducing the tools' effectiveness (Interview A2). They suggested that the absence of a dedicated human resources function limits the studio's ability to establish an efficient workflow.

The decision-making process also stands as a barrier to organisational effectiveness. Studio A currently operates with a "boutique" mindset, resulting in micromanagement by the principal architect and slowing down the process (Interview A3). The principal architects already acknowledge the necessity of decision-making autonomy, but this intention has not yet translated into concrete initiatives. Clear decision-making autonomy, especially for managers and supervisors, is necessary to build leadership trust among staff and empower top

management.

Compensation also appears as one of the barriers. In in-depth interviews, both former and current staff expressed concerns about compensation and incentives.

“The problem lies in the appreciation in the form of incentives and allowances.”  
(Interview B1)

While some adjustments have been made to the compensation and incentives system, dissatisfaction remains. Addressing this barrier should consider career paths, long-term benefits, and compliance with labour law as the studio grows.

Finally, the studio's last barrier is emotional resistance to change. Some staff expressed concern about the studio transitioning to a “semi-corporate” structure, worried that it would lose its family-like culture (FGD 1). These concerns reflect that the studio has established deeply rooted cultural values that support collaboration and openness. Studio A must clearly define which cultural values should be preserved and the acceptable limits of formalisation.

### **Business Solution**

Based on the gaps identified in Studio A’s organisational effectiveness and change management, several solutions can be implemented to address them and improve organisational effectiveness.

#### **(1) Defining and Clarifying Studio A’s vision and Mission**

The initial step for Studio A is to establish its vision and ensure a common understanding among the staff. While the intention to shift towards a “semi-corporate” structure has been expressed, further communication is required to avoid confusion. After defining the vision, Studio A can organise its mission into design-related mission and organisational sustainability. Design-related missions can be aligned with the lead architect’s vision to be a problem-solving architectural firm capable of responding to future challenges, orienting towards supporting the staff’s creative process. Meanwhile, mission-related to organisational sustainability should orient towards efficiency, growth, and long-term sustainability. In addition, Studio A may also align the new business unit's strategic direction and definition based on the vision. The principal architect can involve staff’s aspirations in the process of defining the vision.

#### **(2) Structuring Decision-making Autonomy**

To address the decision-making gap and reduce reliance on the principal architect, Studio A can implement the RACI (Responsible, Accountable, Consulted, Informed) matrix. This matrix can be used to clearly define decision-making authority across all business processes, including design approval, material approval, technical approval, and resource allocation.

By defining who is responsible and accountable for each process, Studio A can increase role clarity, prevent micromanagement, and increase decision-making autonomy. The RACI matrix should define which decisions require the principal architect's direct approval, which require only the principal architect's consultation, and which require only the principal architect's information. Structured decision-making autonomy will increase the efficiency of business processes while reinforcing trust in internal leadership, thereby improving organisational effectiveness.

#### **(3) Leadership Development Programme for Managers and Supervisors**

To support decision-making autonomy, Studio A should establish a time-bound goal focused on leadership competencies among managers and supervisors. Studio A can set these goals as additional performance measurements to equip appointed “heads” with the necessary

skills in decision-making, people management, and coordination. By setting these short-term goals, individuals in leadership roles can develop their leadership readiness, enabling the principal architect to gradually step back from decision-making. In the long term, this process will lead to leadership succession, enabling Studio A to reduce dependency on the principal architect and strengthen organisational resilience.

#### (4) Phased Hiring Plans and Role Effectiveness Evaluation

To address the gap in staff composition and role clarity, a phased hiring strategy can be used to progressively fill the vacant roles. Studio A should prioritise the critical roles that directly contribute to the organisational gaps, such as human resources and technical staff. Each hiring phase should be guided by a clear role definition, followed by an evaluation period to assess the effectiveness of the new role introduced in the studio's organisational structure. This process will support Studio A's growth while minimising over-formalisation or misaligned role creation.

#### (5) Establishing Structured Talent Management and Career Path

In addition to accommodating immediate staff needs, Studio A should gradually establish a structured talent management system. The system involves transparent and realistic performance evaluation criteria, realistic task distribution, and a clearly defined career path. These systems will help Studio A maintain staff retention and reduce staff turnover. Studio A may start with basic practices managed by the supervisors or an external HR consultant. As the studio grows in terms of staff composition, establishing a dedicated human resources function will be essential to protect staff rights while supporting organisational growth and compliance with labour law.

#### (6) Aligning Compensation and Recognition with Staff's Expectations

As Studio A shifts toward a "semi-corporate" structure through formalisation and expanded roles, the compensation and recognition system needs to be aligned to support the shift. The compensation, benefits, and non-financial recognition should reflect the expanding responsibilities. This alignment will establish fairness and drive staff motivation during the transition period. Opportunities such as professional development and exposure can also drive productivity in a creative studio environment (Daniel, Fleischmann, & Welters, 2017).

### **Implementation Plan & Justification**

The implementation plan for Studio A change management will follow Kotter's change management framework used in the previous analysis, which consists of: (1) establishing a sense of urgency, (2) forming a powerful guiding coalition, (3) creating a vision, (4) communicating the vision, and (5) empowering others to act on the vision. The proposed plan implementation will begin in the second half of 2026, aiming to establish a clear vision by the beginning of 2027, which can be discussed and communicated at the annual meeting. The long-term strategy will be extended for roughly 3 years, giving Studio A the foundation to achieve the next milestone, "Giveback," in their 20th year.

Proposed Solutions	Activity	PIC	Proposed Time Framework							
			2026							2027
			June	July	August	September	October	November	December	January
Defining and Clarifying Studio A's vision and mission	Assessing principal architect and staff's aspiration for Studio A	Principal Architect, Managers and Supervisors								
	Formulating a clear and defined vision for Studio A based on annual strategic alignment and milestones	Principal Architect, Managers and Supervisors								
	Translating defined vision into missions as long-term goals	Principal Architect, Managers and Supervisors								
	Develop mission into shorter-term goals divided over a three-year time span of three years until the next milestone	Principal Architect, Managers and Supervisors								
	Develop the new business unit objectives and short-term goals									
	Communicating vision, mission and annual short-term goals to all staff	Principal Architect, Managers and Supervisors								
Structuring Decision-making Autonomy	Assessing business process using RACI matrix	Principal Architect, Managers and Supervisors								
	Defining decision-making authority and responsibilities according to each role	Principal Architect, Managers and Supervisors								
	Communicating decision-making authority and responsibilities to all staff	Principal Architect, Managers and Supervisors								
Leadership Development Programme for Managers and Supervisors	Assessing the leadership competencies within Managers and Supervisors	Principal Architect and HR function								
	Develop performance indicators regarding leadership competencies	Principal Architect and HR function								
Phased Hiring Plans and Role Effectiveness Evaluation	Assessing the priority role for hiring according to annual short-term plans	Principal Architect, Managing Director and HR function								
	Developed phase for hiring according to Studio A agenda and needs	Principal Architect, Managing Director and HR function								
	First round for hiring and evaluation	Principal Architect, Managing Director and HR function								
Establishing Structured Talent Management and Career Path	Develop structured talent management according to skill assessment	Principal Architect, Managing Director and HR function								
	Develop a feasible career path for key individuals according to new organisational structure	Principal Architect, Managing Director and HR function								
	Communicate talent management practice and career path	Principal Architect, Managing Director and HR function								
Aligning Compensation and Recognition with Staff's Expectation	Assess the feasible compensation system for Studio A	Principal Architect, Managing Director, Operational Manager and HR function								
	Assess staff expectation regarding compensation	Principal Architect, Managing Director, Operational Manager and HR function								
	Develop compensation and recognition system according to vision, mission, and annual goals	Principal Architect, Managing Director, Operational Manager and HR function								
	Communicate compensation and recognition system	Principal Architect, Managing Director, Operational Manager and HR function								

Figure 2. Implementation Plan for Studio A

Source: Author's analysis (2025)

CONCLUSIONS

Studio A has undertaken several change initiatives over the past few years to increase organisational performance in response to both internal and external developments in the dynamic design sector. As Studio A has operated for 15 years, it has begun to shift its focus to “Legacy” as its milestone. The change initiatives that were initiated in 2020 have been ongoing for five years but have not yet been effectively implemented. As a result, organisational changes in Studio A are facing delays and have become long overdue. Assessment based on McKinsey's 7S framework indicates that Studio A has not yet achieved alignment between its current and desired state of organisational effectiveness. Several gaps were identified across the 7S dimensions, which include strategy, structure, systems, style, staff, skills, and shared values.

The key issue underlying all identified gaps is the lack of a defined vision, which makes it difficult to understand the objective behind each change initiative. As the 7S dimensions are interdependent, each gap must be addressed equally to achieve sustainable organisational effectiveness. Addressing these gaps requires a structured and appropriately paced process. The study also finds that Kotter's 8-step change management framework provides a clear guide for Studio A's organisational transformation, ensuring that change initiatives are systematically planned, communicated, and reinforced over time. In conclusion, Studio A stands at a pivotal period that demands a structured change management system. Reducing the gap between the current and desired states of organisational effectiveness requires structural and procedural changes that are oriented towards development and empowering leadership. As a creative industry practice, Studio A's core service, design consultancy, relies on creativity and innovation; therefore, its organisational system needs to maintain flexibility to foster innovation while maintaining an acceptable level of formalisation to support long-term growth and stability.

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