ORGANISATION CHANGE

CHATTERJEE

- Organisational Change
- Change simply refers to alteration in the existing conditions of an organisation. Even in most stable organisations change is necessary to maintain stability. The economic and social environment is so dynamic that without adapting to such change even the most successful organisations cannot survive in the changed environment. Therefore, management must continuously monitor the outside environment and be sufficiently innovative and creative to implement these changes effectively.
- Organisations encounter different forces for change. These forces come from external and internal sources of the organisation.

External Forces

- External forces for change originate outside an organisation. There are four key external forces for change:

- *Demographic Characteristics:* These include age, education, skill level and gender of employees. Organisations need to effectively manage these characteristics in order to receive maximum contribution and commitment from their employees.

- *Technological Advancements:* Both manufacturing and service organisations are increasingly using technology as a means to improve productivity and market competitiveness.

- *Market Changes:* The emergence of a global economy is forcing Indian organisations to change the way they do business. Organisations are entering into new partnerships with their suppliers in order to deliver higher quality products at lower prices.

- *Social and Political Pressures:* These forces are created by social and political events. Personal values affect employees' needs, priorities and motivation. Therefore, managers need to adjust their managerial style according to the changing employee values. Political events also create substantial change in an organisation. Although it is difficult for organisations to predict changes in political forces, many organisations hire lobbyists and consultants to help them detect and respond to social and political changes.

Internal Forces

- Internal forces for change come from inside the organisation. This may come from both human resource problems and managerial behaviour.

- **Human Resource Problems**

- These problems stem from employee perceptions about their work environment and conflict between an employee and organisation needs. Organisations might respond to these problems by using the various approaches to job design by implementing realistic job previews and by reducing employees' role conflict, stress, work overload and ambiguity.

- **Managerial Behaviour**

- Excessive interpersonal conflict between managers and their subordinates is a sign of implementing an immediate change. Inappropriate leader behaviour such as inadequate direction and support are the cause of conflict between managers and their subordinates.

- **Nature of Change**

- Organisations introduce changes through people. Unless the people arc willing to accept the need and responsibility for organisational change, intended Changes can never be translated into reality. In addition, individuals have to learn to adapt. their attitudes and behavioural patterns to constantly changing environments.

- Management of change involves both individual and organisational change. Individual change is behavioural change, which is determined by individual characteristics of members such as their knowledge, attitudes, beliefs, needs, expectations and skills. It is possible to bring about a total change organisation by changing behaviours of individual members through participative and educative strategies. Although, the degree of difficulty involved in the change and the time taken to bring about the change will depend on the target of change.

- The attitudes towards change are largely dependent on the nature of the situation and the manner in which changes are initiated and executed.

- Changing individual behaviour is more time consuming and a difficult task. The linkage between attitude and behaviour is not direct and therefore changing behaviour is more difficult than changing attitudes. One's attitude does not necessarily get reflected in one's behaviour. For example, we know that honesty is the best policy and we have favorable altitudes towards people- who are honest but in certain situations, we may still act in a less honest way.

- Bringing total behavioural change in all the groups and members of an organisation involves difficult long-range effort. More often than not, it is a slow painful process to usher a total cultural change in an organisation.

- It is possible to change total organisation without focusing at the level of individual's change of knowledge, attitude and behaviour. Modification in the organisation's structures, policies, procedures and techniques leads to total organisational change. These types of changes alter prescribed relationships and roles assigned to members arid eventually modify the individual members' behaviour and attitudes. As these two kinds of changes are interdependent,the complexity of managing change increases manifold.

Approaches to Organisational Change

- As organisational change is a complex process, therefore managers must approach it systematically and logically. Some organisational changes are planned whereas other changes are reactive. Planned change is designed and implemented by an organisation in an orderly and timely fashion in the anticipation of future change.

- Reactive change results from a reaction of an organisation to unexpected events. In contrast to planned charige, it is a piece-meal response to circumstances as they develop. External forces that the organisation has failed to anticipate or interpret always bring about reactive change. Since reactive change may have to be carried out hastily, it increases the likelihood of a poorly conceived and poorly executed Program.

- Planned change is always preferable to reactive change. Managers who sit back and respond to change only when they can no longer avoid it are likely to waste a lot of time and money trying to patch together a last-minute solution. The more effective approach is to anticipate the significant forces for change working in an organisation and plan ways to address them. To accomplish this, managers must understand the steps needed for effective change.

- **A Comprehensive Model of Change**

- The comprehensive model of change shown in the following figure shows seven steps that can lead to effective change. This model is useful for both planned and reactive change.

- The seven steps of comprehensive model of change are as follows:

- **Recognize Need for Change**

- The first step in this model is recognizing need for change. For marketing managers who anticipate needed. Change, recognition is likely to come much earlier, as a result of marketing forecasts indicating new market potential, expert- indications about impending socio-economic change or a perceived opportunity to capitalize on a key technological breakthrough. These managers tend to 'initiate change because they expect it to be necessary **in** the near future **in** any case.

Establish Goals for Change

- The manager must then set goals for the proposed change. It is important for the manager to specify goals that the change is supposed to accomplish. The goals can be set to maintain or increase the market standing, to enter new markets, to restore employee morale, to reduce turnover, to settle a strike and to identify good investment opportunities.

1.	Recognize Need for Change

2.	Establish Goal for Change

3.	Diagnose relevant variables

4.	Select Change intervention

5.	Plan implementation of Change

6.	Implement Change

7.	Evaluate implementation

- **Diagnose Relevant Variables**

- An important next step is diagnosing organisational variables that have brought about the need for change. Turnover, for example, may be caused by a variety of factors such as low pay, poor working conditions, poor supervision, better alternatives in the job market or employee job dissatisfaction ete. Thus, if turnover is the recognized stimulus for change, the manager must understand what has caused it in a particular situation in order to make the right changes. To carry out this diagnosis, the manager may discuss the situation with employees and other managers.

- **Select Change Intervention**

- After the manager has developed an understanding of the problem and its causes then he must select a change intervention that will accomplish the intended goal. An intervention is a specific change induced in an organisation with the intention of solving a particular problem or accomplishing a specific objective. For example, if turnover is caused by low pay, then a new reward system is required and if the cause is poor supervision then interpersonal skills and training for supervisors is required.

- **Plan Implementation of Change**

- The manager must then carefully plan the implementation of ,change. Planning the implementation of change involves consideration of the cost of the change, how the change will affect other areas of the organisation and the degree to which employees should participate in bringing about the change. Hastily implemented change can result in more harm than benefit. For example, if the change in volves the use of new equipment, the manager should not make any changes that rely on the use of new equipment until it has arrived and been installed and workers know how to use it. Moreover, if change is thrust upon them too quickly, their resistance may stiffen.

- **Implement Change**

- A systematically implemented change is more likely to proceed smoothly and to encounter fewer obstacles than is a change that is implemented too quickly and without adequate preparation.

- **Evaluate Implementation**

- Finally, after the change has been implemented, the manager should verity that it has accomplished its intended goals. A change may fail to bring about the intended results. This may be due to inappropriate goals or inaccurate diagnosis of the situation or wrong selection of intervention.

Models and Dynamics of Planned Change

- Managers are criticized for emphasizing short-term, quick fix solutions to organisational problems.

- Quick-fix solutions do not really solve underlying problems and they have little staying power.

- Researchers and managers have thus tried to identify effective ways to manage the change process.

- The following models have been developed to effectively manage change:

- **lewin's Change Model**

- Most theories of organisational change originated from the landmark work of social psychologist Kurt Lewin. Lewin developed a three-stage model of planned change, which explained how to initiate, manage and stabilize the change process. The three stages are unfreezing, changing and refreezing. Before
reviewing each stage, it is important to highlight the assumptions on which, this model is based:

1. The change process involves learning something new, as well discontinuing current attitudes, behaviours and organisational practices.

2. Change will not occur unless there is motivation to change. This is often the most difficult part of the change process.

3. People are the hub of all organisational changes. Any change, whether in terms of structure, group process, reward systems or job design requires individuals to change.

4. Resistance to change is found even when the goals of change are highly desirable.

5. Effective change requires reinforcing new behaviours, attitudes and organisational practices.

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The following are the three stages of change

- *Unfreezing*

- The focus of this stage is to make organisation open to change. In doing so individuals are encouraged to replace old behaviours and attitudes with those desired by management. Managers also need to devise ways to reduce the barriers to change during this stage.

- *Changing*

- The focus of this stage is in providing employees with new information, new behavioural models, or new ways of looking at things. The purpose is to help employees learn new concepts to implement change. Role models, mentors, experts, benchmarking organisation against world-class organisations and training are useful mechanisms to facilitate change.

- *Refreezing*

- The focus of this stage is stabilizing the change during refreezing by helping employees integrate the changed behaviour or attitude into their normal way of doing things. This is accomplished by first giving employees the chance to exhibit the new behaviours or attitudes. Once. exhibited, positive reinforcement is used to reinforce the desired change. Additional coaching and modelling are also used at this point to reinforce the stability of the change.

- **Expanded Process Model**

- Lewin's model is very simple and straightforward and virtually all models of organisational change use his approach. However, it does not deal with several important issues. Expanded process model is illustrated in the figure 20.2. This model looks at planned change from the perspective of top management. The model incorporates Lewin's concept as part of the implementation phase.

- That calls for change and issues that are subjected to the organisation's usual problem solving and decision-making processes. Usually, the top management defines its goals in terms of what the organisation or certain processes, or outputs will be like after the change. Alternatives for change are generated and evaluated and then an acceptable one is selected.

Resistance to Change

- Although organisations initiate changes in order to adjust to the changes in their environments but people sometimes resist them. Therefore, managers need to recognize the manifestations of resistance both in themselves and in others, if they want to be more effective in supporting change. For example, managers can use the list given in following table.
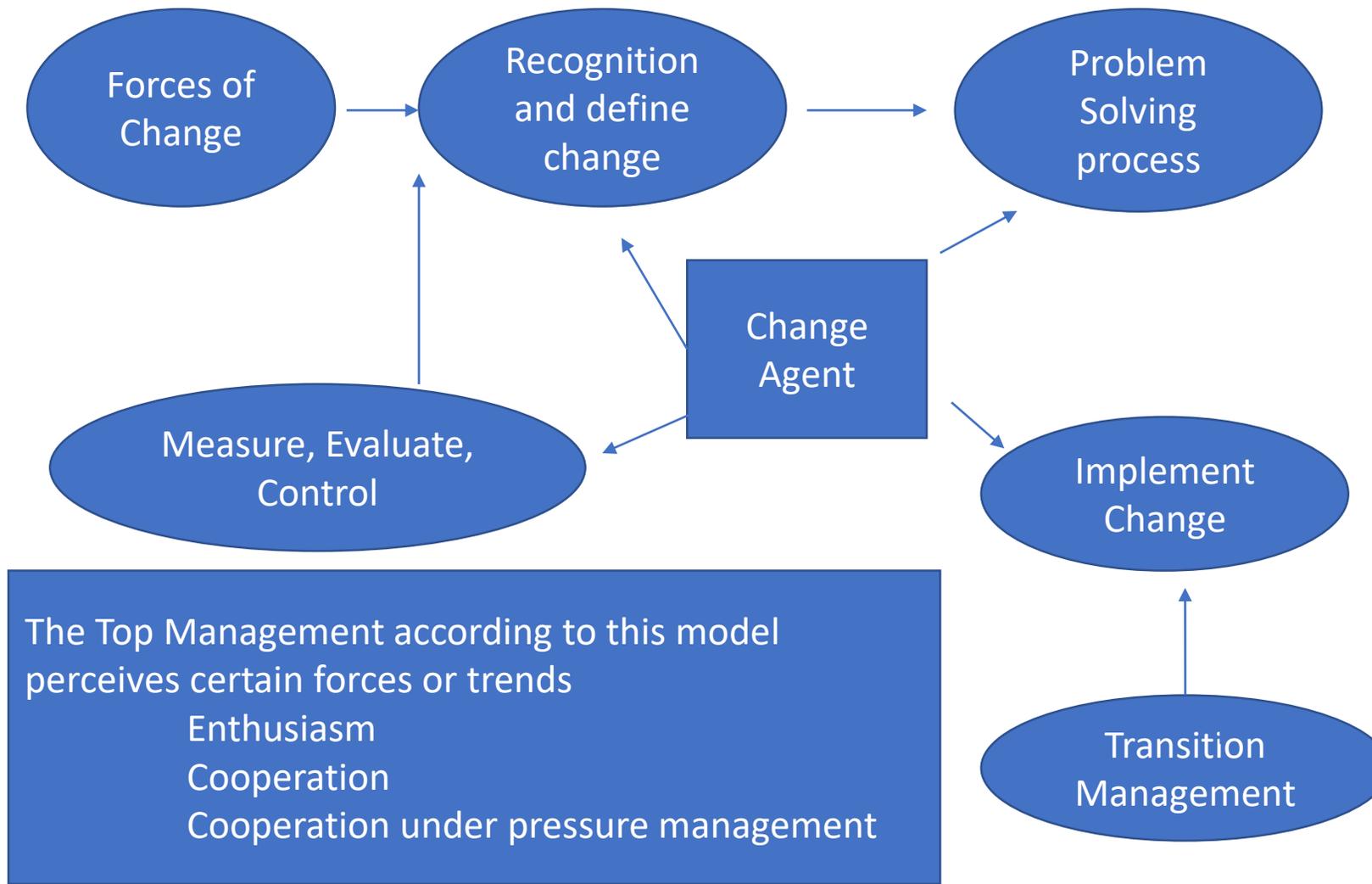
- Acceptance

ACCEPTANCE
PASSIVE RESIGNATION
COOPERATION

- Indifference

APATHY: LOSS OF INTEREST OVER JOB
DOING WHAT IS ORDERED
REGRESSION Behavior

- Passive Resistance

Non-learning
Protest
Working to rule
Doing as little as possible

- Active Resistance

Slowing down
Personal Withdrawal (increased time off the job)
Committing errors
Spoilage
Deliberate sabotage

- The sources of resistance to change within organizations are classified into organisational sources of resistance and individual sources of resistance

- **Organisational Sources of Resistance**

- According to Daniel Kantz and Robert L Khan, organisational sources of resistance can be divided into following six general groups.

- Over determination or structural inertia refers to the tendency of an organisation's rules, policies and structure to maintain the existing conditions and therefore resist change even when change would benefit the organisation more than stability.

- When an organisation tries to change one of its division or part of the division without recognizing the interdependence of the division with other divisions of the organisation, then it is said to have a narrow focus of change. Often a part of division cannot be changed without changing the whole division.

- Group inertia may weaken an individual's attempt to bring about change.

- Resistance may also take the form of threatened expertise if the change lends to weaken special expertise built after years of experience. Organisational restructuring that involves reducing the number of job categories often meets this kind of resistance.

- Any change that may alter the power relationships within an organisation may meet the form of resistance known as 'threatened power.'

- Resistance may occur when a change threatens quantum of resource allocation from one part of the organisation to another.

- **Individual Sources of Resistance**

- According to researchers, individuals have the following reasons for resisting change:

- Simple habits create a lot of resistance. Most people prefer to do their work the way they did it last week rather than learn a new approach.

- Perhaps the biggest cause of employee resistance to change is uncertainty. In the face of impending change, employees are likely to become anxious and nervous. They worry about their ability to meet new job demands therefore, leading to feeling of job insecurity.

- Some people resist change to avoid feeling of loss. For example, many organisations change interventions and alter work arrangements, thus disrupting existing social networks. Social relationships are important to most people, so they resist any change that might adversely affect those relationships. Change may also threaten people's feelings of familiarity and self-confidence.

- People may resist change because their perceptions of underlying circumstances differ from the perceptions of those who are promoting the change.

- **Overcoming Resistance to Change**

- Managers need not abandon planned change in the face of resistance. Before recommending specific approaches to overcome resistance, there are three key conclusions that should be kept in mind. First, an organisation must be ready for change. Second, the top management should inform the employees about the process of change. Third, the employees' perceptions or interpretations of a change should be considered.

- The following methods of overcoming-resistance to change are as follows:

- *Participation:* Participation is generally considered the most effective technique for overcoming resistance to change. Employees who take part in planning and implementing change are better able to understand the reasons for the change than those who are not involved. They become committed to the change and make it work. Employees who have the opportunity to express their own ideas and to understand the perspectives of others are likely to accept change gracefully. It is a time consuming process.

- *Education and Communication:* Educating employees about the need for and the expected results of an impending change help reduce their resistance. Managers should maintain an open channel of communication while planning and implementing change. However, it is also a time consuming process.

- *Facilitation of Change:* Knowing ahead of lime that employees are likely to resist change then the manager should do as much as possible to help them cope with uncertainly and feeling of loss. Introducing change gradually, making only necessary changes, announcing changes in advance and allowing time for people to adjust to new ways of doing things can help reduce resistance.

- *Force-Field Analysis:* In almost any situation where a change is being planned, there are forces acting for and against the change. In force-field analysis, the manager list each set of forces and then try to remove or minimize some of the forces acting against the change.

- *Negotiation:* Where someone or some group will clearly lose out in a change and where that group has considerable power to resist, there negotiation is required. Sometimes it is a relatively easy way to avoid major resistance.

- *Manipulation and Cooperation:* This is followed when other tactics will not work or are too expensive. It can be quick and inexpensive; however, it can lead to further problems if people feel manipulated.

- *Explicit and Implicit Coercion:* This is adopted where speed is essential and where the change initiators possess considerable power. It is speedy and can overcome resistance.

- Each of the above methods has its advantages and disadvantages. There is no universal strategy for overcoming resistance to change. Hence, an organisation that plans to introduce certain changes must be prepared to face resistance from its employees. An organisation should also have a planned approach to overcome such resistances.

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