

ORGANISATIONAL CHANGE

Change is necessary for survival and growth. Changes are constantly taking place in our environment. Changes occur outside organization that requires internal adaptation. The manager has to ensure that individual and groups in organizations, and structures, process and behaviours of sub-systems must adapt to the changing external and internal environments. In effect, the manager is a change agent who facilitates changes to occur in the various subsystems of the organization needed.

Any alteration which occurs in the overall work environment of an organization is called organizational change.

FACTORS AFFECTING CHANGE:

There are both external and internal forces that result in pressure for change,

External Factors:

The external forces that create the need for change come from various sources. Some of them are as follows:

a. Competitive Market Force:

Competition is changing. The global economy means that competitors are as likely to come from across the ocean as from across town. Heightened competition also means the established organizations need to defend themselves against both traditional competitors that develop new products and services and small, entrepreneurial firms with innovative offers. Successful organizations will be the ones that can change in response to the competitor.

b. Government laws and regulations:

These are frequent impetus for change. Creation of special economic zones and foreign direct investment in India sparked off major changes in the IT Industries, Insurance, and Car manufacturing industries. More foreign automobile industries are setting up manufacturing plants and generating more employment opportunities in India.

c. Technology:

It creates the need for change. For example, technological developments in sophisticated and extremely expensive diagnostic equipment have created significant economy of scale for hospitals and medical centres. Assembly-line technology is undergoing dramatic change as organizations replace human labour with robots. Even in the greetings card industry, electronic mail and internet have influenced the way people send greetings.

Labour Markets:

The fluctuation in labor markets forces managers to change. For instance, the demand for webpage designers and website managers made it necessary for organizations that need those kinds of employees to change their human resources management activities to attract and retain skilled employees in the areas of greatest need.

Economic Changes:

Economic changes affect almost all organization. The appreciation of rupee value against the US dollar affects the export prospects of knitwear products from India to America as those products

cost more to Americans. But even in strong economy, uncertainties about interest rates, government budgets deficits and current exchange rates create conditions that may force organizations to change.

Internal Factors:

Internal forces can also stimulate the need for change. These internal forces tend to originate primarily from the internal operations of the organizations or from the impact of external changes.

a. Structural factors:

A structural force would be the inability to transmit important information from the top of the organization to the lower level cadre. Because of numerous layers in the hierarchy, information moves slowly from one level to the next. This could be viewed as a process or a behavioural problem involving a failure to communicate effectively.

b. Strategy

A redefinition or modification of an organization's strategy often introduces a host of change. The strategic move of Reliance Industries in getting into retail business in urban and rural markets made them to introduce a change in the managerial approach as well as the human relations approach to gain acceptance from the different cross section of the customers.

c. Organizations Workforce:

In recent times, the work force composition is varied and is not very static. Its composition changes in terms of age, education, sex and so forth. In a stable organization with a large pool of seasoned executives, there might be a need to restructure jobs in order to retain younger managers who occupy lower ranks. The compensation and benefit system might also need to be adapted to reflect the needs of an older work force.

d. Technology:

The introduction of new equipment represents another internal force for change. Employees may have their jobs redesigned, they need to undergo training on how to operate the new equipment or they may be required to establish new interactions patterns with their work group.

e. Employee Attitudes:

Employee attitudes such as increased job satisfaction may lead to increased absenteeism, more voluntary resignations, and even labour strikes. Such events will often lead to changes in management policies and practices.

RESISTANCE TO CHANGE

In planning for change, the team leaders must take into consideration the various factors on which the members exhibit their resistance to implement the change process. For example, the company wanted to install a new software program in cash counter computer terminals to facilitate the fast movement. But some employees may not respond favourably and display their refusal to cooperate by increasing absenteeism, sub-standard work, joining of union increased labour turn over etc. Resistance to change can also be a source of functional conflict. For example, resistance to a

reorganization plan or a change in a product line can stimulate a healthy debate over the merits of the idea and result in a better decision.

Resistance can be overt, implicit, immediate or deferred. It is the easiest for management to deal with resistance when it is overt and immediate such as employees strike, work slowdown etc. The greater challenge is managing resistance that is implicit or deferred. Such as loss of loyalty to the organization, loss of motivation to work, increased errors or mistakes increased absenteeism etc.

Individual Resistance

Individual sources of resistance to change lie in basic human characteristics such as perceptions, personalities and needs.

Habit: The team members are habituated or conditioned to do their job or activity in a particular way. When they are asked to do differently, they tend to respond to resist change. When employees are asked to move to new office building across the town, they are likely to change their routine habits like waking up ten minutes earlier, finding new parking place, adjusting to new office layout, developing new lunch time routine etc.

Security: The team members with a high need for security are likely to resist change because it threatens their feelings of safety. When Indian Railway introduced new online booking for their reservations, employees may have similar fears.

Economic Factors: If the members feel that the new changes result in lower pay, they may likely to resist change process. Changes in jobs or established work routine can also arouse economic fears if people are concerned that they won't be able to perform the new tasks or routines to their previous standards, especially when the pay is closely tied to productivity.

Fear of the Unknown: The cashiers or secretaries might fear the new activities due to lack of knowledge in operating the new software program. They might develop a negative attitude towards working with new programs or behave dysfunctionally if required to use them. Employees in organizations hold the same dislike for uncertainty. For example, if an organization introduced TQM, the production employees will have to learn statistical process control techniques. Therefore, they may develop a negative attitude towards TQM or behaviour dysfunctionally if required, to use statistical techniques..

Selective Information Processing: Once the team members shape their world through their own way, they prefer to do their work based on their perceptions. If the change process demands to follow the new method, the members tend to resist. So individuals are guilty of selectively processing information in order to keep their perception intact. They hear what they want to hear. They ignore information that challenges the world they have created.

Organizational Resistance

Some organizations prefer to follow their routine and reluctant to venture new things or follow any new methods of doing. Government agencies want to continue doing what they have been doing for years, whether the need for their service changes or remains the same. Six major sources of organizational resistance have been identified. They are as follows:

Structural Inertia: Organizations have built in mechanisms to produce stability. For instance, the training and orientation programs reinforce specific role requirements and skills. Formalization provides job descriptions, rules and procedures for employees to follow. Once the routine has been

established, organization is very reluctant to adapt to new changes. When an organization is confronted with the change process, the team members tend to resist.

Limited Focus of Change: The change process is interlinked. One activity cannot be changed without affecting the others. If change is introduced in technology without considering the structural changes, the change in technology is not likely to be accepted. Organizations are made up of number of interdependent subsystems.

Group Inertia: Some times the group norm or standards could act as a constraint. For example, the union norms may dictate resistance to change process.

Threat to Expertise: The change process could threaten the expertise of team members of the groups. Once the members feel that they are forced to learn something new, they tend to resist. The introduction of decentralized personal computers, which allow managers to gain access to information directly from a company's mainframe, is an example of a change that was strongly resisted by many information system departments in the 1980s. Because of decentralized end-user computing was a threat to the specialized skills held by those in the centralized information system departments.

Threat to Established Power Relationship: The change process can threaten long established power relationships within the organization. Due to this reason, the members can resist the change.

Threat to established resource allocation: The group, which enjoys sizable resources, may not like to accept the change process that facilitates reduction in their budget.

OVERCOMING RESISTANCE TO CHANGE

John Kotter and Leonard Schlesinger offered six ways of overcoming resistance to change, which are highly situation dependent. More than one of these techniques may be used in any given situations.

Education and Communication: If the logic and advantages of the change are explained early to the team members, resistance can be reduced. This can be achieved through one-to-one discussions, memos, group presentations, or reports. This tactics assumes that the source of resistance lies in misinformed or poor communication. If the team members received the full facts and have their misunderstanding cleared up, their resistance will subside. Once people have bought into the idea, they will implement the change. The only problem is that this could be very time consuming process, if too many people are to be communicated with.

Participation and Involvement: Resistance to change can be reduced or eliminated by having those involved participate in the decision of the change through meetings and induction. It is difficult for individuals to resist a change decision in which they participated. Once people have had an opportunity to contribute ideas and become a part of the change process, they will be less inclined to see it fail. However, working in committees or task forces is a time consuming activity, and hence it will take a longer time to bring about changes.

Facilitation and Support: Easing the change process and providing support for those caught up in it is another way managers can deal with resistance. Retraining programs, allowing time off after a difficult period, and offering emotional support and understanding may help. This emotional support can be given through empathic listening, offering training and other types of help. Such facilitation and emotional support help individual to deal more effectively with their adjustment problems. This process can be time consuming and there is no guarantee that it will always work.

Negotiation and Agreement: It is sometimes necessary for a team leader to negotiate with potential resistance or exchange something of value for a lessening the resistance. For instance, if the resistance is from a few powerful individuals in the team, a specific reward package can be negotiated that will meet their individual needs. Though in some instances this may be the relatively easy way to gain acceptance, it is possible that this could be an expensive way of effecting changes as well. Also, if the use of this strategy becomes public knowledge, others might also want to try to negotiate before they accept the change.

Manipulation and Co-optation: The team leader seeks to 'buy off' the key members who are resisting by giving them an important role in the change decision. The team leader's advice is sought, not to arrive at a better decision but to get their endorsement. Some of the co-opting tactics include selectively sharing information and consciously structuring certain types of events that would win support. This can be a quick and relatively easy and inexpensive strategy to gain support. However, the purpose will be defeated if people feel they are being manipulated.

Explicit and Implicit Coercion: The team leaders can force the members to go along with changes by threats involving loss or transfers of jobs, lack of promotion, etc. Such methods, though not uncommon, is more difficult to gain support for future change efforts. This strategy can be particularly resorted to when changes have to be speedily enforced or when changes are of a temporary nature. Though speedy and effective in the short run, it may make people angry and resort to all kinds of mean behaviours in the long run.

LEWIN'S MODEL OF CHANGE/ APPROACHES TO MANAGING ORG. CHANGE/ PLANNED CHANGE

Kurt Lewin argued that successful change in organizations should follow three steps

- i) Unfreezing the status quo
- ii) Movement to a new state
- iii) Refreezing the new change to make it permanent.

Unfreezing:

It is actually the process of preparing the system for change through disconfirmation of the old practices, attitudes, tendencies, or behaviours. This is the initial phase where those involved in the change experience a need for something different and a sense of restlessness with the status quo. In essence, the feeling that the system is hurting itself badly now and desperately requires a change to survive, is sensed by all. Initiative for changes efforts are taken to overcome the pressures of both individual resistance and group conformity.

Movement to a new state:

Changing or moving is the phase where the changes that have been planned are actually initiated and carried out. Changes could relate to the mission, strategy, objectives, people, tasks, work roles, technology, structure, corporate culture, or any other aspects of the organization. Well thought out changes have to be carefully implemented with participation of the members who will be affected by the change. Changes incorporated too quickly without adequate preparation will result in resistance to change.

Refreezing:

It is the last phase of the planned change process. Refreezing ensures that the planned changes that have been introduced are working satisfactorily, that any modifications, extra considerations, or support needed for making the changes operational are attended to, and that there is reasonable guarantee that the changes will indeed fill the gap and bring the system to the new, desired state of equilibrium. This necessarily implies that the results are monitored and evaluated, and wherever necessary corrective measures are taken up to reach the new goal. If the refreezing phase is neglected or temporarily attended to, the desired results will not ensure and the change may even be total disaster.

Forced Field Analysis:

Kurt Lewin stated that there are two types of forces operating in the change process.

- i) Those forces which prepare or make the system ready for changes to occur, are called as driving forces,
- ii) Those forces which oppose or operate against changes taking place in the system, are called as restraining forces. If the two sets of forces are equal in strength, then the system is in a state of equilibrium and changes will not occur. If the driving forces are stronger than the restraining forces, then the system will be changing to find a new equilibrium as the gap to be filled gets narrowed down.

A more viable option is to reduce existing resistance by dealing with and minimizing the forces that resist the change. In practice, a combination of both strategies –reducing the restraining factors and increasing the driving forces often ensures best results.