
ORGANIZATIONAL CHANGE MANAGEMENT

Neha*

ABSTRACT

The case of managing change in the organization is of key importance in different theories of management. It is highly important for an organization to bring required & suitable changes in the organization. Simultaneously it is highly important first to identify the need of change. Whether external or internal, & then not only implement but also support changes in the organization to maintain the smooth functionality in the organization. Change is only permanent in nature. To sustain in this dynamic world, an organization need to transform an organization into a continuous learning mill by embracing open learning environment in the organization. This paper objective is to highlight the different theoretical perspective related to the change management in the organization.

INTRODUCTION: WHAT IS ORGANIZATIONAL CHANGE?

Organizational **change** occurs when business strategies or major sections of an organization are altered. It is defined as a change that has significant effects on the way work is performed in an organization.

Organizational change may be apparent when there is a gap between how the work area is operating and how it should be operating to ensure successful future growth. Organizational change may be a result of the work area identifying goals that they want to achieve.

CHANGE MANAGEMENT

Change management is a structured approach to shifting individuals, teams and organisations from a current state to a desired future state. It is an organisational process aimed at helping employees to accept and embrace changes in their current business environment. *“Kotter defines change management as the utilization of basic structures and tools to control any organizational change effort.”* **Goal of changemanagement** is to minimize the change impacts on workers and avoid distractions. **Change agents** are responsible for managing change activities. They see a future for the organization, which others have not identified, and they are able to motivate, invent and implement this vision. Change agents can be managers or non-managers, current or new employees, or outside consultants. In this era of globalization, Organizations need to cope up with the dynamic and inevitable changes, which take place very often. Because of these changes the competition among firms is becoming intense and every organization should be flexible enough to implement the changes whenever required for its survival.

SOME BASIC FORMS OF CHANGE

Planned change: It is a change resulting from a deliberate decision to alter the organization. Companies that wish to move from a traditional hierarchical structure to one that facilitates self-managed teams must use a proactive, carefully orchestrated approach. Not all changes are planned. Unplanned change it is imposed on the organization and is often unforeseen. Changes in government regulations and changes in the economy, for example, are often unplanned. Responsiveness to unplanned change requires tremendous flexibility and adaptability on the part of the organizations.

Managers must be prepared to handle both planned and unplanned forms of change in organizations.

Radical Change: It is a process by which firms regain competitive advantage after it has been lost or threatened significantly. The type and extent of change undertaken depends upon the firm's resources and capabilities; its competitive environment; and its leadership. Radical change is divergent, meant to fundamentally change the firm's processes, systems, structures, strategies, and core values."

Transformational change: Transformational change occurs when organizations incur drastic changes and must essentially transform themselves. This can occur when an organization faces different technologies, significant changes in supply and demand, unexpected losses etc.

FORCES FOR CHANGE

Given a choice, most organizations prefer stability to change because the more predictable and routine activities are, the higher the level of efficiency that can be obtained. Thus, the status quo is preferred in many cases.

But organizations are not static; they are continuously changing in response to a variety of forces coming from both inside and outside. For leaders, the challenge is to anticipate and direct change processes so that the performance is improved. There are two different forces of change:

EXTERNAL FORCES: The major external forces for change are:-

1. **Nature of the workforce:** Almost every organization must adjust to a multicultural environment, demographic changes, immigration and outsourcing.
2. **Technology** is continually changing jobs and organization. Ex: faster, cheaper and more mobile computers and handheld devices.
3. **Economic shocks:** rise and fall of global housing market, financial sector collapse, global recession.
4. **Competition** is changing. Competitors are as likely to come from across the ocean as from across town. Ex: increased government regulation of commerce.
5. **Social trends** don't remain static. Companies must continually adjust product and marketing strategies to be sensitive to changing social trends. *The State Bank of India did the same when it started a zero-balance bank account program for villagers.*

INTERNAL FORCES: Pressures for change that originate inside the organization are generally recognizable in the form of signals indicating that something needs to be altered, such are the internal forces.

1. **Declining effectiveness** is a pressure to change. A company that experiences its third quarterly loss within a fiscal year is undoubtedly motivated to do something about it. Some companies react by instituting layoffs and massive cost – cutting programs, whereas others look at the bigger picture, view the loss as symptomatic of an underlying problem, and seek the cause of the problem.
2. **A crisis situation** also may stimulate change in an organization. Strikes or walkouts may lead management to change the wage structure. The resignation of a key decision-maker is one crisis that causes the company to rethink the composition of its management team and its role in the organization. A much-publicized crisis that led to change with Exxon was the oil spill accident with Exxon's Valdez oil tanker. The accident brought about many changes in Exxon's environmental policies.
3. **Changes in employee expectations** also can trigger change in organizations. A company that hires a group of young newcomers may be met with a set of expectations very different from those expressed by older workers. The work force is more educated than ever before. Although this has its advantages, workers with more education demand more of employers. Today's workforce is also concerned with career and family balance issues, such as dependent care. The many sources of workforce diversity hold potential for a host of differing expectations among employees.
4. **Changes in the work climate at an organization** can also stimulate change. A workforce that seems lethargic, unmotivated, and dissatisfied is a symptom that must be addressed. This symptom is common in organizations that have experienced layoffs. Workers who have escaped a layoff may grieve for those who have lost their jobs and may find it hard to continue to be productive. They may fear that they will be laid off as well, and many feel insecure in their jobs.

RESISTANCE TO CHANGE

SELF INTEREST: Ego often interferes with the ability to adapt to change. Some want to maintain the status quo to better advance their own personal agendas; others have

different motivations. In the end, employees acting in their own self-interest, instead of the organization's greater good, will resist change.

FEAR OF THE UNKNOWN: Change often brings with it substantial uncertainty. Employees facing a technological change, such as the introduction of a new computer system, may resist the change simply because it introduces ambiguity into what was once a comfortable situation for them. This is especially a problem when there has been a lack of communication about the change. **FEAR OF LOSS:** When a change is impending, some employees may fear losing their jobs, particularly when an advanced technology like robotics is introduced. Employees also may fear losing their status because of a change. Computer systems experts, for example, may feel threatened when they feel their expertise is eroded by the installation of a more user – friendly networked information system. Another common fear is that changes may diminish the positive qualities the individual enjoys in the job.

FEAR OF FAILURE: Some employees fear changes because they fear their own failure. Introducing computers into the workplace often arouses individuals' self – doubts about their ability to interact with the computer. Resistance can also stem from a fear that the change itself will not really take place. In one large library that was undergoing a major automation effort, employees had their doubts as to whether the vendor could really deliver the state – of the art system that was promised. In this case, the implementation never became a reality the employees' fears were well founded.

POOR COMMUNICATION: Changes within an organization start with key decision makers. It is up to them to pass along the details to team members and ensure all questions and complaints are handled before changes go into effect. Unfortunately, as news of a change spreads through the hierarchy, details are sometimes skewed and members end up receiving inaccurate, second-hand information. Poor communication can therefore cause resistance to change.

DISRUPTION OF INTERPERSONAL RELATIONSHIPS: Employees may resist change that threatens to limit meaningful interpersonal relationships on the job. Librarians facing the automation effort described previously feared that once the computerized system was implemented, they would not be able to interact as they did when they had to go to another floor of the library to get help finding a resource. In the new system, with the touch of a few buttons on the computer, they would get their information without consulting another librarian.

PERSONALITY CONFLICTS: When the change agent's personality engenders negative reactions, employees may resist the change. A change agent who appears insensitive, to employee concerns and feelings may meet considerable resistance, because employees perceive that their needs are not being taken into account.

INTERNAL AND EXTERNAL POLITICS: Organizational change may also shift the existing balance of power in the organization. Individuals or groups who hold power under the current arrangement may be threatened with losing these political advantages in the advent of change.

CULTURAL ASSUMPTIONS AND VALUES: Sometimes cultural assumptions and values can be impediments to change, particularly if the assumptions underlying the change are alien to employees. This form of resistance can be very difficult to overcome, because some cultural assumptions are unconscious. Some cultures tend to avoid uncertainty may be met with great resistance.

LACK OF TRUS: Trust plays a big role in running a successful organization. When organization members feel they cannot trust each other or key decision makers, it becomes difficult for them to accept organizational changes. They may ascribe the changes to some negative underlying reason or even assume they will eventually lose their jobs.

MANAGING RESISTANCE TO CHANGE

The traditional view of resistance to change treated it as something to be overcome, and many organizational attempts to reduce the resistance have only served to intensify it. **The contemporary view of resistance** holds that resistance is simply a form of feedback and this feedback can be used very productively to manage the change process. **STRATEGIES**

FOR MANAGING RESISTANCE TO CHANGE

EFFECTIVE COMMUNICATION

- The details of the change should be provided, but equally important is the **rationale behind the change**.
- Providing **accurate and timely information about the change** can help prevent unfounded fears and potentially damaging rumors from developing.
- **Open communication** in a culture of trust is a key ingredient for successful change. It is also beneficial to inform people about the potential consequences of the change.
- **Educating employees on new work procedures** is often helpful. Studies on the introduction of computers in the workplace indicate that providing employees with

opportunities for hands – on practice helps alleviate fears about the new technology.

- Communication can **help dissipate some fear of unknown elements**. Management should also see that there is a **two way communication** between the management and workers so that the so former comes to know about the reactions of the latter directly without delay.
- Delaying the announcement of a change and handling information in a **secretive fashion can serve to fuel the rumor mill**.
- *The drawback of this approach is that it is expensive to implement and does not always yield the desired results.*

PARTICIPATION AND INVOLVEMENT

- Employees must be **engaged and involved** in order for change to work
- **Participation by a large group** can move change further along. Participation **helps employees gain understanding** about the change.
- Individual will find it difficult to resist the change, which they participated. Prior to making a change, all those persons who are going to be affected by the change, can be brought into the decision making process.
- Their **doubts and objectives should be removed** to win their cooperation. Getting opinions out in the open, so that they are looked at and evaluated is an important trust building task.
- This involvement of the workers can overcome resistance, obtain personal commitment and **increase the quality of the change decisions**.

FACILITATION AND SUPPORT

- Change agents can offer facilitation and supportive efforts to overcome resistance.
- Facilitative support means **removing physical barriers** in implementing change by providing appropriate training, tools, machinery etc.
- **Supportive efforts** include listening, providing guidance, allowing time off after a difficult period and providing emotional support.
- **Emotional support** is provided by showing personal concern to the employees during periods of stress and strain.
- *The drawback of this method is that it is time consuming and expensive and its implementation offers no assurance of success.*

LEADERSHIP

- A **capable leader** can reinforce a climate of psychological support for change.
- **Greater the prestige and credibility** of the person who is acting as a change agent, the **greater will be the influence** upon the employees who are involved in the change process.
- A strong and effective leader can **exert emotional pressure** on his subordinates to bring about the desired change.
- Most of the times, there is no resistance from the subordinates and if they resist, the **leader tries to overcome resistance by leadership process.**

NEGOTIATION AND AGREEMENT

- Negotiation and Agreement technique is **used when costs and benefits must be balanced for the benefit of all concerned parties.**
- If people or groups are losing something significant in the change and if they have enough power to resist strongly.
- **Negotiation before implementation** can make the change go much more smoothly, even if at the later stages if some problems arise, the negotiated agreement can be referred to.

MANIPULATION AND CO-OPTATION

- Used in the situation, where other methods are not working or are not available.
- Managers can **resort to manipulation of information**, resources and favors to overcome resistance. Or they can **resort to co-optation**, which means to co-opt an individual, perhaps a key person with in a group, by giving him a **desirable role in designing or carrying out the change process.**
- *This technique has some doubtful ethics and it may also back fire in some cases.*

COERCION

- Managers may resort to coercion if all other methods fail or for some reason are inappropriate.
- Coercion may be in form of **explicit or implicit threats** involving loss of jobs, lack of promotion and the like.
- Managers sometimes dismiss or transfer employees who stand in the way of change.
- *Coercion can seriously affect employee's attitudes and have adverse consequences in*

the long run.

EFFORTS AT THE GROUP LEVEL

- A group is a cluster of persons related in some way by common interests over a period of time.
- Although change can be obtained individually; it is **more meaningful if it is done through a group**. Therefore, management should consider the group and not the individual as the basic unit of change. Group dynamics offer some basic help in the regard.
- The more attractive the group is to the members, the greater is the influence of the group to accept or resist a change.
- Groups can exert pressure on those factors of the members which are responsible for the group being attractive to the members. Normally attitudes, values and behavior are more common factors determining the group attractiveness.
- The degree of prestige of a group, as interpreted by the members will determine the degree of influence the group has over its members.
- **Group interactions should be encouraged; it should be provided full information by the management**. The management should also explain the rationale of change and try to convince that the interests of the group members would not be adversely affected.

APPROACHES TO MANAGING ORGANISATIONAL CHANGE: ORGANIZATIONAL DEVELOPMENT

Organizational development (OD) is a term used to encompass a collection of planned-change interventions built on humanistic-democratic values that seek to improve organizational effectiveness and employee well-being. The OD paradigm values human and organizational growth, collaborative and participative processes, and a spirit of inquiry. The underlying values in most OD efforts:

- Respect for people
- Trust and support
- Power equalization
- Confrontation

- Participation

OD techniques or interventions for bringing about change:

1. Sensitivity Training:

- It can go by a variety of names—laboratory training, groups, or T-groups (training groups)—but all refer to a thorough unstructured group interaction.
- Participants **discuss themselves and their interactive processes**, loosely directed by a professional behavioral scientist.
- Specific results sought include **increased ability to empathize** with others, **improved listening skills**, **greater openness**, **increased tolerance** of individual differences, and improved conflict resolution skills.

2. Survey Feedback:

- One tool for **assessing attitudes** held by organizational members, identifying discrepancies among member perceptions, and solving these differences is the survey feedback approach.
- **Everyone can participate, but of key importance is the organizational “family.”**
A questionnaire is usually completed by all members in the organization or unit.
- The **data from this questionnaire are tabulated** with data pertaining to an individual’s specific “family” and to the entire organization and distributed to employees.
- Particular attention is given to **encouraging discussion** and ensuring that discussions focus on issues and ideas and not on attacking individuals.
- Finally, group discussion in the survey feedback approach should result in members **identifying possible implications of the questionnaire’s findings.**

3. Process Consultation:

- The purpose of process consultation is for an outside consultant to assist a manager, **“to perceive, understand, and act upon process events”** that might include work flow, informal relationships among unit members, and formal communication channels.
- The consultant works with the client in **jointly diagnosing what processes need improvement.**

- By having the client **actively participate in both the diagnosis and the development of alternatives**, there will be greater understanding of the process and the remedy and less resistance to the action plan chosen.

4. Team Building:

- It utilizes **high-interaction group activities to increase trust** and openness among team members.
- Team building is applicable to the case of interdependence. The objective is to **improve coordinative efforts of members**, which will result in increasing the team's performance.
- The activities considered in team building typically include **goal setting, development of interpersonal relations among team members**, role analysis, and team process analysis.
- Team building can also address itself to **clarifying each member's role on the team**.

5. Intergroup Development:

- It seeks to **change the attitudes, stereotypes, and perceptions** that groups have of each other.
- Once the causes of the difficulty have been identified, the groups can move to the **integration phase**—working to develop solutions that **will improve relations between the groups**.
- Subgroups, with members from each of the conflicting groups, can now be created for further diagnosis and to begin to formulate possible alternative actions that will improve relations.

CREATING A CULTURE FOR CHANGE

STIMULATING INNOVATION

Change refers to making things different. Innovation is a more specialized kind of change.

There is no guaranteed formula with which an organization can become innovative; certain characteristics surface again and again. They are grouped into structural, cultural, and human resource categories.

1. Innovation is a new idea applied to initiating or improving a product, process, or service.
2. All innovations involve change, but not all changes necessarily involve new ideas or lead to significant improvements.

3. Innovations in organizations can range from small incremental improvements to significant change efforts.

SOURCES OF INNOVATION: *Structural variables are the most studied potential source of innovation.*

1. First, **organic structures** positively influence innovation because they facilitate flexibility, adaptation and cross-fertilization.
2. Second, **long tenure in management** is associated with innovation. Managerial tenure apparently provides legitimacy and knowledge of how to accomplish tasks and obtain desired outcomes.
3. Third, innovation is nurtured where there are **slack resources**.
4. Finally, **inter-unit communication** is high in innovative organizations. There is a high use of committee, task forces, cross-functional teams and other mechanisms that facilitate interaction.

CREATING A LEARNING ORGANIZATION

A learning organization is an organization that has developed the continuous capacity to adapt and change. All organizations learn—whether they consciously choose to or not; it is a fundamental requirement for their sustained existence.

Most organizations engage in single-loop learning. When errors are detected, the correction process relies on past routines and present policies.

Learning organizations use double-loop learning:

1. When an error is detected, it's corrected in ways that involve the modification of the organization's objectives, policies, and standard routines.
2. Like second-order change, double-loop learning challenges deep-rooted assumptions and norms within an organization.
3. It provides opportunities for radically different solutions to problems and dramatic jumps in improvement. Learning organizations are also characterized by a specific culture that values risk taking, openness, and growth—it seeks “boundarylessness”.

CONCLUSION

In this era of globalization, Organizations need to cope up with the dynamic and inevitable changes, which take place very often. Because of these changes the competition among firms is becoming intense and every organization should be flexible enough to implement the changes whenever required for its survival.

The changes that organizations make differ in scope. Some are minor whereas some are

major & complex. The forces of organizational change are not isolated they appear to be global in nature, though different forces may be shaping change at different rates in different places.

Employees tend to resist changes due to several reasons. But organizations are not static; they are continuously changing in response to a variety of forces coming from both inside and outside Pressures for change that originate inside the organization are generally recognizable in the form of signals indicating that something needs to be altered, such are the internal forces.

As we have seen throughout the project and the case study, employees tend to resist change, but in the long run change is necessary and inevitable for an organization that wishes to grow. It is also imperative on part of organizations to understand the dynamics of change communicate effectively and try to gain inputs and confidence of those who resist and are affected by the organizational change being undertaken.

If an organization can gain inputs, create an effective plan of change and execute it perfectly, the returns will always be positive.

REFERENCES

Harvard business review on change, Harvard business school press

- Bhattacharyya, D.K. (2009), Organizational behavior, Oxford University press, NewDelhi, India.
- Robbins, S.P., Judge, T.A., Sanghi, S (2009).Organizational Behavior, Pearson Education.
- Chhabra, T.N., (2011-12), Management Process and OrganizationalBehavior, Sun ssIndia Publications