

**[Academic Script]**

**Organizational Change**

<b>Subject:</b>	Business Economics
<b>Course:</b>	B. A. (Hons.), 4 <sup>th</sup> Semester, Undergraduate
<b>Paper No. &amp; Title:</b>	Paper – 402 Organisational Behaviour
<b>Unit No. &amp; Title:</b>	Unit – 5 Organisational Change, Conflict and Power
<b>Lecture No. &amp; Title:</b>	Lecture – 1 Organisational Change

## **Academic Script**

### **1. Introduction**

Hello Friends!

Today we will learn about Organizational Change. The Session will focus on how the organization deals with the change in its internal and external environment.

#### **Objective:**

The objective of the session is to:

- Know about Organizational change and Forces of Organizational Change
- To know about types of organizational changes
- To explore the reasons for Resistance to change in an organization

Let's start the session!

### **2. What is Organizational Change?**

Change refers to any alteration that occurs in total work environment. Generally people are accustomed to a well-established way of life and any variation in or deviation from that life may be called a change. Change may be very simple just like to shift the location of an office or it may be a more complex technological change which may even threaten the very existence of some people in the organization.

"The term change refers to any alteration which occurs in work environment of an organization."

"When an organizational system is disturbed by some internal or external force, change frequently occurs. Change, as a process, is simply modification of the structure or process of a system. It may be good or bad, the concept is descriptive only."

### **3. Forces of Change**

There are a number of factors both internal and external which affect organizational functioning. Any change in these factors necessitates change in an organization. Let's discuss them one by one.

#### **A. External Forces**

External environment affects the organizations both directly and indirectly. The organizations do not have any control over the variables in such an environment. Accordingly, the organization cannot change the environment but must change them to align with the environment. A few of these factors are:

**1. Technology:** Technology is the major external force which calls for change. The adoption of new technology such as computers, telecommunication systems and flexible manufacturing operations has profound impact on the organizations that adopt them.

The substitution of computer control for direct supervision is resulting in wider spans of control for managers and flatter organizations. Sophisticated information technology is also making organizations more responsive. Both the organizations and their employees will have to become more adaptable. Many jobs will be reshaped. Individuals, who do routine, specialised and narrow jobs will be replaced by workers who can perform multiple tasks and actively participate in decision making. Managements will have to increase their investment in training and education of the employees because employees' skills are becoming obsolete more quickly. Japanese firms have

progressed rapidly because they are very fast in adopting new technological innovations.

**2. Marketing Conditions:** Marketing conditions are no more static. They are in the process of rapid change as the needs, desires and expectations of the customers change rapidly and frequently. Moreover, there is tough competition in the market as the market is flooded with new products and innovations every day. New methods of advertising are used to influence the customers. Today the concept of consumerism has gained considerable importance and thus, the consumers are treated as the kings.

**3. Social Changes:** Social and cultural environment also suggest some changes that the organizations have to adjust for. There are a lot of social changes due to spread of education, knowledge and a lot of government efforts. Social equality, e.g., equal opportunities to women, equal pay for equal work, has posed new challenges for the management. The management has to follow certain social norms in shaping its employment, marketing and other policies.

**4. Political Forces:** Political environment within and outside the country have an important impact on business especially the transnational corporations. The interference of the government in business has increased tremendously in most of the countries. The corporate sector is regulated by a lot of laws and regulations. The organizations do not have any control over the political and legal forces, but they have to adapt to meet the pressure of these forces.

In our country, the new economic policy has liberalised the economy to a large extent. Many of the regulatory laws have been amended to reduce the interference of the Government in business.

An organization is also affected by the world politics. Some of the changes in the world politics which have affected business all over the world are the reunification of Germany, Iraq's invasion of Kuwait and the breakdown of Soviet Union into Russia and commonwealth of independent states.

## **B. Internal Forces**

Internal forces are too many and it is very difficult to list them comprehensively. However, major internal factors are explained as follows:

**1. Nature of the Work Force:** The nature of work force has changed over a passage of time. Different work values have been expressed by different generations. Workers who are in the age group of 50 plus value loyalty to their employers. Workers in their mid-thirties to mid-forties are loyal to themselves only. The youngest generation of workers is loyal to their careers.

The profile of the workforce is also changing fast. The new generation of workers has better educational qualifications; they place greater emphasis on human values and question authority of managers. Their behaviour has also become very complex and leading them towards organizational goals is a challenge for the managers. The employee turnover is also very high which again puts strain on the management. The work force is changing, with a rapid increase in the percentage of women employees, which in turn means, more dual career couples. Organizations have to modify transfer and promotion policies as

well as make child care and elder care available, in order to respond to the needs of two career couple.

**2. Change in Managerial Personnel:** Change in managerial personnel is another force which brings about change in organization. Old managers are replaced by new manager, which is necessitated because of promotion, retirement, transfer or dismissal. Each manager brings his own ideas and way of working in the organization. The informal relationships change because of changes in managerial personnel. Sometimes, even though there is no change in personnel, but their attitudes change. As a result, the organization has to change accordingly.

**3. Deficiencies in Existing Management Structure:** Sometimes change is necessary because of some deficiencies in the existing organizational structure, arrangement and processes. These deficiencies may be in the form of unmanageable span of management, larger number of managerial levels, lack of co-ordination among various departments, obstacles in communication, multiplicity of committees, lack of uniformity in policy decisions, lack of cooperation between line and staff and so on. However, the need for change in such cases goes unrecognized until some major crisis occurs.

**4. To Avoid Developing Inertia:** In many cases, organizational changes take place just to avoid developing inertia or inflexibility. Conscious managers take into account this view that organization should be dynamic because any single method is not the best tool of management every time. Thus, changes are incorporated so that the personnel develop liking

for change and there is no unnecessary, resistance when major changes in the organization are brought about.

All the above factors are summarized in the following figure

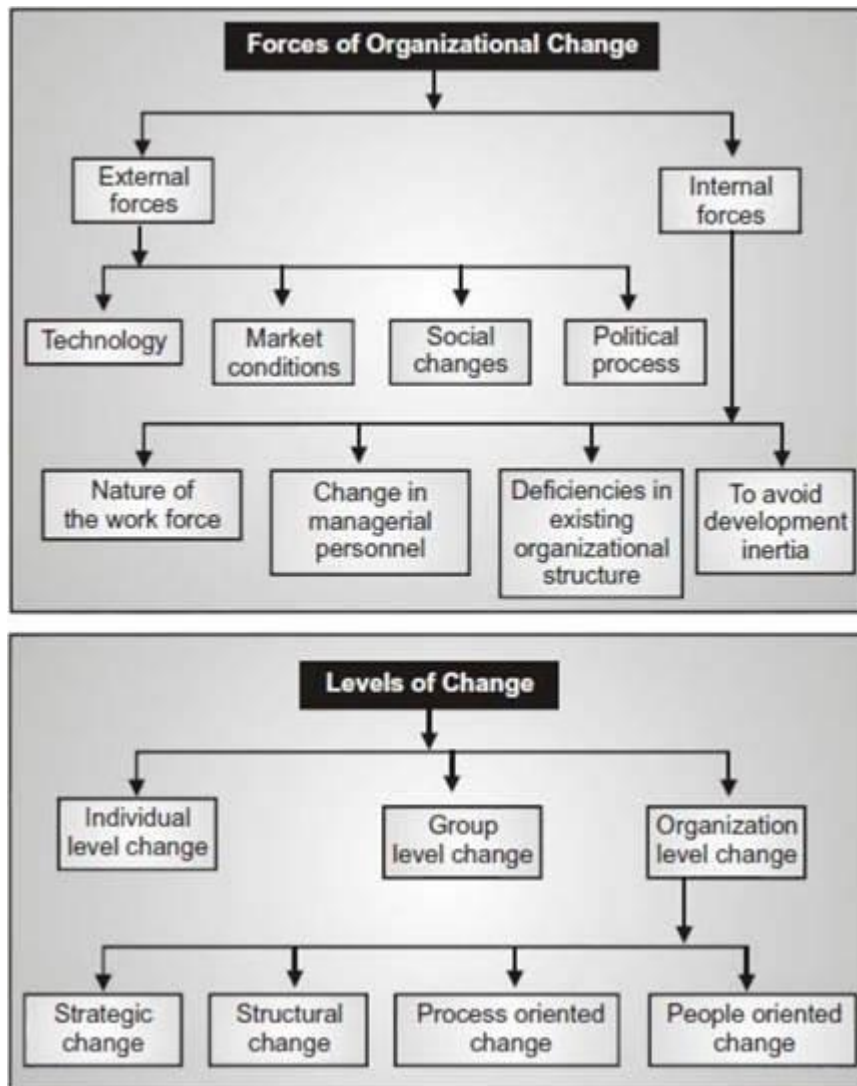


Fig. 9.1: Organizational change

([http://academlib.com/2906/management/organiational\\_change](http://academlib.com/2906/management/organiational_change))

#### 4. Planned Changes

Changes that take place in organizations are of two types. They may be random or haphazard. They simply occur, and no effort is made to prepare for them only to deal with the factors as they develop. Changes may also be planned. These are the result of any attempts to adjust organizational operations, where the

actions are conscious, deliberate, and intended on the part of one or more “agents” who seek to promote the changes.

It will be conceded initially that much of the change in and out of the organization is unplanned. Technology, for example, is ever changing and rarely planned by a single manager. The same is true of worker attitudes, social expectations, and legislation. Quite often changes in these areas are not dysfunctional and may even present unique opportunities and challenges for persons with managerial responsibilities.

Since planned change is a deliberate attempt to introduce alterations in organizational systems, it can be considered a process. From the moment a change becomes necessary through its implementation, a great deal of factors come into play. To maximize the success of any organizational change, managers need to create and follow a logical sequence of steps to ensure the objectives of the change are accomplished. The **planned change process** is typically made up of the following steps:

- Recognize the need for change
- Develop change goals
- Appoint a change agent
- Assess the current climate
- Develop a change plan method for implementation
- Implement the plan
- Evaluate the success of the plan at reaching the change goals

### **Recognize the Need to Change & Determine Goals**

In today's business environment there are many factors that force an organization to change. These factors can be internal to the organization (such as employees, culture, policy or



procedures) or external (such as customers, competitors, the economy or politics). Managers at all levels (top, middle and low level) must be aware of these internal and external forces that potentially compromise the success of the organization and promptly respond by changing some aspect of the organization. Recognizing the need for change is pivotal to the long-term sustainability of an organization.

### Establishing a Sense of Urgency

Once a manager recognizes that a change should happen in the organization, he or she must be certain to understand why the change is needed. Developing change goals provides managers with the objective or expectation of how a change will respond to whatever internal or external forces are driving the need to change. For example, when Redbox made its explosive entrance into the marketplace with its movie kiosk service, Blockbuster was forced to duplicate this offering in order to stay in business. Redbox essentially created a service that literally stole the customer base from many traditional movie stores by offering the same product at a fraction of the price and at a convenient location. This required traditional movie stores like Blockbuster to recognize they needed to change what they offered as well to meet their goal of staying in business.

### **Appointing a Change Agent**

Once a manager recognizes that a change must happen in the organization and develops the change goals, he or she needs to select somebody to carry out that change. The change agent is someone who serves as a leader during change development and implementation. They are typically forward-thinking individuals who are highly charismatic, good with people and capable of inspiring the workforce to accept the change and

even aid in the implementation. It is important to note that while change agents are leaders, not all leaders are change agents. In fact, many organizations will hire someone outside of the company to serve as a change agent due to their expertise and unique abilities to drive change.

### **Assess the Current Climate**

One thing that change agents are particularly good at is assessing the current climate of the organization to determine how ready the organization and its members are for the change. Some organizations are better equipped to handle change, while others take a lot more work. The change agent will spend time gathering information relating to the organizational culture, available resources, employee attitudes, possible training needs and leadership. This data is then used by the change agent to prepare people for change by offering information relating to why the change is needed, what the desired future state will be, how it is better than the current state of the organization and how the change will affect the members of the organization.

### **Developing, Implementing & Evaluating the Change**

Now that the organization has been prepared for the change, a plan is needed. Developing the change plan provides the roadmap for how the change will be implemented in such a way that the organization is able to achieve the change goals. Questions relating to who, when, where and how should all be answered in the change plan. Responsibilities are delegated, specific events and milestones are identified and the action plan is set to provide the methods and procedures that must be completed to implement the change. After the plan is written, it needs to be communicated and implemented.

**Implementing** the change puts the change plan into action. This is a critical time for the change agent, as he or she must maintain momentum and monitor the progress of implementation. The change agent will also pay attention to the distribution of resources, knowledge and level of employee support to ensure that barriers to successful implementation are removed. New behaviours relating to the change should also be reinforced by the change agent as a part of the implementation process. (<http://study.com/academy/lesson/the-planned-change-process.html>)

## **5. Lewin's Change Management Model**

Change is a common thread that runs through all businesses regardless of size, industry and age. Our world is changing fast and, as such, organizations must change quickly too.

Organizations that handle change well thrive, whilst those that do not may struggle to survive.

The concept of "change management" is a familiar one in most businesses today. But how businesses manage change (and how successful they are at it) varies enormously depending on the nature of the business, the change and the people involved. And a key part of this depends on how far people within it understand the change process.

One of the cornerstone models for understanding organizational change was developed by Kurt Lewin back in the 1940s, and still holds true today. His model is known as Unfreeze – Change – Refreeze, refers to the three-stage process of change he describes. Lewin, a physicist as well as social scientist, explained

organizational change using the analogy of changing the shape of a block of ice.

### ***Understanding Lewin's Change Management Model***

*If you have a large cube of ice, but realize that what you want is a cone of ice, what do you do? First you must melt the ice to make it amenable to change (unfreeze). Then you must mould the iced water into the shape you want (change). Finally, you must solidify the new shape (refreeze).*

By looking at change as process with distinct stages, you can prepare yourself for what is coming and make a plan to manage the transition – looking before you leap, so to speak. All too often, people go into change blindly, causing much unnecessary turmoil and chaos.

To begin any successful change process, you must first start by understanding why the change must take place. As Lewin put it, "Motivation for change must be generated before change can occur. One must be helped to re-examine many cherished assumptions about oneself and one's relations to others." This is the unfreezing stage from which change begins.

### **Unfreeze**

This first stage of change involves preparing the organization to accept that change is necessary, which involves breaking down the existing status quo before you can build up a new way of operating.

Key to this is developing a compelling message showing why the existing way of doing things cannot continue. This is easiest to frame when you can point to declining sales figures, poor

financial results, worrying customer satisfaction surveys, or suchlike: These show that things have to change in a way that everyone can understand.

To prepare the organization successfully, you need to start at its core – you need to challenge the beliefs, values, attitudes, and behaviours that currently define it. Using the analogy of a building, you must examine and be prepared to change the existing foundations as they might not support add-on storeys; unless this is done, the whole building may risk collapse.

This first part of the change process is usually the most difficult and stressful. When you start cutting down the "way things are done", you put everyone and everything off balance. You may evoke strong reactions in people, and that's exactly what needs to be done.

By forcing the organization to re-examine its core, you effectively create a (controlled) crisis, which in turn can build a strong motivation to seek out a new equilibrium. Without this motivation, you won't get the buy-in and participation necessary to affect any meaningful change.

## **Change**

After the uncertainty created in the unfreeze stage, the change stage is where people begin to resolve their uncertainty and look for new ways to do things. People start to believe and act in ways that support the new direction.

The transition from unfreeze to change does not happen overnight: People take time to embrace the new direction and participate proactively in the change. A related change model,

the Change Curve , focuses on the specific issue of personal transitions in a changing environment and is useful for understanding this specific aspect in more detail.

In order to accept the change and contribute to making the change successful, people need to understand how the changes will benefit them. Not everyone will fall in line just because the change is necessary and will benefit the company. This is a common assumption and pitfall that should be avoided.

**Tip:**

Unfortunately, some people will genuinely be harmed by change, particularly those who benefit strongly from the status quo. Others may take a long time to recognize the benefits that change brings. You need to foresee and manage these situations.

Time and communication are the two keys to success for the changes to occur. People need time to understand the changes and they also need to feel highly connected to the organization throughout the transition period. When you are managing change, this can require a great deal of time and effort and hands-on management is usually the best approach.

**Refreeze**

When the changes are taking shape and people have embraced the new ways of working, the organization is ready to refreeze. The outward signs of the refreeze are a stable organization chart, consistent job descriptions, and so on. The refreeze stage also needs to help people and the organization internalize or institutionalize the changes. This means making sure that the

changes are used all the time; and that they are incorporated into everyday business. With a new sense of stability, employees feel confident and comfortable with the new ways of working.

The rationale for creating a new sense of stability in our ever changing world is often questioned. Even though change is a constant in many organizations, this refreezing stage is still important. Without it, employees get caught in a transition trap where they aren't sure how things should be done, so nothing ever gets done to full capacity. In the absence of a new frozen state, it is very difficult to tackle the next change initiative effectively. How do you go about convincing people that something needs changing if you haven't allowed the most recent changes to sink in? Change will be perceived as change for change's sake, and the motivation required to implement new changes simply won't be there.

As part of the Refreezing process, make sure that you celebrate the success of the change – this helps people to find closure, thanks them for enduring a painful time, and helps them believe that future change will be successful.

### ***Practical Steps for Using the Framework***

#### **Unfreeze**

1. Determine what needs to change.
  - Survey the organization to understand the current state.
  - Understand why change has to take place.
2. Ensure there is strong support from upper management.

- Use Stakeholder Analysis and Stakeholder Management to identify and win the support of key people within the organization.
- Frame the issue as one of organization-wide importance.

### 3. Create the need for change.

- Create a compelling message as to why change has to occur.
- Use your vision and strategy as supporting evidence.
- Communicate the vision in terms of the change required.
- Emphasize the "why".

### 4. Manage and understand the doubts and concerns.

- Remain open to employee concerns and address in terms of the need to change.

## **Change**

### 1. Communicate often.

- Do so throughout the planning and implementation of the changes.
- Describe the benefits.
- Explain exactly how the changes will affect everyone.
- Prepare everyone for what is coming.

### 2. Dispel rumours.

- Answer questions openly and honestly.
- Deal with problems immediately.
- Relate the need for change back to operational necessities.

### 3. Empower action.

- Provide lots of opportunity for employee involvement.
- Have line managers provide day-to-day direction.



4. Involve people in the process.

- Generate short-term wins to reinforce the change.
- Negotiate with external stakeholders as necessary (such as employee organizations).

## **Refreeze**

1. Anchor the changes into the culture.

- Identify what supports the change.
- Identify barriers to sustaining change.

2. Develop ways to sustain the change.

- Ensure leadership support.
- Create a reward system.
- Establish feedback systems.
- Adapt the organizational structure as necessary.

3. Provide support and training.

- Keep everyone informed and supported.

4. Celebrate success!

Lewin's Change Management Model is a simple and easy-to-understand framework for managing change.

By recognizing these three distinct stages of change, you can plan to implement the change required. You start by creating the motivation to change (unfreeze). You move through the change process by promoting effective communications and empowering people to embrace new ways of working (change). And the process ends when you return the organization to a sense of

stability (refreeze), which is so necessary for creating the confidence from which to embark on the next, inevitable change. ([https://www.mindtools.com/pages/article/newPPM\\_94.htm](https://www.mindtools.com/pages/article/newPPM_94.htm))

## **6. Resistance to Change**

Bringing about a change in the entire organization is a challenging task. There is resistance from all the facets of the organization, internal as well as external. Let us explore the possibility of resistance from different sources.

- Resistance because of Ignorance: Often concerned individuals simply are not aware of the changes taking place. A businessman, for example, may continue to use a certain production process because he is unaware of a better method.
- Resistance by default: Sometimes a businessman may reject a change, even though he is aware of another technique, with little justification except the obvious desire not to use a new method.
- Resistance on the basis of status quo: here a change is not adopted because it has not been used in the past
- Resistance because of social reasons: A manager may refuse to change because of a feeling that the society within and outside the organization will not accept it.
- Resistance on the basis of Interpersonal Relations: Because friends and associates have not accepted the change, the businessman does not.
- Resistance through substitution: Another process or technique is selected in favour of the proposed change.

- Resistance by fulfilment: A businessman rejects a change because he knows what is best, thus making the change unnecessary.
- Resistance because of experience: A businessman rejects a change when he tries it but does not like it.
- Resistance through incorrect logic: A businessman may reject a change on logical ground without using well-founded reasons

## **7. Summary**

Let us summarize today's session!

Organizational change is an important issue in organizations. It is actually a process in which an organization optimizes performance as it works toward its ideal state. Organizational change occurs as a reaction to an ever-changing environment, a response to a current crisis situation, or is triggered by a leader. There are two types of changes, Random Change and Planned Change. Planned Change is done through the systematic process.

Process of Change is explained by Kurt Lewin's Model of Change Management.

Finally we talked about how different factors from within and outside the organization resist the phenomenon of Organizational Change.

Thank You!

(<http://www.nacs.gov.tw/english/files/1000216-301.pdf>)