

# Organizational Change

- Organizational change refers to the actions in which a company or business alters a major components of its organization such as structure, strategy, policies, procedures, technology, or culture.
- Organization having static are less successful as compare to the organization having flexible, modifiable on the basis of changing environment.
- Vargoik and Basim, “Organizational change is can be defined as change in organizational structure, its systems, employees and relation of between them in a planned or non-planned way”.
- So, we can say that organizational change is all about reviewing and modifying management structures and business processes.
- Change is natural and unavoidable.
- Managers are the change agents.
- Organization introduce changes through people.
- Change has created both opportunities and threats to organization.

# Forces of organizational change

- **Components of internal forces:**
  - a) Change in goal: goals of individuals, group and organization are not always static rather they are dynamic in nature. Goals succession and displacement is a natural phenomenon.
  - b) Change in policy: change in organization becomes compulsory when there is major change in organizational policies like in goal change. Like production, marketing, HR etc.
  - c) Employee factors: the employees of an enterprise change very often. That may because of transfers, retirements, promotion/demotion, resignations, deaths, retirements etc. May be employee demand for security, safety, healthy environment, higher reward, more authority etc. All these demands place pressure to adopt change in organization pattern and structure.
  - d) Change in Top Management: top managers are the internal agents to introduce organizational change. Considering the existence and growth of the organization there may be change in top management itself. These may be new appointed CEO, transfer, promotion etc.

- e) Organizational structure: climate, structure, reward and punishment method is not perfect itself across the time. Changes are required according to external environmental demands. There may be in the forms of following weakness: like lengthy chain of command, barriers in communication, unjustified authority-responsibility relationship etc.
- f) Technology and resources: the technological changes may take the shape of changes. It may affect work processes, equipment used, degree of automation, sequence of work and so on.

- **Components of external forces**

- a) Nature of workforce (demographic): a changing work demographic might require organizational change in work force composition and culture. If the organization hire international employees it is more affected than locally hiring companies. It also include migration, immigration and outsourcing employees.
- b) Socio cultural forces: it include social values, belief, norms, attitudes, customs etc. These factors can pressure organization into adopt changes. Consumers are becoming educated, environmental and health conscious. Like e-cigarettes. It contain social values, belief, norms, attitude etc.
- c) Political forces: government and political parties control the whole power of the country. Their restrictions force an organization to accept change programs. Like increased tax, compulsion to go green product etc.
- d) Technological forces: technological changes can do or die a business. It focus on machines and equipment, transmission of information, new techniques and processes, research and development. The innovation of automation, robotics and computerization bring tremendous change in production and distribution system.

- e) Economic forces: it indicate the system of producing and distributing goods and services. Many companies completely lost their existence during economic recession and “Covid 19”. Hotels, Airlines and tourism businesses are the worst suffers. And Hospital, medicines and online companies are growing.
- f) Competitive force: these forces are also called marketing conditions. These days many organization have started direct marketing (B2C)for survival. Consumers’ desire and expectations are changed and unpredictable. Customers now want solution to their problems not goods and services produced by company.

# Resistance to change

- Individual Resistance

- Habit
- Security
- Economic factors
- Fear of unknown
- Selective information processing (perception)

- Organizational Resistance

- Structural inertia
- Limited focus on change
- Group inertia
- Threat of expertise
- Threat to established power relationship
- Threat to established resource allocation

## **1. Individual Resistance to Change**

- a) Habit: a habit is a source of comfort, security and satisfaction for individuals. People do not accept the change if it demands change in their established habit.
- b) Security: change makes people afraid. Individuals tend to find security in traditional approaches to life and situation. One of the major reasons for resistance to change is insecurity about the impact of change, especially the impact on the job security.
- c) Economic factors: employees resist change that opens the possibility of lowering their income directly or indirectly. They may be afraid of reduced work hours or days and consequently less pay and so on.
- d) Fear of the unknown: change brings new knowledge and systems in working procedures. People having limited knowledge, lack of creativity and initiative may feel fear of unknown if any change is occurred in work place. They feel difficult to take decision, to accept change.
- e) Selective information processing (perception): people resist change because of perceptual error. People tend to perceive selectively those things that fit most comfortably into their current view of the world.  
(lack of complete information) (premature information)

## 2. Organizational Resistance to Change

- a) Structural inertia (rigid/stiff): organization have their own structure and system to maintain stability in performance. They have specific procedures for selection, training, role and other specified rules for completion of given job. When an organization is confronted with change, this structural inertia acts as resistance.
- b) Limited focus on change: organization's total system is constituted with a number of inter-related subsystem. A subsystem can not be changed without affecting other subsystem. Eg. Computerization only in financial system may be ineffective if other system remain unchanged.
- c) Group inertia: in organization, individual member's behavior is controlled by group norms. If individual want to change their behavior, group norms may act as a constraint. (union)
- d) Threat to expertise: change in organizational system and procedure may threaten to the expertise of one specialized group whereas another group of expertise may get opportunities. One group of expertise may have fear of loss of job, less economic gain etc. due to change in present working system.



- e) Threat to established power relationship: change bring opportunities and threats. Managers who always want to remain in power do not want to accept change as it may reduce their status in the organization, even if that change will be beneficial for organization. New idea, team work, participative decision making etc. can disrupt the existing power relationship.
- f) Threat to established resource allocation: resources are always limited. Change may bring new kinds of resource allocation pattern among groups and departments. Therefore, departments in the organization that use more resources often see change as a threat. For them change mean a reduction in budgets or cut-off their staff size.

# Overcoming resistance to change

- Education and communication
- Participation (involvement in the process of change from the beginning )
- Facilitation and support (training, listening employee problem, providing emotional support, counselling, guidance etc.)
- Negotiation (bargaining with a union of workers. However, it can be too expensive, and they might resort to blackmail)
- Manipulation and cooptation (hiding the facts and twisting the information)
- Coercion (threats)