Organizational Change

Mahima Raina, Ph.D

Agenda

- Why do we need change in organizations?
- Reactions to Change
- What do organizations do to manage change?
- Implementation of Change
- Signs of failure in adapting to change – what happens before we "see" a decline in an organization

Change is Development!

- Over a period of time, organizations get clogged with *rather invisible* practices that reduce organizational productivity

- Some examples : unnecessary paperwork, unnecessary "long hours"

Think : how the pandemic became a de-facto experiment worldwide to disrupt unnecessary meeting requirements!!

Change is Development!

Pressure for Growth

- Companies in all industries strive for growth to acquire the size and resources needed to compete globally
- Org Size enables companies to take risks

The Main Idea

- Whether it is to weed out old systems or a yearning for growth, organizations will need to undergo change- that's the ONLY way to develop!

- Organizations go through different life cycles and each life cycle/stage comes with its unique opportunities and challenges.

- Growth is always an aim for organisations and **growth comes with crisis and, there is a need for active resolution at each stage**

Change is *always* messy!

- Good old is always comfortable, therefore, there are (rather unpleasant) reactions to change. Following are the stages:

- Denial: Why should I change?
- Defense : I am right!
- Discarding: Oh no, I have to change! (delusion/denial is discarded)
- Adaptation: Warming up to new ways + struggling.
- Internalization: A brand new me!

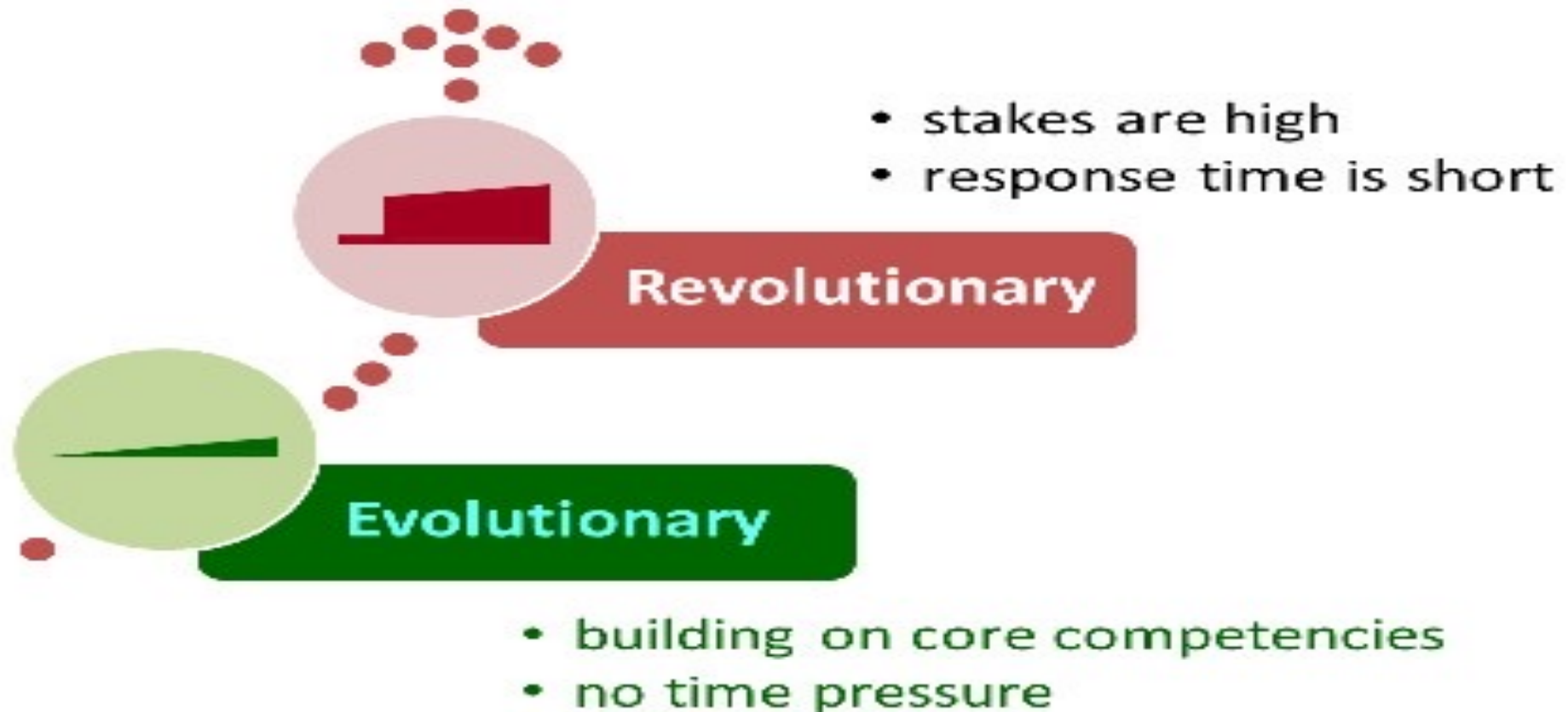Org changes are complex because a lot of people are involved – a group vs the individual.

Discussion

The dark side of change

(What is the top-most block in the change process according to you?)

What makes change mess-ier!

What makes change mess-ier!

- Evolutionary change is a slow, continual upgrade in productions/operations – eg., normal "next versions" of an already established product line. This is normal disruption and is required to stay relevant. This change requires creativity, playfulness for survival.

- Revolutionary Change- a drastic, jolting change that throws off/challenges or even demolishes existing structures, processes and products. This change requires radicalism for survival. Stakes are high, response time is limited!

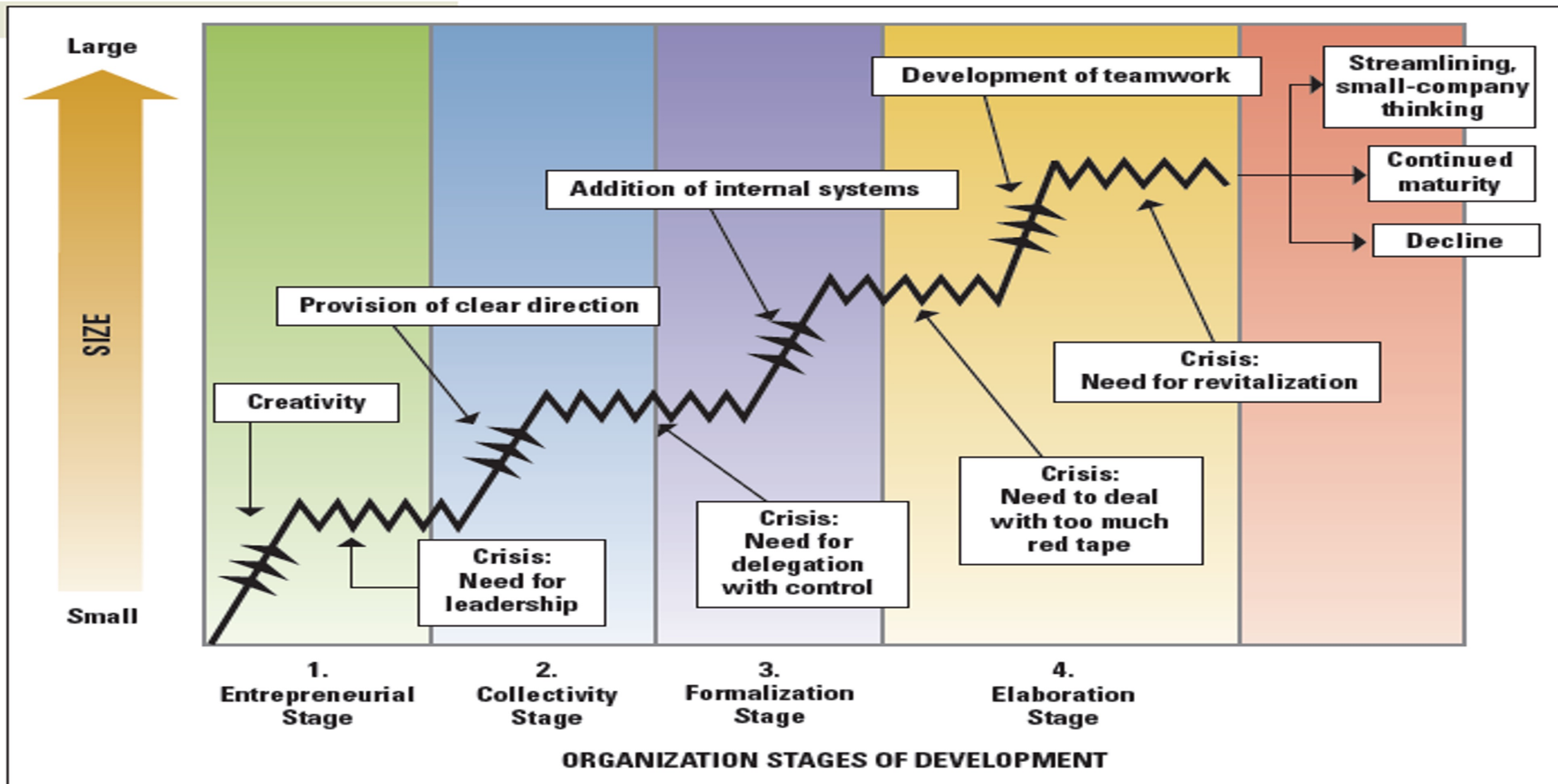# What makes change mess-ier!

There is a more basic answer to this question: *Not taking enough action in the right direction*

How do organizations create more control in change situations?

Type	Requirements
Bureaucratic	Rules, standards, hierarchy, legitimate authority
Market	Prices, competition, exchange relationship
Clan	Tradition, shared values and beliefs, trust

Source: Based on William G. Ouchi, "A Conceptual Framework for the Design of Organizational Control Mechanisms," *Management Science* 25 (1979), 833–848.

When an organization faces change, it tries to "control" the situation in one of these ways. However, misplaced and/or inadequate actions in any of these areas will lead to sub-optimal or failure in adapting to the change

ORGANIZATION STAGES OF DEVELOPMENT

Chart labels (left axis): SIZE — Large / Small

Stages:
1. Entrepreneurial Stage
2. Collectivity Stage
3. Formalization Stage
4. Elaboration Stage

Callouts:
- Creativity
- Crisis: Need for leadership
- Provision of clear direction
- Crisis: Need for delegation with control
- Addition of internal systems
- Crisis: Need to deal with too much red tape
- Development of teamwork
- Crisis: Need for revitalization
- Streamlining, small-company thinking
- Continued maturity
- Decline

Source: Adapted from Robert E. Quinn and Kim Cameron, "Organizational Life Cycles and Shifting Criteria of Effectiveness: Some Preliminary Evidence," *Management Science* 29 (1983), 33–51; and Larry E. Greiner, "Evolution and Revolution as Organizations Grow," *Harvard Business Review* 50 (July–August 1972), 37–46.

Implementing Change

- *Creating an environment for change:* This involves understanding the dissatisfaction with the existing system or the positive changes that come up with the move. In short, the need for change is understood.

- *Communication:* Employees are most responsive to change when they know the reasons and the time frame of the implemented change. Their safety is ensured.

- *Training:* Change needs us to upgrade our skills. The more the organization trains employees for changes (in work roles for example), the better is the implementation/integration.

Signs of Decline

Stages of Decline

1. Blinded Stage
2. Inaction Stage
3. Faulty Action Stage
4. Crisis Stage
5. Dissolution Stage