

ORGANIZATIONAL CHANGE AND DEVELOPMENT

INTRODUCTION

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 behaviors 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. Changes at the individual level can be facilitated by offering special training to particular employees to handle a new assignment. At group level, team building efforts can be initiated to operate interactively in a smooth and harmonious fashion so as to increase their effectiveness. Changes can be brought at the technological level through implementation of sophisticated and more effective machines or by better ways of doing things. At the structural level, job can be redesigned or new policies initiated which serve the needs of both employees and the organization. Changes at the perceptual, attitudinal and behavioral levels can be brought about by changing the organizational climate. By being able to scan the internal and external environment of the organization and deciphering how changes in these environments are likely to widen the gap between desired and actual state of affairs (performance, productivity, customer satisfaction, employee satisfaction etc), the manager can become an effective change agent for introducing planned changes.

ORGANIZATIONAL CHANGE PROCESS

FORCES FOR CHANGE

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

External Forces:

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

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.

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.

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 centers. Assembly-line technology has dramatically changed as organizations replace human labor with robots..

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 Forces:

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.

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 behavioral problem involving a failure to communicate effectively.

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.

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

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.

Employee Attitudes:

Employee attitudes such as increased job satisfaction may lead to increased absenteeism, more voluntary resignations, and even labor 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 favorably and display their refusal to cooperate by increasing absenteeism, sub-standard work, joining of union increased labor 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 behavior 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:** Sometimes 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

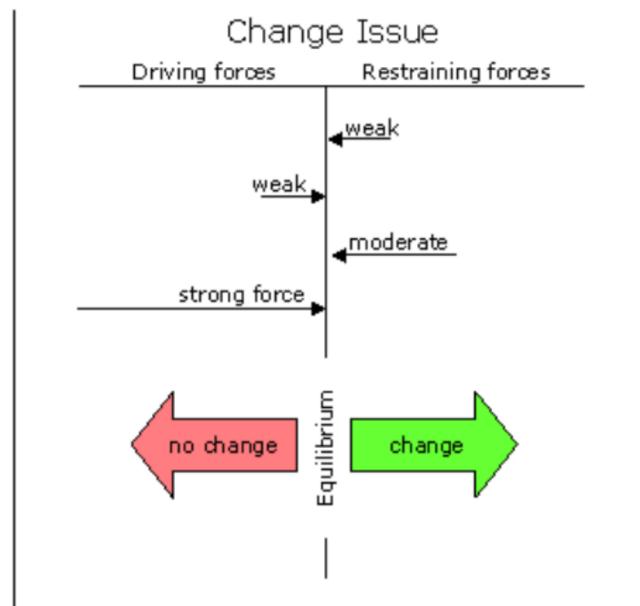
The various techniques used in organizations for overcoming resistance to change

- **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 empathetic 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 behaviors in the long run.

APPROACHES TO MANAGING ORGANIZATIONAL CHANGE

Kurt Lewin's model of change



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.

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 behaviors. 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.

EMOTIONAL RESPONSES TO CHANGE:

The four emotional phases people experience when going through change are as follows: denial, resistance, exploration and commitment.

Denial:

During the initial stages, the members deny the need for change and remain in a state of numbness. They work as usual and there is no progress exists. Employees focus on the known and neglecting themselves future. The way or need to change is not explored. Employees have ignored the signals of the new changes and managers have not given them a real chance to register their worries and reaction. During the denial phase, managers need to provide information, to communicate clearly the details and reasons for the change, and to encourage employees to ask questions.

Resistance:

The employees experience the self-doubt, anger, depression, anxiety, frustration, fear and uncertainty that accompany major changes. They think about leaving the organization, avail sick leave, accidents occur and work-related illness increase etc. During this phase, managers need to allow people to express their negativity, their personal fears and worries and to encourage them to share their problems with other colleagues.

Exploration:

During this phase, the employees begin to think things are improving and show a renewed interest in work and cooperation begin to happen, which results in more creativity and more positive feelings within the group. Employees focus the external environment and less on internal conflict and worries. Exciting creative ideas and new bonds can emerge among employees who work together on new and powerful ideas.

Commitment:

In the commitment phase, employees often create or revitalize their mission and develop action plan to make it work. People identify with their objectives and are willing to put in extra effort to achieve them. In this final stage, it is important to develop point in systems and structures which reinforce these changes and make them permanent.

ORGANIZATIONAL DEVELOPMENT

Organization Development refers to all on-going developmental efforts which are oriented towards making the organization and its members effective. Organization Development connotes the continuous planned efforts that are made to enhance the structural, process and people aspects of the system. Such systematic efforts ensure the organization's survival and growth by enhancing the quality of work life and the quality of life of the employees in general. In a sense, OD makes the difference between being and becoming. Being aspect reflects a static state of things as they currently are and the becoming aspect denotes a developmental aspect of constantly experiencing a state of growing, developing and reaching new heights. Organizations develop and grow and so do individuals, groups, and society itself. Thus, OD signifies a planned growth and developmental strategy for organization, making use of behavioral science, organization theory, comparative management, and other fields of scientific knowledge. Currently more behavioral science knowledge and techniques are used as intervention mechanisms, that is, techniques to bring about the desired changes

Organisation Development Interventions

The OD paradigm values human and organizational growth, collaborative and participative process and a spirit of enquiry. The change agent may be directive in OD; however, there is a strong emphasis on collaboration.

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The following are some of the key values in most OD efforts:
 - Respect for people: Individuals are perceived as being responsible, conscientious and caring. They should be treated with dignity and respect
 - Trust and support: The effective and healthy organizations is characterized by trust, authenticity, openness and supportive climate
 - Power equalization: Effective organizations de-emphasize hierarchical authority and control.
 - Confrontation: Problems should not be swept under the carpet. They should be openly confronted
 - Participation: The more the people who will be affected by a change are involved in the decisions surrounding that change, the more they will be committed to implementing those decisions

Survey Feedback:

Survey feedback research involves the process of systematically collecting data about a group or the organization primarily through self-report questionnaire. Occasionally, interviews and records of the unit being studied are used. The collected data are analyzed and feed back to the group for analysis, interpretation and corrective action if needed.

The entire process has two major components: the attitude survey and small discussion workshops. Three significant steps are involved in survey feedback.

- i) Members holding primary position in the organization plan what data need to be collected
 - ii) Data are collected from all the members of the organization
 - iii) Data are analyzed and feed back to the top executives and down the hierarchy in team.
- These feedback sessions are done by a consultant who serves as a resource person and prepares the superior to share the data with his immediate subordinates. The group members are asked to interpret the data, what constructive changes seem necessary, and how they should be brought about. Based on these discussions with each group, the commonly recurring them are dealt with through the help of a reconstituted group of members.

The survey feedback is a good diagnostic tool which can be used for several types of intervention such as team building. The survey technique provides useful data about the system. The feedback technique helps the organization to work with the data in a manner which helps the system. The survey feedback is an effective intervention strategy since people realize that they are working with data that they themselves have provided.

Process Consultation:

The purpose of process consultation is for an outside consultant to assist a client, usually a manager to perceive, understand and act upon process events with which they must deal. These might include workflow, informal relationships among unit members and formal communication channels. For instance, it is certainly important to specify the channels of communication in an organization system so that people know whether they can communicate only through hierarchical levels or whether they can pass on information horizontally. However, having laid down the structure, the manager cannot always expect that the expected behaviors and results will automatically follow. Attentions have to be paid to the process by which communication takes place. Are people friendly with each other in communication or do they take adversative positions? How do they understand each other? etc.

Process consultation requires a combination of skills in establishing helping relationships, knowing what kinds of process to look for in organizations and intervening in ways to improve organizational process. The essence of processes consultation is that a skilled consultant works with the managers, individual and groups in the system to develop their process skills – that is, diagnose, understand, and resolve process-related problem. This involves sensitizing the individual about issues such as how people get along with each other, how conflicts are resolved, styles of interactions among departments and so on. The members of the organization are made aware of organization process that enhance and obstruct their effectiveness. They also then learn how to bring about necessary changes so that the organization becomes a more effective system.

Process consultation is similar to sensitivity training in its assumption that organizational effectiveness can be improved by dealing with interpersonal problems and its emphasizes on involvement. But process consultant is more task-directed than sensitivity training

Management by Objectives.

Peter Drucker defines MBO is process whereby the superior and subordinate manager of an organization jointly identify its common goals, define each individual's major areas of responsibilities, interest of the results expected of him and use these measures as guides for operating the unit and assessing the contributions of each of its members.

The following are the series of interrelated and interdependent steps of MBO Process.

Step I: Diagnosis for MBO Readiness: A thorough analysis of its people, the history of change, jobs, technology, mission, plan and strategy of the company will be carried out in advance to make the organization in a readiness state

Step II: Preparation for MBO: Initiative has to be taken to involve all the members to participate in this exercise through active interaction. Certain facilities such as proper communication system, formal training and development, establishing action plans, developing criteria for assessing effectiveness have to be created.

Step III: Objective Setting: Special attention has to be paid to clarify the objectives of individuals, departments, division and organization. The superiors and subordinates must participate and jointly set the goals and objectives and prioritizes those objectives based on the importance and weight ages

Step IV: Intermediate Review: This review will facilitate to modify the original objectives considering the limitations or getting feedback on the process.

Step V: Final Review and Analysis of Results: An intensive analysis is taken up to review its results and initiate the next complete cycle of objective setting

Step VI: Achieving Results: The accomplishment of better planning, control, and organization through motivated involvement, based on achieved results instead of personality and popularity.

There are four key principles of MBO:

- i) MBO requires the involvement of superiors and subordinates. The subordinates may be involved in a dyadic relationship, one superior-one subordinate, or in group arrangements of one superior and more than one subordinate.
- ii) MBO relies heavily on feedback, with needs to focus on results and should be as closely connected to behavior and performance as possible
- iii) The crucial first step in any MBO program should be a thorough diagnosis of here job, the participants and the needs of the organization.
- iv) The superior must be competent in counseling the subordinate on the achieved results and the expected or agreed to results for the next cycle.

Benefits of MBO:

The following are some of the benefits of MBO program:

- i) Increased short and long range planning,
- ii) A procedure for monitoring work progress and results
- iii) Improved commitment to the organization because of increased motivation, loyalty and participation of employees
- iv) Improved communication between superiors and subordinates
- v) An improved organizational climate in general that encourages improvements in performance.

Sensitivity or laboratory Training

Sensitivity training or T-groups is unstructured small group interaction form which participants learn about their personal styles, how they communicate and how they are perceived by others. This information is obtained from the feedback that group members offer. A group is initially formed and left to them to interact with each other as they sit in a circle. The primary objectives of T-group training are as follows:

- To increase understanding, insight and self-awareness about one's behavior and its impact on others.
- To increase understanding and sensitivity about the behavior of others
- To improve understanding and awareness of group and inter-group processes
- To improve diagnostic skills in interpersonal and inter-group situations
- To increase ability to transform learning into action
- To improve an individual's ability to analyze his or her own interpersonal

behavior.

There are three types of sensitivity groups such as stranger, cousin and family.

The stranger's group would include members who do not know each other.

The cousin group consists of members of the same organization who do not work together.

The family group includes member who belong to the same work unit.

These groups meet with a trainer. The trainer may structure the content and discuss or may decide to follow an informal or nonstructural format, allowing the group to proceed as they desire. It stresses 'the process rather than the content of training and focuses upon emotional rather conceptual training. The group meets away from the job and engages in an intense exchange of ideas, opinion, beliefs and philosophy.

The group members then become open and talk about themselves and get feedback on how others perceive them. As the group members meet more often, they become more comfortable in opening themselves up and in giving and receiving feedback. The T-group leader or trainer simply facilitate the agenda less group sessions when the group gets stuck or stays away from the main goal of learning about themselves. Different individual react differently to the T-group or sensitivity training sessions. People, who are more open to feedback, learn more about themselves in several of the lab sessions and acquire increased self-awareness. They become more attentive to the feelings of others and more sensitive to cues from others.

Team Building:

Team building as an OD intervention strategy is aimed at improving intra and inter-group effectiveness. The team building activities may revolve around enhancing between interaction modes, sharing resources more effectively, forming temporary task forces, and acquiring skills for accomplishing the task as a team or teams of interacting members.

The intra-group as well as inter-group efforts focus on such aspects as problems solving, role clarification, goal setting, improving boss-subordinates relationships, conflict resolutions, managing group process and understating the organizational culture. Extensive clarifications take place in role expectations, goals to be accomplished and resources sharing among members of a team or between them.

The consultant role in team building includes interviewing the group members in advance before working with them as a group, creating the environment to make it a constructive and psychologically safe place for members to interact and to help the group to examine its norms.

Team building is both a time-consuming and exhausting interventions technique, but very useful if skillfully managed. Team building can be applied within groups or at the inter-group level where activities are interdependent. The objective is to improve coordinative efforts of members, which will result in an increase in the team's performance. Team building can also address itself to clarifying each member's role on each team. Each role can be identified and clarified. Previous ambiguities can be brought to the surface. For some individuals, it may offer one of the few opportunities they have had to think through thoroughly what their jobs is all about and what specific tasks types are expected to carry out if the team is to optimize its effectiveness.

Grid training:

Grid training is basically based on Managerial Grid developed by Blake and Mouton. It is a comprehensive and systematic OD programme which aims at individuals, groups, and the organization as a whole. Grid training utilizes a considerable number of instruments, enabling individuals and groups to assess their own strengths and weaknesses; focuses on skills, knowledge, and processes necessary for effectiveness at the individual, group, inter-group, and total organizational levels. Its specific objectives are as follows:

1. To study the organization as an interactive system and apply techniques of analysis in diagnosing its problems.
2. To understand the importance and rationale of systematic change.
3. To evaluate the styles of leadership and techniques of participation to produce desirable results.

Grid training Process

- **Managerial Grid:** This aspect of Grid training programme lay emphasis on identifying the managerial styles, teamwork and communication skills prevailing within the organization.
- **Teamwork Development:** Here, the focus is on developing the teamwork by analyzing the tradition and culture existing within the organization. Also, the planning skills, objective-setting skills, and problem-solving skills are developed in this phase.
- **Intergroup Development:** This aspect deals with maintaining the cordial intergroup relationships. The focus is on increasing the cooperation among the group members and ruling out the conflicts, if any.
- **Developing Ideal Strategic Corporate Model:** Here the focus shifts towards the organization as a whole, where the skills necessary for the organizational excellence are inculcated into the members through training.
- **Implementing the Ideal Strategic Model:** This aspect of the programme focuses on building the organization on the grounds of an ideal organization as perceived in the previous phase. Here, each group is assigned a task to evolve a strategy that helps in making an ideal organization, with the help of consultants. Once the strategies are evolved the best one gets implemented