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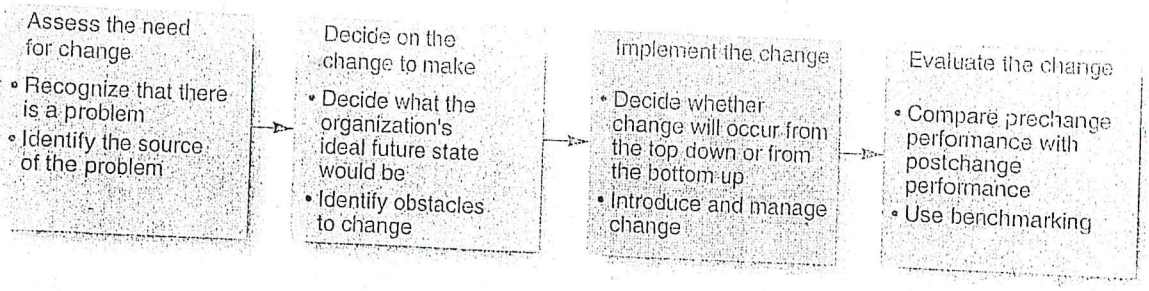
CHAPTER FOUR

4

Figure 11.6
Four Steps in the Organizational Change Process



consulting service. At the same time, it has been increasing the efficiency of its ground transport network.

The need to constantly search for ways to improve efficiency and effectiveness makes it vital that managers develop the skills necessary to manage change effectively. Several experts have proposed a model that managers can follow to implement change successfully.[42] **Organization change** is the movement of an organization away from its present state and toward some desired future state to increase its efficiency and effectiveness. Figure 11.6 outlines the steps that managers must take to manage change effectively. In the rest of this section we examine each one.

organization change
The movement of an organization away from its present state and toward some desired future state to increase its efficiency and effectiveness.

Assessing the Need for Change

Organizational change can affect practically all aspects of organizational functioning, including organizational structure, culture, strategies, control systems, and groups and teams, as well as the human resource management system and critical organizational processes such as communication, motivation, and leadership. Organizational change can bring alterations in the ways managers carry out the critical tasks of planning, organizing, leading, and controlling and the ways they perform their managerial roles.

Deciding how to change an organization is a complex matter because change disrupts the status quo and poses a threat, prompting employees to resist attempts to alter work relationships and procedures. *Organizational learning*, the process through which managers try to increase organizational members' abilities to understand and appropriately respond to changing conditions, can be an important impetus for change and can help all members of an organization, including managers, effectively make decisions about needed changes.

Assessing the need for change calls for two important activities: recognizing that there is a problem and identifying its source. Sometimes the need for change is obvious, such as when an organization's performance is suffering. Often, however, managers have trouble determining that something is going wrong because problems develop gradually; organizational performance may slip for a number of years before a problem becomes obvious. Thus, during the first step in the change process, managers need to recognize that there is a problem that requires change.

Often the problems that managers detect have produced a gap between desired performance and actual performance. To detect such a gap, managers need to look at performance measures—such as falling market share or profits, rising costs, or employees' failure to meet their established goals or stay within budgets—which indicate whether change is needed. These measures are provided by organizational control systems, discussed earlier in the chapter.

These obstacles make organizational change a slow process. Managers must recognize the potential obstacles to change and take them into consideration. Some obstacles can be overcome by improving communication so that all organizational members are aware of the need for change and of the nature of the changes being made. Empowering employees and inviting them to participate in the planning for change also can help overcome resistance and allay employees' fears. In addition, managers can sometimes overcome resistance by emphasizing group or shared goals such as increased organizational efficiency and effectiveness. In Home Depot's case, the company's declining performance made many of its managers who had previously resisted change realize that the change was ultimately in everyone's best interests because it would increase organizational performance. However, many of its store managers did leave the company because they didn't like its new culture and operating system. The larger and more complex an organization is, the more complex is the change process.

Implementing the Change

Generally, managers implement—that is, introduce and manage—change from the top down or from the bottom up.[43] **Top-down change** is implemented quickly: Top managers identify the need for change, decide what to do, and then move quickly to implement the changes throughout the organization. For example, top managers may decide to restructure and downsize the organization and then give divisional and departmental managers specific goals to achieve. With top-down change, the emphasis is on making the changes quickly and dealing with problems as they arise; it is revolutionary in nature, such as the change that took place at Home Depot.

Top-down change: A fast, revolutionary approach to change in which top managers identify what needs to be changed and then move quickly to implement the changes throughout the organization.

Bottom-up change: A gradual or evolutionary approach to change in which managers at all levels work together to develop a detailed plan for change.

Bottom-up change is typically more gradual or evolutionary. Top managers consult with middle and first-line managers about the need for change. Then, over time, managers at all levels work to develop a detailed plan for change. A major advantage of bottom-up change is that it can co-opt resistance to change from employees. Because the emphasis in bottom-up change is on participation and on keeping people informed about what is going on, uncertainty and resistance are minimized. Home Depot's new CEO did not have the luxury of adopting an evolutionary approach; he had to take swift action to turn around the company.

Evaluating the Change

The last step in the change process is to evaluate how successful the change effort has been in improving organizational performance.[44] Using measures such as changes in market share, in profits, or in the ability of managers to meet their goals, managers compare how well an organization is performing after the change with how well it was performing before. Managers also can use **benchmarking**, comparing their performance on specific dimensions with the performance of high-performing organizations to decide how successful a change effort has been. For example, when Xerox was doing poorly in the 1980s, it benchmarked the efficiency of its distribution operations against that of L.L.Bean, the efficiency of its central computer operations against that of John Deere, and the efficiency of its marketing abilities against that of Procter & Gamble. Those three companies are renowned for their skills in these different areas, and by studying how they performed, Xerox was able to dramatically

benchmarking: The process of comparing one company's performance on specific dimensions with the performance of other, high-performing organizations.

DRAFT EXAM

BCT 2407: ORGANISATIONAL MANAGEMENT
FOR BACHELOR OF COMPUTER TECHNOLOGY, SCIT.
YEAR 4 SEM 2

2hrs

Answer Q1 and any Other two questions:

Question One:

a) According to Morgan, there are contrasting metaphors that aid in the understanding of the complex nature of organisational life. Explain (12mks)

b) Define leadership (3mks)

c) Briefly describe the communication process (7mks)

d) Define primary motive (3mks)

e) Explain the existence of general motives (7mks)

Question two:

a) Process theories of work motivation is concerned with the cognitive antecedents that go into motivation. Explain (12mks)

b) Illustrate the hierarchy of work motivation (8mks)

Question three:

Distinguish between the following:

- Trait theories of leadership (4mks)
- Contingency theory of leadership (4mks)
- Pathgoal theory (4mks)
- Charismatic (4mks)
- Transformational (4mks)

Question four:

a) Give four reasons why it is useless to focus on management while studying organisational behaviour (8mks)

b) Emphasize on the importance of studying the organisation's enviroment. (12mks)