

# **Unit-Seven**

## **Organizational Change and Development**

# Concept and Nature of Organizational Change

**Concept:** it refers to a modification or transformation of the organization; it is the process of growth, decline or alteration within the organization; it is the movement of an organization from one state of affairs to another

## **Nature:**

- **Inevitable:** fact of universe and unavoidable; necessary to cope with changing environment
- **Alteration:** brings alteration in resources, process, procedures and system
- **Transition Stage:** transition stage between current state and desired future state
- **Affected by Environment:** change is always affected by environmental forces
- **Essential for Survival:** directly associated with the existence of the organization
- **Planned:** should be intentional and goal oriented; management needs to develop the practice of planned change in the organizational affairs

# Paradigm Shifts and Areas of Organizational Change

Paradigm shift refers to fundamental change in basic concepts or approach or underlying assumptions and pattern of organizational change are in following areas:

- **Structure:** changing environment needs structural change; it involves changing formal division, grouping and coordinating task; it makes alteration in authority relation, change in span of control etc.
- **Technology:** change in technology involves introducing new procedures, equipments, tools and methods for doing jobs to enhance efficiency
- **Change in People/Behavior:** change in people/ behavior involves changing attitude, skill, perception, knowledge and behavior of people working in the organization: people are the most important change agent
- **Change in Physical Setting(Business Process):** physical setting refers to proper layout of workplace for convenience to work; business process redesigning is making change in process focusing on task to improve quality and minimizing cost

# Forces of Change

A number of factors are attacking the organization making the change inevitable as a modern organization has to face a dynamic and changing environment

## **External Forces:**

- These are all the factors and events from outside the organization
- competitors, suppliers, customers, pressure groups and other institutions are major forces of organizational change from task environment
- Technological changes, political instability, legal conditions, social and cultural factors are major forces of change from general environment

## **Internal Forces:**

- These are all factors within the organization
- owners, board of directors(BOD), organizational goals, organizational structure, organizational resources and organizational culture are major internal forces

All the above forces are responsible for organizational change

# Resistance to Change

**Individual Resistance:** It is created by some basic human characteristics such as perception, expectation, personality etc.; major reasons are as follows-

- **Habit:** people feel comfortable with their established habit, they resist change if it needs change in habit, because habits can be source of security, satisfaction and comfort
- **Security:** people think that change brings challenge in security and they are afraid with change because they find security in the existing job process, technology and machines
- **Economic Factors:** people perceive they will lose existing earning due to organizational change; they may be afraid of reduced working hours or days and consequently less pay and so on
- **Fear of Uncertainty :** change brings uncertainty and unknown fear which causes anxiety; organizational change may demand new places, people, procedures, tools etc.
- **Selective information Processing(Perception):** people do not want to change their perception; it means they hear what they want to hear and ignore other information that threatens the world they have created

# Resistance to Change

**Organizational Resistance:** it is created by some organizational matters such as organizational structure, policies, priorities etc.; following are the major causes-

- **Structural Inertia:** businesses may have their own stable structure and system; they may be stable; when an organization is confronted with change, this structural inertia acts as resistance to change
- **Limited Focus on Change:** an organization's total system is composed of various sub-systems; changing one system is impossible without changing the others; focusing only some systems for changing acts as resistance to change
- **Group Inertia:** individual member's behavior is controlled by group norms; they may be ready to accept change personally, but group norms bind them to resist it
- **Threat to Expertise:** OC may offer opportunity to one type of expertise and a threat to other type of expertise; the group may have fear of loss of job, pay cut
- **Threat to Established Power Relationship:** OC re-establish the power relationship within the organization; managers who want to remain in power and status reject change
- **Threat to Established Resource Allocation:** departments or groups getting sufficient resources often reject the change as it re-allocate the resources

# Overcoming Resistance to Change

- **Education and Communication:** EC enhance the depth knowledge about impact of change in professional life of the people and make them ready for change
- **Participation:** genuine participation of employees would guarantee commitment to the implementation of change; a person who is involved in the process of change promptly accept the change
- **Facilitation and Support:** employees may have fear and anxiety about change so managers should provide proper guidance and counseling to them
- **Negotiation:** when resistance comes from a powerful group, negotiation and agreement are helpful
- **Manipulation and Cooptation:** manipulation is twisting and distorting facts to make them appear more attractive while cooptation is giving a key role to the leader of resistance group: when other techniques fail, these can be used
- **Coercion:** it is application of direct threats/force upon people creating resistance

# Organizational Development(OD)

- OD is a critical process that helps organizations build their capacity to change and achieve greater effectiveness by developing, improving and reinforcing strategies, structure and processes
- It is a systematic and practical approach to adopt and spread change in organization
- It is along range program attempting to change behavioral attitudes and performance of whole organization

## Characteristics:

- *Long Term Plan*
- *Comprehensive*
- *Dynamic*
- *Behavior Focused*
- *Research Based*
- *Empowerment Process*



# OD Intervention

OD interventions are techniques implemented for organizational development and presented into following three levels:

**A. Individual Level Intervention:** targeted to improve individual's efficiency

- **Counseling and Coaching:** it is concerned to discussing problems with concerned staff and providing guidance, encouragement, and supporting them for better performance
- **Sensitivity Training:** technique for changing individual behavior through unstructured group interaction dealing with interpersonal problems among individual
- **Survey Feedback:** questionnaires are distributed among target individuals to identify discrepancies in their perceptions

# OD Intervention

**B. Group Level Interventions:** applied to improve group performance

- **Team building:** work teams are built for achievement of organizational efficiency with members come in interaction with teams while performing jobs. Mutual interaction increase trust and understanding among team members and supports for work efficiency.
- **Process consultation:** concerned with consulting about the best process for doing jobs with hiring outside consultant for proper suggestions and guidance.
- **Intergroup Development:** concerned with developing work efficiency of the groups through maintaining harmony between the groups. There is inter-relation over the performance of all groups of organization.

**C. Organizational Level Interventions:** concerned with performance and system of whole organization

# OD Intervention

- **Organizational Restructuring:** process of redesigning organizational structure involving re-division of work, amendments in rules and regulations, refining authority-responsibility relationship, etc. by adopting with changing environment of business
- **Technological Changes:** requires change in technological factors as per requirement concerning with modification in procedures and process modernization of technologies
- **Management By Objective(MBO):** believes in participative culture with both the top and operational manager jointly developing the common goals that define each individuals major responsibilities in terms of result expected
- **Quality of work life programs:** concerned to creating a favorable working environment for employees to satisfy them to enhance employees satisfaction and morale with components such as, harmonious relation, healthy and safe work place, supportive leadership, two-way communication, etc.

# Work Force Diversity

- Involvement of heterogeneous manpower within one workplace
- Employing diversified workforce is a big challenge for management due to employee's different age, physical and mental ability, gender, religion and so on
- It could also be regarded as source of cost advantage, acquisition, marketing and creativity
- Also source of conflict within organization
- Managing workforce diversity is essential to create a good working place in which such a heterogeneous manpower respect each other, coexist and work together with full cooperation of each other
- Encouragement to fulfill full potential, eliminate discrimination, achieve organizational goals efficiently