

ORGANIZATIONAL CHANGE



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Meaning

- Change refers to any alteration that occurs in total work environment of an organization.
- Generally people are accustomed to a well established way of life and any variation in or deviation from that life may be called a change.
- Change may be very simple just like to shift the location of an office or it may be a more complex technological change which may even threaten the very existence of some people in the organization.

- The process in which an organization changes its structures , strategies ,operational methods, technologies or organizational culture to affect change within the organization and the effects of these changes on the organization.
- It is all about reviewing and Modifying structures specifically management structures and business processes.
- To quote another definition "When an organizational system is disturbed by some internal or external force, change frequently occurs. Change, as a process, is simply modification of the structure or process of a system. It may be good or bad, the concept is descriptive only.

- **Organizational change** is the movement of an organization from one state of affairs to another. Organizational change can take many forms.
- It may involve a change in a company's structure, strategy, policies, procedures, technology, or culture.
- The change may be planned years in advance or may be forced upon an organization because of a shift in the environment.
- Organizational change can be radical and alter the way an organization operates, or it may be incremental and slowly change the way things are done.
- In any case, regardless of the type, change involves letting go of the old ways in which work is done and adjusting to the new ways. Therefore, fundamentally, it is a process that involves effective people management.

Why Do Organizations Change?

- Workforce Demographics
- Technology
- Globalization
- Market Conditions
- Organizational Growth and Development

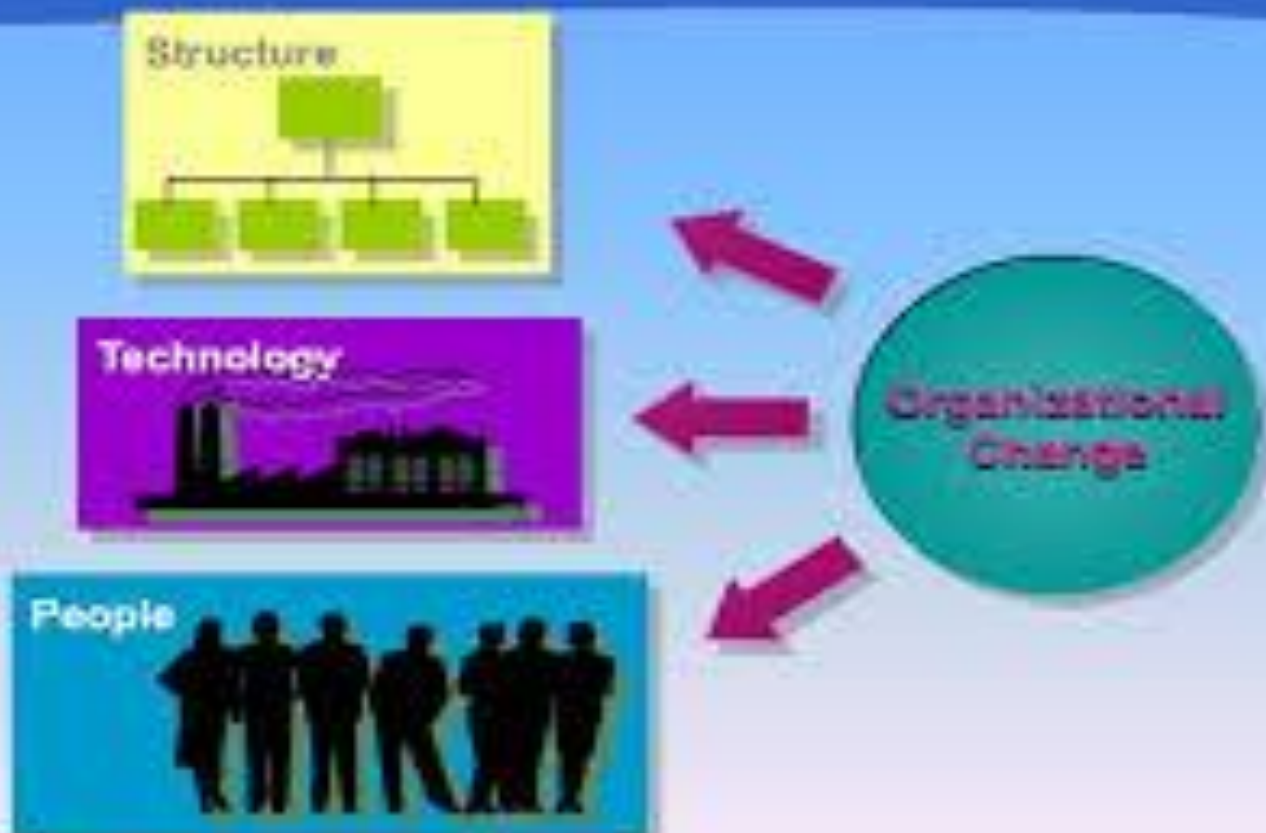
Causes of Organizational Change

Internal	External
Change in Leadership/ Change in Managerial Personnel	Govt. Rules and Regulations (Political Forces)
Introduction of new technology	Competition
The Domino Effect	Change in people requirement
Meeting Crisis	Market condition
Organizational Life Cycle	Social Changes
Deficiencies in Existing Management Structure	Technological Advancement

TYPES OF ORGANIZATIONAL CHANGE

- **Technological**, made possible by breakthroughs in computer and word-processing technologies,
- **Structural**, i.e., change in organizational design, made possible by rearranging product groups into, different divisions,
- **Human**, i.e., changing people in the organization by improving the managerial ability of top executives.
- **Proactive Change**: Proactive changes occur when some factors make realize organization think over and finally decide that implementation of a particular change is necessary. Then, the change is introduced in a planned manner.
- **Reactive Change**: *It* occurs when forces compel organization to implement change without delay. In other words, when demands made by the forces are compiled in a passive manner, such a change is called reactive change.

Structure, Technology, and People as Targets of Organizational Change



Importance of Organizational Change

There is a need of change in an organization because there is always a hope for further development, and in order to survive in a competitive market, the organization needs to be updated with changes. However, we have listed some reasons to explain why changes are deliberately made and carefully planned by the organization before implementation.

- It improves the means to satisfy the economic requirements of people.
- It enhances the profitability of organization.
- It promotes employee satisfaction and well-being.

Planned Change

When changes are effected after working out when and how they will be carried out, planned changes occur.

For initiating planned change, the manager needs to constantly watch the changes taking place in the external and internal environment of the business so that corrective measures are taken accordingly and the changes could be effected successfully.

Reasons :

- Change in Tools, Machines and Equipment:
- Change in Methods and Procedures:
- Change in Business Conditions:
- Change in Managerial Personal:
- Change in Formal Organization Structure:

Different Models

- Kurt Lewin's 3 step Model
- 7 stage Model
- Kotter's 8 step Model

Kurt Lewin's Change Model

- **Kurt Lewin** developed a change model involving
Unfreezing,
Changing
Refreezing.
- The model represents a very simple and practical model for understanding the change process.
- For Lewin, the process of change entails creating the perception that a change is needed, then moving toward the new, desired level of behavior and finally, solidifying that new behavior as the norm.
- The model is still widely used and serves as the basis for many modern change models e.g three steps

- Kurt Lewin's Three Stages model or the Planned Approach to Organizational is one of the cornerstone models which is relevant in the present scenario even.
- Lewin, a social scientist and a physicist, during early 1950s propounded a simple framework for understanding the process of organizational change known as the Three-Stage Theory which he referred ***as Unfreeze, Change (Transition) and Freeze (Refreeze).***

Stage 1 - Unfreezing:

- This is the first stage of transition and one of the most critical stages in the entire process of change management.
- It involves improving the readiness as well as the willingness of people to change by fostering a realization for moving from the existing comfort zone to a transformed situation.
- It involves making people aware of the need for change and improving their motivation for accepting the new ways of working for better results.
- During this stage, effective communication plays a vital role in getting the desired support and involvement of the people in the change process.

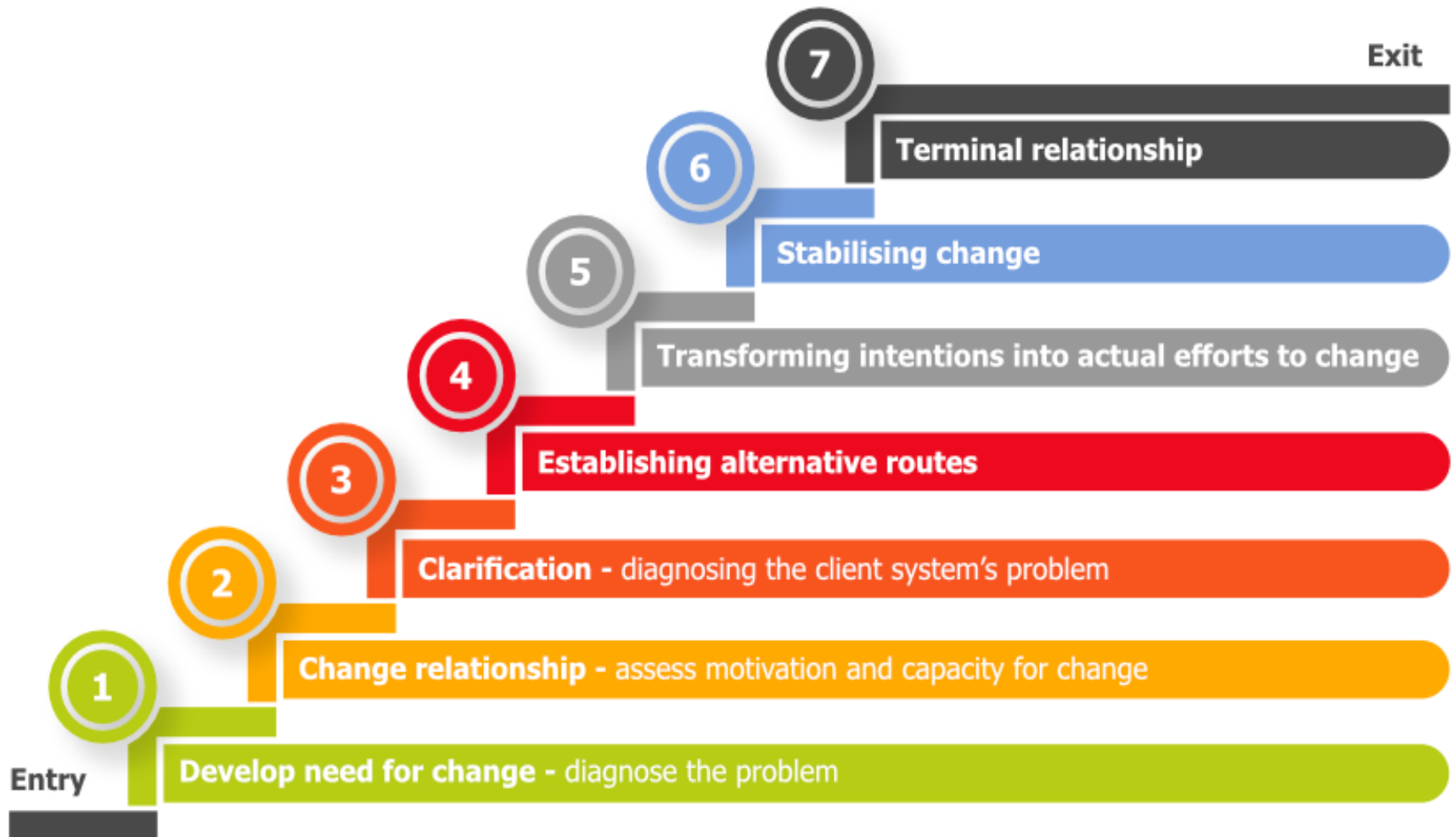
Stage 2 - Change:

- This stage can also be regarded as the stage of Transition or the stage of actual implementation of change.
- It involves the acceptance of the new ways of doing things.
- This is the stage in which the people are unfrozen, and the actual change is implemented.
- During this stage, careful planning, effective communication and encouraging the involvement of individuals for endorsing the change is necessary.
- It is believed that this stage of transition is not that easy due to the uncertainties or people are fearful of the consequences of adopting a change process.

Stage 3 - Freeze (Refreezing):

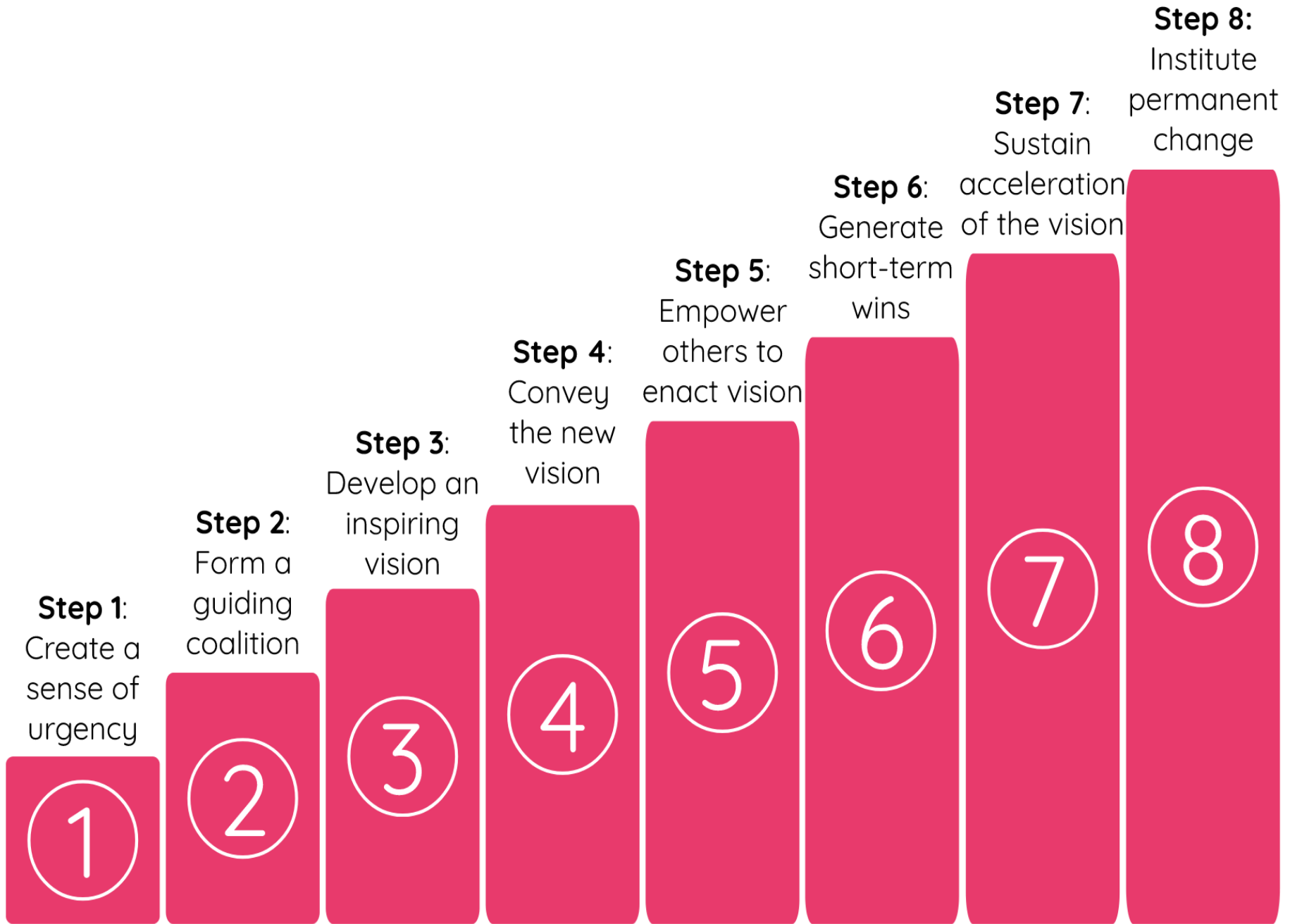
- During this stage, the people move from the stage of transition (change) to a much more stable state which we can regard as the state of equilibrium.
- The stage of Refreezing is the ultimate stage in which people accept or internalize the new ways of working or change, accept it as a part of their life and establish new relationships.
- For strengthening and reinforcing the new behaviour or changes in the way of working, the employees should be rewarded, recognized and provided positive reinforcements, supporting policies or structures can help in reinforcing the transformed ways of working.

7 Stage Model of Change by Lippit



Kotter's 8 step Model of Change

- Step 1: Create Urgency
- Step 2: Form a Powerful Coalition
- Step 3: Create a Vision for Change
- Step 4: Communicate the Vision
- Step 5: Remove Obstacles
- Step 6: Create Short-Term Wins
- Step 7: Build on the Change
- Step 8: Anchor the Changes in Corporate Culture



Resistance to Change



- **Resistance to change** is the unwillingness to adapt to altered circumstances.
- It can be covert or overt, organized, or individual.
- Employees may realize they don't like or want a **change** and resist publicly, and that can be very disruptive.
- Resistance to change is the act of opposing or struggling with modifications or transformations that alter the status quo.
- This resistance can manifest itself in one employee, or in the workplace as a whole.

3 Levels:

- ***Individual Resistance***
- ***Group Resistance***
- ***Organizational Resistance***

Individual Resistance

- Fear of the unknown
- New Learning
- Disruption of stable friendship
- Distrust management

Organizational Resistance

- Threats to the power structure
- System relationship
- Sunk cost and vested interest

Managing Resistance to change

- Education and Communication
- Participation
- Facilitation and support
- Negotiation
- Manipulation and cooperation
- Coercion