

ORGANISATIONAL CHANGE

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ABSTRACT

This chapter explores the concept of Organisational Change. This chapter helps in making understand the meaning of Organisational change along with definitions of some renowned Authors. The chapter also focuses attention on Characteristics, Process and Causes of change. The chapter also discusses the various types of organizational change. This chapter also draws our attention towards causes of resistance to change by employees in the enterprise. The main part of this chapter is Process of Planned Change which includes various stages. This also includes the different points of overcoming resistance to change. It further explains the types of organizational change such as Organization-Wide Change, Transformational Change, Personnel Change, Unplanned Change and Remedial Change. This chapter also shows the procedure for planned change which starts with Recognize the need for change, Develop the goals of the change, Select a change agent, Diagnose the current climate, Select an implementation method, Develop a plan, Implement the plan, Follow the plan and evaluate it. This chapter deals in various causes of change which are divided into internal and external forces. The study of these topics will help the manager in effective implementation of planned change.

Keywords: Organisational Change, Resistance to Change, Planned Change, Coercion, Facilitation, Co-optation, Negotiation, Manipulation, Agreement.

INTRODUCTION

Change is a part of life. Birth, childhood, youth, old age, change of seasons etc. all are realities of life. Everything is subject to change. One thing which is permanent is “change”. In the context of business also the word “change” needs to be studied well. Business also go through many changes like change in technology, change in methods of production, inflation, deflation, increase in sales, decline in profits, entry of competitors in the market, change in policies of government etc. These changes affect the organization so they must be studied.

MEANING OF ORGANISATIONAL CHANGE

Change is the movement from current position to the desired position. Organisational change is the process of growth, decline and transformation within the organization and it is affected by many factors and forces. **Organizational Change refers to the process in which a company or any organization changes its methods, technologies, organizational structure, policies or strategies, as well as what effects these changes have on it. Organizational change generally happens in response to or as a result of external or internal pressures.**

DEFINITIONS

According to Cambridge Dictionary, “Organisational change is a process in which a large company or organization changes its working methods or aims, for example in order to develop and deal with new situations or market.”

According to Mr. John Bull, “Organisational change is 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 disruptive only”.

FEATURES OF CHANGE

Following are the main features of Change:

- 1. Change is a Natural Phenomenon:** Everything in this world is subject to change. A human being has to change according to the situations and environment. He has to go through various stages. Similarly, an organization also have to make changes because of pressure of internal and external factors.
- 2. Change is a continuous process:** As the environment is dynamic, it goes on changing on a continuous basis. Its effect on humans and organizations is also dynamic and continuous. It will never stop. Therefore change is a continuous process.
- 3. Change has an element of Uncertainty:** Change is related with future and future is always uncertain. So, there is no certainty in change. Hence, an element of uncertainty will always be there in change.

4. Change sometimes resisted by Man: Whenever change results in change of the workplace of employees, their designations, their salaries, their work method, their boss, etc. it will generally be opposed by the employees because they do not want to make adjustments in their existing structures.

5. Change requires a Change Agent: In order to implement change effectively, an organization requires a change agent. Change agent is required to complete the whole process of change. In small concerns, a manager can perform the work of change agent but in large organizations professional consultants are required.

6. Change affects different persons in different ways: Change do not affect all persons in same way. It affects different persons in different manner. For some persons it will bring positive results and some persons perceive it in a negative manner.

Types of Organisational Change

Following is the list of 5 types of organizational changes which companies have to undergo:

1. Organization-Wide Change: Organization-wide change is a large-scale transformation that affects the whole organization and it may include restructuring leadership, adding a new policy, introducing a new strategy or introducing a new enterprise technology. Such large-scale change in the enterprise will be felt by every single employee in the organization.

2. Transformational Change: Transformational change basically targets a company's organizational strategy. Transformational change is defined as frame-breaking change that completely alters your current operating structure. These changes will bring massive change to processes, people, and typically technology. Once you take these steps, you can't change your mind and go back to the old ways.

3. Personnel Change: Personnel change occurs when a company experiences growth or layoffs. Personnel changes include hiring and firing as well as promotions, transfers, change in timings of work, organizational changes, voluntary quits, mass layoffs and acquisitions.

4. Unplanned Change: Unplanned change refers to a change for which no planning is done. It cannot be predicted. It happens in the case of emergency or when some sudden situation arises. In order to introduce unplanned change some quick decisions have to be taken by the managers in the organization.

5. Remedial Change: These changes are the corrective actions which are taken to identify a need to address deficiencies or poor company performance. For example, financial distress is usually due to poor financial performance and requires remedial change. Other common examples include introducing an employee training programme or rolling out new software etc.

CAUSES OF CHANGE

The causes of change in organization can be divided into internal and external:

- 1) Internal causes of change:** This includes changes caused by decisions taken by the business itself. These can include:
 - a) Restructuring:** It is adopted by a business when it is in financial difficulties and it may choose to undergo a process of "restructuring". This usually involves changes in the capital structure of the business to reduce the amount of debt, as well as reductions in the scale and scope of the business' activities.
 - b) Delayering:** It refers to removing one or more layers from the organizational hierarchy or structure. Its aim is usually to reduce costs and improve decision-making and communication through a flatter organisational structure.
 - c) New leadership:** The new leadership brings a change in business strategy and subsequent changes to the products & markets in which a business operates and how it competes.
- 2) External causes of change:** These causes of change occurs due to changes in the external environment facing all businesses or businesses in specific markets and/or locations. These can include:
 - a) Social Trends/Attitudes:** Changes in the customs, traditions, values, purchasing power of the people, customers attitude towards company's products will affect the organization. So organization must consider these changes while building their strategies.
 - b) Economic Conditions:** Changes in national income, inflation, deflation, economic stability etc. All leave an impact on the organization.

PROCESS OF PLANNED CHANGE

Planned change requires managers in the organization to follow an eight-step process for successful implementations, which is illustrated in Figure 1.

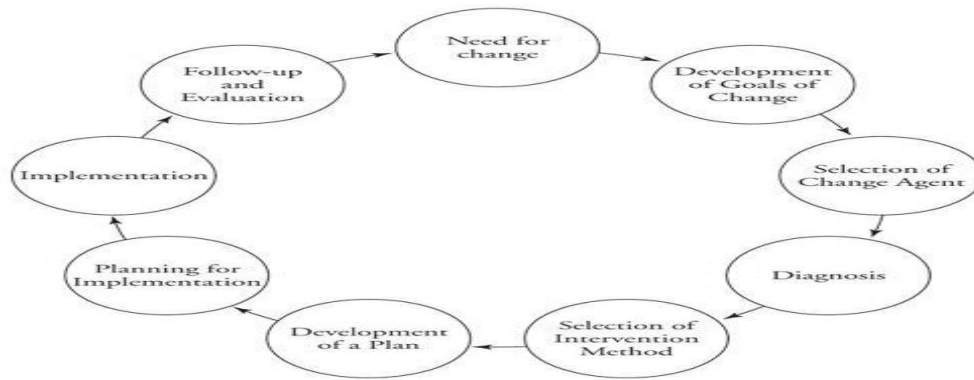


Figure 1 Stages of planned change.

1. **Recognize the need for change:** The first step in planned change is recognition of the need for change which may occur at the top management level or in important parts of the organization. The change may be due to either internal or external factors operating in the environment.
2. **Develop the goals of the change:** The second step is determining the reason i.e why the change is necessary. For this, problems and opportunities must be evaluated in terms of the organization. After that, it is important to define the needed changes in terms of products, technology, policy, structure, and culture.
3. **Select a change agent:** The next step is to select the change agent. He is the person who implements the planned change. The change agent must be aware regarding the things that need change, open to good ideas, and supportive of the implementation of those ideas into actual practice.
4. **Diagnose the current climate:** The fourth step is to diagnose the current climate. The change agent must collect data about the climate of the organization in order to help employees prepare for change. He must analyze the current situations in order to make strategy for implementation of change.
5. **Select an implementation method:** In this step, change agents has to select the best implementation method for change. There are various methods available in change implementation but change agent must select best after careful evaluation of all alternatives.
6. **Develop a plan:** This step involves actually developing the plan. This phase determines the what, when, where, and how of the plan. The plan is like a road map or blue print. It includes the specific events and activities that must be timed and integrated to produce the change.

VIII) CAUSES OF RESISTANCE TO CHANGE

In present scenario, one of the most important work of managers is to facilitate changes smoothly in the organization. Change cannot be avoided but the organization should also be prepared for its resistance also. It is basic human tendency that people to try and keep their methods and customs constant. They do not want to accept any change. So, they will oppose it. There are many reasons for the resistance of change by the people in the organization which are as follows:

- 1 **Economic factors:** Organizational changes sometimes can lead to decrease or increase the employee's salary or other economic privileges at the workplace. It is normal that the people who feel that they will lose some portion of their salary will always resist the change.
- 2 **The threat of comfort:** Organizational changes in many cases result in personal discomfort and make employee's life more difficult. They make a transfer from the comfort of the present situation to the discomfort of the new situation.
- 3 **Job's security:** Organizational change can eliminate some job at the workplaces, can produce technological excess, layoffs and so on. Job's security simply is one of the reasons of resistance to change by employees.
- 4 **Mistrust to initiators of change:** When employees of the organization don't have trust in the initiators of the process of change, this will cause resistance to change;

5 Fear of unknown: Organizational change, in many cases, leads to uncertainty and fear of unknown. When employees feel uncertainty in the process of change, they will think that changes are dangerous. This uncertainty affects employees to resist the proposed change.

6 The threat to interpersonal relations: Employees are often friends with each other and they have a strong interpersonal relationship inside and outside the organization. If an organizational change can be seen as a threat to their interpersonal relationships, the employees will resist that change.

7 Limited resources: It is a common problem in every organization is to have limited resources. When resources are limited, and with the proposed organizational changes those resources are put to threat, the resistance to change is more likely to occur;

8 Selective information processing: Individuals usually have selective information processing or they will hear only that which they want to hear. They simply ignore information that is opposite to their likings, and with this, they don't want to accept important aspects of the proposed changes. Because of that, they resist change.

OVERCOMING RESISTANCE TO CHANGE

In order to implement the change successfully, it is essential that all types of resistance for change by employees should be overcome. Following are the important points to overcome resistance to change:

1. Education and Effective Communication: This is the best techniques for minimizing resistance to change. By educating people, promoting awareness through effective communication regarding the benefits of a planned change and by explaining the need for change, the management can gain the much-needed support from the team members and can implement the change with success.

2. Facilitating Participation and Involvement: This technique includes the involvement of the employees in the change process by setting up a collaborative environment and implementing the change in consultation with the staff. It is one of the best strategies and can be beneficial in minimizing the resistance to change by involving the employees and seeking their participation in the entire process.

3. Support and Facilitation: Employees resist change due to a number of reasons as a result of which they oppose any kind of change in the existing ways of work or methods. The employees look for complete emotional support and facilitation from the side of the managers so as to cope up with the challenges resulting from the change .The organization must provide complete support to them in relation with implementation of change.

4. Agreement & Negotiation: This technique involves negotiation or bargaining with the employees on various aspects related to the change so that the concerns of the employees and the management are both being given due consideration and importance.

5. Co-optation & Manipulation: This technique involves getting the support or influencing the employees in favor of the change. Manipulation involves attempts from the managers by withholding negative information or distortion of the information for making it more appealing for the employees or spreading false rumors across the organization in order to influence the employees to accept the change.

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