

STUDY UNIT 11 ORGANISATIONAL CHANGE

LEARNING OUTCOMES

- On successful completion of this study unit, students will be able to:
 - Describe the forces that act as stimulants to change
 - Contrast first-order and second-order change
 - Summarise sources of individual and organisational resistance to change
 - Identify properties of innovative organisations
 - List characteristics of a learning organisation

FORCES FOR CHANGE

- Forces include:
 - Nature of the Work Force:
 - More Cultural Diversity
 - Increase in professionals
 - Many new entrants with inadequate skills
 - Technology:
 - Faster and cheaper computers
 - TQM programs
 - Re-engineering programmes
 - Economic shocks:
 - Recessions
 - Exchange rate
 - Inflation rate
 - Interest rate
 - Competition:
 - Global competitors
 - Merges and consolidations
 - Growth of Internet Commerce
 - Social trends:
 - Attitude towards smokers
 - Delayed marriage by young people
 - Popularity of sport utility vehicles
 - World politics:
 - Globalisation

MANAGING PLANNED CHANGE

- Planned change has two goals:
 - It seeks to improve the ability of the organisation to adapt to changes in its environment.
 - It seeks to change employee behaviour.
- Planned change can also be considered in terms of order of magnitude:
 - First-order change is linear and continuous and implies no significant shifts in assumptions that organisational members hold.
 - Second-order change is a multi-dimensional, multi-level, discontinuous, radical change involving reframing or assumptions about the organisation and the world in which it operates.

WHAT CAN CHANGE AGENTS CHANGE?

- Elements that can be changed include:
 - Structure, including changes in:
 - The actual design of the structure
 - Job redesign
 - Work schedule change
 - Technology, including changes in:
 - Equipment (Automation)
 - Tools
 - Methods
 - Physical setting, including changes in:
 - The layout of work space
 - Furniture
 - Decorations
 - Colour scheme
 - People, including changes in:
 - Attitudes
 - Behaviours

RESISTANCE TO CHANGE

Individual Resistance

- The following summarises five reasons why individuals may resist change:
 - Habit:
 - As human beings, we're creatures of habit or programmed responses.
 - When confronted with change, this tendency to respond in our accustomed ways becomes a source of resistance.
 - Security:
 - People with a high need for security are likely to resist change because it threatens their feelings of safety.
 - Economic factors:
 - Another source of individual resistance is concern that changes will lower one's income.
 - Changes in job tasks or established work routines can also arouse economic fears if people are concerned that they won't be able to do the new tasks or routines according to their previous standards, especially when salaries are closely tied to productivity.
 - Fear of the unknown:
 - Changes substitute ambiguity and uncertainty for the known.
 - Trading the known for the unknown and the fear or insecurity along with it will create resistance.
 - Selective information processing:
 - Individuals shape their world through their perceptions.
 - Once they have created this world, it resists change.
 - So individuals are guilty of processing selectively in order to keep their perceptions intact.

Organisational Resistance

- Organisations, by their very nature, are conservative and they actively resist change.
- Six major sources of organisational resistance have been identified:
 - Structural inertia:
 - Organisations have built-in mechanisms to produce stability.
 - When an organisation is confronted with change, this structural inertia acts as a counterbalance to sustain stability.
 - Limited focus of change:
 - Organisations are made up of interdependent subsystems.
 - You can't change one without affecting the others.
 - So limited changes in subsystems tend to get nullified by the larger system.
 - Group inertia:
 - Even if individuals wish to change their behaviour, group norms may act as a constraint.
 - Threat to expertise:
 - Changes in organisational patterns may threaten the expertise of specialised groups.
 - Threat to established power relationships:
 - Any redistribution of decision-making authority (such as the introduction of participative management) could threaten long-established power relationships within the organisation.
 - Threat to established resource allocations:
 - Those groups in the organisation that control sizeable resources often see change as a threat.
 - They seem to be content with the way things are. will the change, for instance, mean a reduction in their budgets or staff cuts?

OVERCOMING RESISTANCE TO CHANGE

- Six tactics have been suggested for use by change in agents with dealing with resistance to change:
 - Education and communication:
 - Resistance can be reduced through communicating with employees to help them see the logic of a change.
 - This tactic basically assumes that the source of resistance lies in misinformation or poor communication
 - If employees receive the full facts that would clear up any misunderstandings, there will be less resistance.
 - Participation:
 - It's difficult for individuals to resist a decision to change in which they participated.
 - Prior to making a change, those opposed could become part of the decision-making process.
 - Assuming that the participants have the expertise to make a meaningful contribution, their involvement could reduce resistance, ensure commitment and increase the quality of the decision to change.
 - Facilitation and support:
 - Change agents can offer a range of supportive efforts to reduce resistance.

- When employee's fears and anxieties are high, counselling and therapy, new skills training, or a short paid leave of absence may facilitate adjustment.
- Negotiation:
 - Another way in which the change agent could deal with potential resistance to change is to exchange something of value to lessen the resistance.
- Manipulation and co-optation:
 - Manipulation refers to covert influence attempts.
 - Twisting and distorting facts to make them appear more attractive, withholding undesirable information, and creating false rumours to get employees to accept a change are all examples of manipulation.
 - Co-optation, on the other hand, is a form of both manipulation and participation.
 - It seeks to "buy off" the leaders of a resistance group by giving them a key role in the decision to change.
 - The leader's advice is sought, not to make a better decision, but to get their endorsement.
- Coercion:
 - Last on the list of tactics is coercion, that is, the resisters are threatened or forced directly to accept the change.
 - Examples of coercion are threats of transfer, loss of promotions, negative performance evaluations, and a poor letter of recommendation.

APPROACHES TO MANAGING ORGANISATIONAL CHANGE

Lewin's Three-step Model

- The steps in the model are:
 - Unfreezing
 - The status quo is considered the equilibrium state.
 - Breaking this state can be achieved through:
 - Increasing the driving forces which direct behaviour away from the status quo.
 - Decreasing the restraining forces, which hinder movement away from the status quo.
 - Combine the first two approaches.
 - Movement
 - Here the actual changes are implemented.
 - Refreezing
 - Here the new reality is imbedded.

Action Research

- Action research is based on the collection of data and then selection of a change action based on what the analysed data indicate.
 - The process involves five steps:
 - Diagnosis
 - This involves gathering information about the problems, concerns, and needed changes from members of the organisation.
 - Analysis

- Here information is synthesised into primary concerns, problem areas, and possible actions.
- Feedback
 - Here the information found during the first two steps is shared with employees.
- Action
 - This involves the implementation of specific actions to correct the problems identified.
- Evaluation
 - This involves assessing the success of the change intervention.

Organisational development

- Organisational development encompasses a collection of planned change interventions or actions built on humanistic-democratic values that seek to improve organisational effectiveness and employee well-being.
- OD is underpinned by the following values:
 - Respect for people
 - Trust and support
 - Power equalisation
 - Confrontation of problems
 - Participation by people affected by the change

CONTEMPORARY CHANGE ISSUES FOR TODAY'S MANAGERS

Innovation

- Innovation is a specialised kind of change where a new idea is applied in initiating a new product, process or service.
- Sources of innovation include:
 - Organic structures positively influence motivation.
 - Long tenure in management.
 - Innovation is often nurtured by a lack of resources.
 - Inter-unit communication drives innovation.
 - An organisational culture of experimentation.
 - The active promotion of training and development.

The learning organisation

- A learning organisation is one where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together. (SG 107)

MANAGING CHANGE: IS IT CULTURE BOUND?

- Five questions that may provide answers are:
 - Do people believe change is possible?
 - Cultures vary in terms of beliefs about their ability to control the environment.
 - In cultures where the belief is that the environment can be dominated, individuals will take a proactive view of change.

- If it's possible, how long will it take to bring it about?
 - A culture's time orientation can help answer this.
 - Societies that focus on the long-term will show patience for positive outcomes to change to be realised.
- Is resistance to change greater in some cultures than in others?
 - This is affected by a society's reliance on tradition.
 - Societies who focus on the past tend to show greater resistance.
- Does culture influence how change efforts will be implemented?
 - Power distance addresses this issue.
 - Low power distance societies value greater democracy when changes are planned.
- Do successful idea champions do things differently in different cultures?
 - Collectivist cultures see the need for cross-functional support for innovation efforts, which is the opposite for individualistic cultures.
 - High power distance cultures prefer for change agents to work closely with people in authority, which again is different in low power distance cultures.