ORGANISATIONAL CHANGE AND INTERVENTIONS (OBH-413)

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LESSON: 1
ORGANIZATIONAL CHANGE: AN OVERVIEW

STRUCTURE

1.0   Objectives

1.1   Introduction

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1.0   OBJECTIVES

After studying this lesson you should be able to understand-

- The concept of organisational change.
- The significance and types of changes.
- Forces of changes.
- Factors determining organisational change.

1.1   INTRODUCTION

Change is one of the most critical aspects of effective management. Change is the coping process of moving from the present state to a desired state that individuals, groups and organizations undertake in response to dynamic internal and external factors that alter current realities.

Fortune magazine first published its list of America's top 500 companies in 1956. Sadly, fewer than 30 companies from the top 100 on the original list remain today. The other 70 plus have disappeared through dissolution, merger, or downsizing. Survival, even for the most successful companies, cannot be taken for granted. In many sectors of the economy, organizations must have the capacity to adapt quickly in order to survive. Often the speed and complexity of change severely test the capabilities of managers and employees to adapt quickly and effectively. When organizations fail to change, the cost of failure may be quite high.

Increasingly, organizations that emphasis bureaucratic or mechanistic systems are ineffective. Organizations with rigid hierarchies, high degree of functional specialization, narrow and limited job descriptions, inflexible rules and procedures, and impersonal management can't respond adequately to demands for change. Organizations need designs that are flexible and adaptive. They also need systems that both require and allow greater commitment and use of talent on the part of employees and managers.

Why is change important to managers and organizations? Simply stated, organizations that do not bring about timely change in appropriate ways are unlikely to survive. One reason that the rate of change is accelerating is that knowledge and technology feed on themselves, constantly creating innovations at exponential rates. Few business leaders would have envisioned in the mid-1990s, the revolutionary impact the Internet and World Wide Web would have on business practices in the early twenty-five century.

1.2   THE IMPORTANCE OF CHANGE

Change will not disappear or dissipate. Technology, an ever-expanding list of applications and the spontaneous combustion of

creative thoughts will maintain their ever-accelerating drive onwards. Managers, and the enterprises they serve, be the public or private, service or manufacturing, will continue to be judged by their ability to effectively and efficiently manage change. Unfortunately for the managers of the early twenty-first century, their ability to handle complex change situations will be judged over ever decreasing time scales.

The pace of change has increased dramatically; mankind wandered the plant on foot or in horseback for centuries before the invention of the wheel and its subsequent 'technological convergence' with the ox and horse. In other 'short' century man has flown a heavier-than-air aeroplane, piloted spacecraft, and walked on the moon. Satellites orbit the earth, the internal combustion engine has dominated transport and some would say society moves; robots are a reality and state-of-the-art manufacturing facilities resemble scenes from science fiction movies; your neighbour or competitor, technologically speaking, could be on the other side of the planet; and bio-technology is the science of the future.

Businesses and managers are now faced with highly dynamic and ever more complex operating environments. Technologies and products along with the industries they support and serve are converging. Is the media company in broadcasting, telecommunication, publishing or data processing– on indeed all of them? Is the supermaker chain in general retail, or is it a provider of financial services? Is the television set merely a receiving device for broadcasting messages or is it part of an integrated multimedia communication package? Is the airline a provider of transport or the seller of wines, spirit and fancy goods, or an agent of car hire and accommodation?

As industries and products converge, along with the markets they serve, there is a growing realization that a holistic approach to the marketing of goods and services is required, thus simplifying the

purchasing decisions. Strategic challenges, designed to maximize the 'added value' throughout a supply chain, while seeking to minimize costs of supply, are fast becoming the competitive weapons of the future. Control and exploitation of the supply chain make good commercial sense in a fiercely competitive global market. The packaging of what were once discrete products (or services) into what are effectively 'consumer solutions' will continue for the foreseeable future.

Producers no longer simply manufacture vehicles, they now distribute them through sophisticated dealer networks offering attractive servicing arrangements, and provide a range of financing options, many of which are linked to a variety of insurance packages. Utility enterprises now offer far more than their original core service. This, combined with the general ability to replicate both 'hard' and 'soft' innovations within ever diminishing time scales, places and creative and effective management of change well towards the top of the core competencies required by any public or private enterprises.

How can we manage change in such a fast moving environment, without losing control of the organization and existing core competencies? There are, as one would expect, no easy answers and certainly no blueprints detailing the best practices. Designing, evaluating and implementing successful change strategies largely depend upon the quality of the management team, in particular the team's ability to design the organization in such a way as to facilitate the change process in a responsive and progressive manner.

1.3   TYPES OF CHANGE

To change is to move from the present to the future, from a known state to a relatively unknown state. To be able to adapt to or deal with the impact of change forces, organizations may plan for, experience or undergo change. The possible types of change do not suggest a watertight

compartmentalization in view of the complexity and dynamics of the change process.

(i)   Happened Change: This type of change is rather unpredictable and takes place naturally due to external factors. It is profound and traumatic for it is out of direct control and produces a future state that is largely unknown. This type of change occurs when an organization reaches a plateau in its lifecycle and falls prey unwisely to demand from the environment. For example, currency devaluation, over which it has no control, adversely affects the business of a company that has to import its raw materials. Some political and social changes are also unpredictable, as was the case in India during Indira Gandhi's years of Emergency.

(ii)   Reactive Change: Changes that are clearly in response to an event or a series of events are termed reactive changes. Generally, most companies are engaged in reactive, often incremental change. These changes are attempted when the demand for a company's products/services registers an increase or decrease, or a problem/crisis occurs or develops. Technological changes, for example, force the organization to invest in modern technologies. The incorporation of the latest technology could be in reaction to the increased demand for the product. Incremental changes, made in response to external forces and limited to a subsystem or a part of the subsystem, are adaptive in nature. Recreation is also a reactive change, but it involves the organization in its entirety, and occurs when the organization is undergoing severe crises.

(iii)   Anticipatory Change: Change carries out in expectation of an event or a series of events is called anticipatory change. Pepsi recently announced that it would invest $750 million over the next five years for its operations in Mexico. Pepsi, which began its operations in Mexico in 1938, had a 31% market share of Mexican cola sales and plans to

improve this figure. Organisations, in terms of their anticipation, may tune in or reorient themselves to future demands. Tuning-in would involve making incremental changes (dealing with a subsystem or a part of the system) in anticipation of external events. Reorientation is moving from 'here' to 'there' in anticipation of a changing environment. It involves changing the organization from the existing state towards a desired future state, and managing the transition process.

(iv) *Planned Change:* Planned change or developmental change is undertaken to improve upon the current way(s) of operating. It is a calculated change, initiated to achieve a certain desirable output/performance and to make the organization more responsive to internal and external demands. Enhancing employees' communication skills and technical expertise, building teams, restructuring the organization, introducing new technologies, introducing new products and services, challenging the incentive system, improving employee welfare measures, and the like fall into this category.

This type of change, where the future state is being consciously chosen, is not as threatening. However, it does require system/subsystem level (techno-social) support to survive.

(v) *Incremental Change:* Change directed at the micro level and focused on units/subunits/components within an organization are termed as incremental changes. Changes are brought in gradually and are usually adaptive in nature. It is assumed that those small changes will set in process the large change and lead the system slowly in a healthier direction. It also provides the organization an opportunity to learn from its own experience. A failed incremental change will cause less damage to the total system than an unsuccessful large-scale change.

The benefits that employees all over the world enjoy today could be cited as an example of incremental change. It has been a long journey

indeed from the days of Taylor's Scientific Management when the role of the worker was perceived to be that of a mere cog in the wheel, to the various perks and facilities employees currently enjoy. These changes have evolved over a long period of time and have not happened overnight.

(vi) Operational Change: This is necessitated when an organization needs to improve the quality of its products or services due to external competition, customers' changing requirements and demands, or internal organizational dynamics. Improvement of production and service capabilities could center on quantity, quality, timeliness, cost savings and other such factors. The organisation's goals remaining the same intended change forces organizations to consider how to improve existing operations in order to perform better. Operational changes include bringing in new technology, re-engineering the work processes, quality management, better distribution and delivery of products and enhancing interdepartmental coordination.

(vii) Strategic Change: Change that is addressed to the organization as a whole or to most of the organisation's components including strategy may be called strategic change. An example could be a change in the organisation's management style. Toyota has recently taken steps to change its overall corporate management philosophy in an attempt to create an organization which is less hierarchical, is leaner, flexible, decentralized, and which allows itself a considerable degree of autonomy. This move by Toyota will affect the entire organization and will influence its performance.

(viii) Directional Change: A change in direction may become imperative for an organization due to severe competition or regularly shifts in government policy and control (for example, on pricing, import/export restriction, etc.). Directional change is also critical when the organization is developing a new strategy or is incapable of executing

effectively its current strategy. R & D activities, competitive analysis, information management and adequate management control system could facilitate the question of 'quo vadis' or where the organization is headed.

(ix)   *Fundamental Change:* This entails a redefinition of the current purpose or mission of the organization. It may be necessitated by drastic changes in the business environment, the failure of the current corporate leadership, problems with employee morale, or a sharp fall in turnover.

(x)   *Total Change:* For total change, the organization is constrained to develop a new vision, and a strong link between its strategy, employees and business performance. The organization has to achieve a turnaround or perish. Total change is necessary to extricate the organization from the rot that has set in due long-term failure of business, employee-organisation value incongruence, estrangement of operators from the reality of the business environment, and concentration of power in the hands of a few people who could be furthering their personal interests at the cost of the organization. A new vision and drastic surgery could be the only way out for the organization. The dramatic debacle of Arthur Anderson is a case in point.

1.4   FORCES OF CHANGE

Organizations are systems that exist in the context of an external environment, an interdependent relationship, and interact with its in order to survive and grow. Any factor in the environment that interferes with the organisation's ability to attract the human, financial and material resources it needs, or to produce and market its services/products becomes a force of change. Internal to itself, a number of forces operate in the organization that could facilitate or hinder its functions, processes and actions. An organization is thus subject to two

sets of forces: those of the external political, social, economic and competitive environment and those internal to the organization.

A. Forces of Change Stemming From External Environment

1. Political Forces

The transition of the East-European nations to democracy and a market economy, the opening up of the economy of South-East Asia, the collapse of the erstwhile Soviet Union, the unification of Germany, the Gulf War, the Iraq war are some examples of the political upheavals that have had widespread repercussion around the world, bringing a plethora of changes in their wake.

2. Economic Forces

The uncertainty about future trends in the economy is a major cause of change. For example, fluctuating interest rates, declining productivity, uncertainties arising from inflation or deflation, low capital investments, the fluctuating prices of oil (petrol), recession, and the lowering of consumer confidence have a marked impact on different economies, and therefore, an organization. The national financial systems of countries are so interrelated that a change in one produces a ripple effect on the others- for example, the economic crisis in Thailand affecting markets across South-East Asia. Changes in the capital markets arise out of change in the accessibility of many of the banking systems of different economies.

3. Technological Forces

The world is presently characterized by dramatic technological shifts. Technological advancements, particularly in communication and computer technology, have revolutionized the workplace and have helped to create a whole new range of products/services. For example, a super-

communication system is one the anvil in which about 20 Japanese companies will join a Motorola Inc. led project to set up a satellite cellular telephone system that can be used from anywhere on earth, an idea that services the defunct Iridium global telephony venture. The companies include Sony Corporation, Mitsubishi Corporation, Kyocera Corporation and long distance telephone carriers whose interests include Sony and Kyocera. They plan to form a fifteen billion Yen (US $ 132 million) joint venture to coordinate the investment and policy in the US chip and Telecom Company's 'Iridium' projects. Iridium facilitates worldwide voice paging, fax and data services.

Advances in technology have contributed to the development of economies. A case in point is Singapore, which, with almost no natural resources, has created a powerful economic advantage by exploiting the use of information technology in its overall planning. It is poised to become the world's first fully networked society– one in which all homes, schools, businesses and government agencies will be electronically interconnected.

4.   *Government Forces*

Governmental interventions in the form of regulation also lead to change. A few examples for government regulated change are:

Deregulation: This is lessening of governmental rules and increasing decentralization of economic interventions at the level of the state. What previously used to be essentially government sector services and industries are now being handed over to private companies for operation maintenance.

Foreign Exchange: Foreign exchange affects international trade transactions. In these transactions, payments are often made in terms of a country's own currency, in US dollars, or the currency of a third

country. The exchange rate variations determine the currency payments. Prediction of exchange rate movements depends upon a number of factors such as a country's balance of payments, interest rates, and supply and demand, making it often difficult to forecast. Constraints of foreign exchange prompt many governments to impose restrictions on the import of selected items along with measures to deregulate their economies to attract foreign exchange for investment purposes. Some of the examples of success are India and China.

Anti-trust Laws: Most governments follows anti-trust in one form or the other to restrict unfair trading practices. In India, the government has restricted the unfair movements of business houses by enacting the Monopolies and Restrictive Trade Practices (MRTP) in 1971.

Suspension Agreements: These are the agreements between governments to waive anti-dumping duties. The recent suspension agreement reached between the United States and Japan stipulates that Tokyo must keep price and volume records of all chip shipments to the United States.

Protectionism: While most countries profess free trade, the reality is often otherwise. Intense competition has forced governments to put into place measures that protect some of their threatened industries and business firms. Unites States, for example, has tried to protect its motorcycle industry from Japanese competition, while Japan (its local markets), Canada (lumber industry) and Mexico (cement and oil industries) have all tried to shield domestic enterprise from foreign competition. Trade barriers to protect local industries many take various forms, such as tariffs or import duties, quantity quotas, anti-dumping laws and government subsidies.

5.   *Increased Global Competition*

In order to survive and grow, companies are increasingly making their presence felt globally. The case of the global automobile industry highlights this concept. Japanese automakers Toyota, Nissan, and Mitsubishi have continuously been relocating their manufacturing and assembling operations to South-East Asia where the cost of labour is much cheaper compared to that in Japan. They have also established their plants all over Europe and America to get past import restrictions and in the process have been able to retain a competitive edge in catering to the world automobile market.

6.   *Changing Customer Needs and Preferences*

Customer needs and preferences are always changing. Organisations are forced to adapt and constantly innovate their product offerings to meet these changing needs. For example, Sony Corporation, Japan, known throughout the world for its technological innovations in tune with changing customer preferences, has developed a 2.5" hard disk drive for a laptop computer that could hold as much as 1.5 billion bytes of data costs less than the current disk drive holding 80 mega bytes.

B.   Internal Forces for Change

A variety of forces inside an organization also cause changes that relate to system dynamics, inadequacy of existing administrative process, individual/group expectations, technology, structures, profitability issues and resources constraints.

1.   *System Dynamics*

An organization is made up of subsystems similar to that of the sub-personalities in the human brain. The sub-personalities in the brain are in constant interaction with each other creating changes in human

behaviour. Similarly, subsystems within an organization are in creating changes in human behaviour. Similarly, subsystems within an organization are in constant and dynamic interaction. The factors that influence the alignment and relationships among the various subsystems in the context of an organization are, for example technology, internal politics, dominant groups/cliques, and the formal and informal relationships within.

2.   *Inadequacy of Administrative Processes*

An organization functions through a set of procedures, rules and regulations. With changing times and the revision of organizational goals and objectives, some of the existing rules, procedures and regulations could be at variance with the demands of reality. To continue with such functionally autonomous processes can lead to organizational ineffectiveness. Realisation of their inadequacy is a force that induces change.

3.   *Individual/Group Speculations*

The organization as an entity is a confluence of people, each one raring to satisfy his/her needs and aspirations. In an anthropological context, man is a social animal whose needs and desires keep changing. This creates differing expectations among individuals and groups as to the needs they intend satisfying in the organizational context. Positive factors such as one's ambitions, need to achieve, capabilities, career growth, and negative aspects such as one's fears, insecurities, and frustrations operate as complex inter-individual and inter-group processes inducing change in an organisation's functioning and performance (which may or may not be to the organisation's best interests).

4. Structure Focused Change

It's a change that alters any of the basic components of an organisation's structures or overall designs. Organisations make structural changes to reduce costs and increase profitability. Structural change can take the form of downsizing, decentralization, job-redesign, etc. For example, IBM, the global computer conglomerate has been trying to downsize. While many people were asked to leave, IBM is now very selective about hiring new personnel. In the process of downsizing, IBM has also changed the firm's strategy and operational procedures.

5. Technological Changes

Changes that impact the actual process of transforming input into outputs are referred to as technological changes. Examples include the change in equipment, work process, work sequence, information-processing systems, and degree of automation.

Using new technology influences the subsystems in the organization. For example, the technological advancement in computers has revolutionized the design, development and manufacture (e.g. CAD/CAM, robotics) of products. The electronic point of sales system for instance, that permits improved stock control by instantaneously updating records and assessing the actual effects of price change, has improved the sales and marketing of goods.

6. Persons Focused Change

This is the change concerned with human resources planning and with enhancing employee competence and performance. Redefining organsational strategy and goods; structural change in terms of expansion, contracting technological inputs– al these have implications for human resources management. For example, introduction of new

technologies result in person focused change such as: replacement (when an employee cannot be trained further), replacement (to where an employee's current skills are best suited), and employee training and development. It may also lead to laying down new recruitment and selection policies in tune with changing technologies and their requirements. The availability or non-availability of employees with the required skills also influences an organisation's plan for expansion, of venturing into new products/services and of profitability.

7. *Profitability Issues*

A significant change form that has obliged a number of organizations to restructure (downsize, resize) and re-engineer themselves related to profitability issues such of loss of revenues, market share, and low productivity.

8. *Resource Constraints*

Resources refer to money, material, machinery, personnel, information and technology. Depletion, inadequacy or non-availability of these can be a powerful change force for any organization.

1.5 ORGANISATIONAL CHANGE: SOME DETERMINING FACTORS

A few decades ago, advances in machine technology made farming so highly efficient that fewer hands were needed to plant and reap the harvest. The displaced labourer fled to nearby cities, seeking jobs in newly opened factories, opportunities created by some of the same technologies that sent them from the farm. The economy shifted from agrarian to manufacturing, and the Industrial Revolution was underway. With it came drastic shifts in where people lived, how they worked, how they spent their leisure time, how much money they made and how they

spent. Today's business analysts claim that we are currently experiencing another industrial revolution– one driven by a new wave of economic and Technological Forces.

Interestingly, the forces for organisational change are not isolated to any one area, they are global in nature. To illustrate this point, we can cite the case of a survey that was conducted of 12,000 managers in twenty-five different countries. When asked to identify the changes they have experienced in the past two years, respondents reported that major restructurings, mergers, acquisitions, divestitures and acquisitions, reduction in employment, and international expansion had occurred in their countries. Although some form of change was more common in some countries than others, organizations in all countries were actively involved in each of these change efforts– especially major restructuring. Clearly, the evidence suggests that organizational change is occurring throughout the world.

In recent years, just about all companies, large and small, have made adjustments in the ways they operate, some more pronounced than others. They have radically altered the way they function, their culture, the technology they use, their structure, and the nature of their relations with the employees. With many companies making such drastic changes, the message is clear: either adapt to changing conditions or shut your doors.

Obviously, ever-changing conditions pose a formidable challenge to organizations, which must learn to be flexible and adapt to them. However, not all organizational changes are planned and quite intentional. The large variety of determinants of organizational change– forces dictating change– can be organized into 4 major categories. These categories are created by combining two key distinctions: (1) whether the organizational change is planned or unplanned by the organization, and

(2) whether it derives from factors internal or external to the organization. The taxonomy that results from combining these two dimensions, as shown in Table 1.1, are planned internal change, planned external change, unplanned internal change and unplanned external change.

TABLE 1.1: SOME DETERMINING FACTORS OF CHANGE

	Planned	**Unplanned**
Internal	Planned internal change	Unplanned internal change
External	Planned external change	Unplanned external change

This classification is used to summarise the major determinants of organizational change.

A. Planned Internal Change

A great deal of organizational change comes from the strategic decision to alter the way one does business or the very nature of the business itself. Three examples of planned internal organizational change can be identified– changes in products or services, changes in administrative systems and change in organizational size and structure.

1. Change in Products or Services: A planned decision to change the company's line of service necessitates organizational change. A company which has established itself successfully in cosmetic products, decides to diversify into healthcare products, too. This decision to give a new direction to the business, to add a new, specialized service, will require a fair amount of organizational change. Some new equipment and supplies will be needed, new personnel will have to be secured. In short, the planned decision to change the company's line of service necessitates organizational change.

2. Changes in Administration System: Although an organization may be formed to change its policies, reward structure, goals, and

management style in response to outside competition, governmental regulation and economic changes, it is also quite common for change in administrative systems to be strategically planned in advance. Such change may stem from a desire to improve efficiency, to change the company's image, or to gain a political power advantage within the organization.

3.   Typically, the pressure to bring about changes in the administration of an organization (e.g. to coordinate activities, set goals and priorities) comes from upper management– that is from the top down. In contrast, pressure to change the central work of the organization (i.e., the production of goods and services) comes from the technical side of the organization; from the bottom upward. This is the idea behind the dual-core model of organization. Many, organizations, especially medium-sized ones, may be characterized by potential conflicts between the administrative and technical core– each factor wishing to change the organization according to its own vested interests. Which side usually wins? Research suggests that the answer depends upon the design of the organization in question. Organisations that are mechanistic as opposed to organic in their approach (i.e., ones that are highly formal and centralized) tend to be more successful in introducing administrative change. The high degree of control wielded by the administrative core paves the way for introducing administrative changes.

4.   Changes in Organisational Size and Structure: Just as organizations change their products, services, or administrative systems to stay competitive, so too do they alter the size and basic configurations of their organizational chart- that is, they restructure. In many cases, this has meant reducing the number of employees needed to operate effectively– a process known as downsizing.

B. Planned External Change

In addition to planning changes in the ways organizations are run, it is often possible to plan which change variables originating outside the organization will be incorporated into it. Introduction of new technology and advances in information processing and communication fall into this category. Both of these advances typically originate outside the organization and are introduced into it in some planned fashion.

1. Introduction of New Technologies: From Slide Rules to Computers: Advances in technology have produced changes in the way organizations operate. Senior scientists and engineers, for example, can probably tell you how their work was drastically altered in the mid-1970s, when their ubiquitous plastic slide-rules gave way to powerful pocket calculators. Things changed again only a decade later, when calculators were supplanted by powerful desk microcomputers, which have revolutionized the way documents are prepared, transmitted and filed in an office. For example, over a decade ago, Siemens (Germany) created the world's first paperless office. Manufacturing plants have also seen a great deal of growth recently in the use of computer-automate technology and robotics, for instance, in the automobile industry, where a significant part of design and manufacture is automated and IT-dependent. Each of these examples represents an instance in which technology has altered the way people do their jobs.

2. The use of computer technology has been touted as one of the major revolutions occurring in the business world today. During the earliest years in which computes were used in the workplace, they failed to fulfill the promise of increased productivity that was used to usher them in. The hardware and software technology was not only too primitive, but also the users were too unprepared. Today, however, this has finally changed. According to William Wheeler, a consultant at

Coopers and Lybrand, "For the first time, the computer is an enabler of productivity improvement rather than a cause of lack of productivity".

3.   Advances in Information Processing and Communication: Although we now easily take for granted everyday events such as television transmission and long-distance telephone calls, these things were merely exotic dreams not too many years ago. Of course, with today's sophisticated satellite transmission systems, fibre-optic cables crisscrossing the planet, fax machines, mobile telephones, teleconferencing facilities and the like, it is easier than ever for businesses to communicate with each other and with their clients. One main point is that as such communication systems improve, opportunities for organizational growth and improvement follow.

C.   Unplanned Internal Changes

Not all the forces for change are the results of strategic planning. Indeed organizations often are responsive to changes that are unplanned-especially those derived from factors internal to the organization. Two such forces are changes in the demographic composition of the workforce and performance gaps.

1.   Changing Employee Demographic: It is easy to see, even within our lifetimes, how the composition of the workforce has changed. The percentage of women in the workforce is greater than ever before. More and more women with professional qualifications are joining the organization at the junior and the middle management levels. In addition to these, the workforce is getting older. Many of the old retired employees from government and public sector are joining the private sector thereby changing the employee demographics. With the opening up of the economy and globalisation, the workforce is also continually becoming more diverse.

2.   To people concerned with the long-term operation of organisations: These are not simply curious sociological trends, but shifting conditions will force organizations to change. Questions regarding the number of people who will be working, what skills and attitudes they will bring to the job and what new influences they will bring to the workplace are of key interest to human resource managers.

3.   Performance Gaps: If you have ever heard the phrase, "If it isn't broken, don't fix it," you already have a good ides of one of the potent sources of Unplanned Internal Changes in organizations– performance gaps. A product line that isn't moving, a vanishing profit margin, a level of sales that is not upto corporate expectations– these are examples of gaps between real and expected levels of organizational performance. Few things force change more than sudden unexpected information about poor performance. Organisations usually stay with a winning course of action and change in response to failure; in other words, they follow a win-stay/lose-change rule. Indeed, several studies have shown that a performance gap is one of the key factors providing an impetus for organizational innovations. Those organizations that are best prepared to mobilize change in response to unexpected downturns are expected to be the ones that succeed.

D.   Unplanned External Changes

One of the greatest challenges faced by an organization is its ability to respond to changes from outside, something over which it has little or no control. As the environment changes, organizations must follow the suit. Research has shown that organizations that can best adapt to changing conditions tend to survive. Two of the most important unplanned external factors are governmental regulation and economic competition.

1.   Government Regulation: One of the most commonly witnessed unplanned organisational changes results from government regulation. With the opening up of the economy and various laws passed by the government about delicensing, full or partial convertibility of the currency, etc., the ways in which organizations need to operate change swiftly. These activities greatly influence the way business is to be conducted in organizations. With more foreign players in the competitive market, Indian industries have to find ways and mechanism to safely and profitably run their businesses.

2.   Economic Competition in the Global Arena: It happens every day, someone builds a better mousetrap– or at least a cheaper one. As a result, companies must often fight to maintain their share of market, advertise more effectively, and produce products more inexpensively. This kind of economic competition not only forces organizations to change, but also demands that they change effectively if they are to survive. On some occasions, competition can become so fierce that the parties involved would actually be more effective if they buried the harchet and joined forces. It was this 'If you can't beam 'em, joint 'em' reasoning that was responsible for the announced alliance between arch rivals IBM and Apple Computer in the summer of 1991, an alliance dubbed "the deal of the decade" by one financial analyst.

Although competition has always been crucial to organizational success, today competition comes from around the globe. As it has become increasingly less expensive to transport materials throughout the world, the industrialized nations have found themselves competing with each other for shares of the international marketplace.

Extensive globalisation presents a formidable challenge to all organizations wishing to compete in the world economy. The primary challenge is to meet the ever-present need for change, to be innovative.

1.6 SUMMARY

Organisational change is the movement of an organisation away from its present state and toward some future state to increase its effectiveness. Forces of organisational change include competitive forces, economic, political and global forces, demographic and social forces, and ethical forces. Organisations are often reluctant to change because resistance to change at the organisation, group, and individual levels have given rise to organisational inertia. The more an organisation changes, the easier and more effective the change process becomes. Developing and managing a plan for change are vital to an organisation's success.

1.7 KEYWORDS

Organisational change: The process by which organisations move from their present state to some desired future state to increase their effectiveness.

Evolutionary change: Change that is gradual, incremental and specially focussed.

Revolutionary change: Change that is sudden, drastic and organisation wide.

External change agents: People who are outside consultants who are expert in managing change.

Internal change agents: Managers from within the organisation who are knowledgeable about the situation to be changed.

1.8 SELF ASSESSMENT QUESTIONS

1. Define the concept of organizational change. Discuss its importance. What are the various types of changes?

2. Discuss the various forces responsible for change in the organization?

3. What are the major factors determining the organizational change?

1.9 REFERENCES/SUGGESTED READINGS

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LESSON: 2
MODELS OF CHANGE AND APPROACHES TO PROBLEM DIAGNOSIS

STRUCTURE

2.0   OBJECTIVES

After studying this lesson you should be able to understand-

- Lewin's force-field theory of change.
- Continuous change process model.
- Systems model for change.
- Organisation change and strategies.

2.1   INTRODUCTION

Just like conflict, change is inevitable in the life of an organisation. Change heralds new opportunities and poses formidable challenges.

Organisations that learn and cope with change will thrive and flourish and others which fail to do so will be wiped out. Under these circumstances, it becomes imperative to discuss the various change models used by experts in the field of organisational change and management.

2.2 CHARACTERISTICS OF EFFECTIVE CHANGE PROGRAMMES

Distinguishing between change that inevitably happens to all organisations and change that is planned by members of an organisation is important. Our focus is primarily on intentional, goal-oriented, organisational, purposeful attempts by managers and employees to improve the functioning of teams, departments, divisions or an entire organisation in some important way.

Effective planned change efforts are often characterised by some common characteristics. For example, effective change programme may involve:

- Motivating change by creating a readiness for the change among employees and attempting to overcome resistance to change
- Creating a shared vision of the desired future state of the organisation
- Developing political support for the needed changes
- Managing the transition from the current state to the desired future state and
- Sustaining momentum for change so that it will be carried to its completion.

The initiatives required to address each of these aspects of a change programme are summarised in Figure 2.1.

Motivating change
•   Creating readiness for change
•   Overcoming resistance for change

Creating a vision
•   Energising commitment
•   Describing a desired future state

Developing Political Support
•   Assessing change-agent power
•   Identifying key stakeholders
•   Influencing stakeholders

Managing the Transition
•   Activity Planning
•   Commitment Planning
•   Management Structure

Sustaining Momentum
•   Providing resources for change
•   Building a support system for change agents
•   Developing new competencies and skills
•   Reinforcing new behaviours

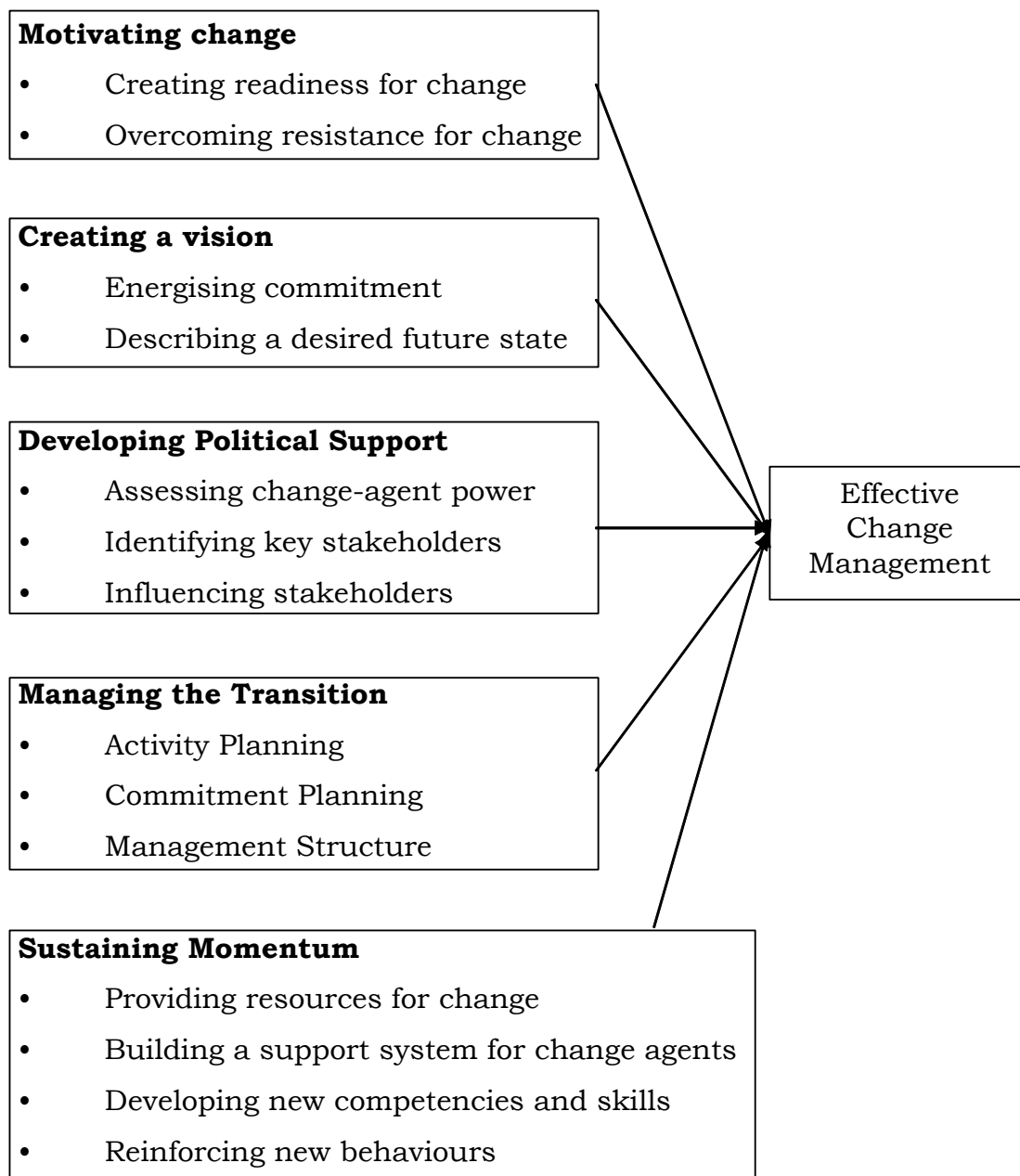| Effective Change Management |
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FIG. 2.1: INITIATIVES CONTRIBUTING TO EFFECTIVE CHANGE MANAGEMENT

Similarly, the conditions necessary for successfully carrying out effective change programmes include the following:

- The organisation's members themselves must be ready to act as the key sources of energy for change.

- Key members of the organisation must recognise the need for change and be attracted by the potentially positive outcomes of the change programme.
- A willingness to change norms and procedures must exist.

In brief, change must come from within the organisation. People must be aware of the need for change, believe in the potential value of the changes proposed, and be willing to change their behaviours in order to make the team, department, or the organisation effective. In the absence of these beliefs and behaviours, effective organisational change may be problematic. In addition, effective change must rely on a contingency perspective- that is open to trying different things at different times.

2.3   SYSTEMS MODEL OF CHANGE

Organisation-wide Change: Meeting the challenge posed by the organisation change often means not doing things piecemeal. To be successful, change usually must be organisation-wide. The Systems Model shown in Figure 2.2 provides a useful way to think about organisational change.
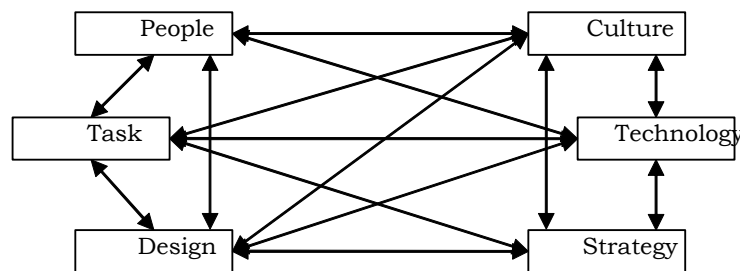

FIG. 2.2: A SYSTEMS MODEL OF CHANGE

The Systems Model of Change describes the organisation as six interacting variables that could serve as the focus of planned change: people, culture, task, technology, design, and strategy. The people variable applies to individuals working for the organisation, including their individual differences- personalities, attitudes, perceptions,

attributions, needs and motives. The culture variable reflects the shared beliefs, values, expectations, and norms of organisational members. The task variable involves the nature of work itself— whether jobs are simple or complex, novel or repetitive, standardised or unique. The technology variable encompasses the problem solving methods and techniques used and the application of knowledge to various organisational processes. It includes such things as the use of information technology, robots, and other automation, manufacturing process tools and techniques. The design variable is the formal organisational structure and its system of communication, control, authority, and responsibility. Finally, the strategy variable comprises the organisation's planning process and includes decisions about how the organisation chooses to compete. It typically consists of activities undertaken to identify organisational goals and prepare specific plans to acquire, allocate, and use resources in order to accomplish those.

As Figure 2.2 indicates, these six variables are interdependent. A change in anyone usually results in a change in one or more of the other. For example, a change in the organisation strategic plan might dictate a change in organisation design to an adaptive or network form. This change, in turn, could result in the reassignment of people. At the same time, the redesign may also lead to a change in the technology used by the organisation, which affects the attitudes and behaviours of the employees involved, and so on. All these changes would occur within a particular organisation culture, which might either support or resist them. Moreover, the change itself may either modify or reinforce the prevailing culture. An advantage of the systems approach to organisacional change is that it helps employees and managers understand and think through such interrelationship. The system approach reminds management that it cannot change part of the organisation, without, in some sense changing the whole.

2.4   LEWIN'S FORCE FIELD ANALYSIS MODEL

We have earlier discussed that the environment forces companies to change the way they operate which is relatively easy to visualise. What is more difficult to see is the complex interplay of these forces against other organisational dynamics. Psychologist Kutt Lewin developed the Force Field Analysis model to help us understand how the change process works. Although developed over 50 years ago, Lewin's Force Field Analysis model remains the prominent way of viewing this process.

One side of the Force Field Model represents the driving forces that push organisations towards a new state of affairs. There are several driving forces in the environment like information technology, global and local competition and demographics. Along with these external forces are driving forces that seem to originate from within the organisation, such as competition across divisions of the company and the leader's need to impose his or her image on the organisation.

The other side of the Lewin's model represents the restraining forces that maintain the status quo. These restraining forces are commonly called "resistance to change" because they appear as employee behaviour that block the change process. Stability occurs when the driving and restraining forces are roughly in equilibrium; that is, they are of approximately equal strength in opposite directions.

Kurt Lewin suggests that efforts to bring about planned change in an organisation should approach change as a multistage process. His model of planned change is made up of three steps— unfreezing, change, and refreezing— as shown in Figure 2.3.
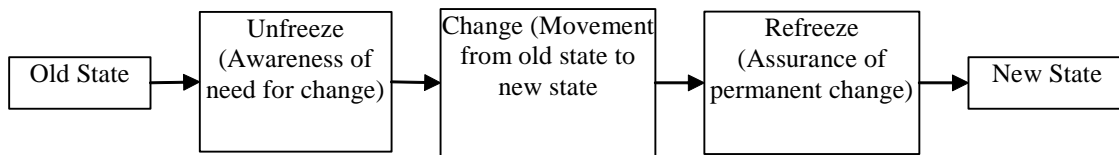
Old State	→	Unfreeze (Awareness of need for change)	→	Change (Movement from old state to new state	→	Refreeze (Assurance of permanent change)	→	New State

FIG. 2.3: LEWIN'S PROCESS OF ORGANIZATIONAL CHANGE

Source: Lewin Kurt, Field Theory in Social Science, New York, Harper and Row (1951)

Unfreezing is the process by which people become aware of the need for change. If people are satisfied with current practices and procedures, they may have little or no interest in making employees understand the importance of a change and how their jobs will be affected by it. The employees who will be most affected by the change must be made aware of why it is needed, which in effect makes them dissatisfied enough with current operations to be motivated to change.

Change itself is the movement from the old way of doing things to a new way. Change may entail installing new equipment, restructuring the organisation, implementing a new performance appraisal system-anything that alters existing relationships or activities.

Refreezing makes new behaviour relatively permanent and resistant to further change. Examples of refreezing techniques include repeating newly learned skills in a training session and role-playing to teach how the new skills can be used in a real-life wok situation. Refreezing is necessary because without it, the old ways of doing things might soon reassert themselves, while the new ways are forgotten. For example, many employees who attend special training sessions apply themselves diligently and resolve to change things in their organisation. But when they return to the workplace, they find it easier to conform to the old ways rather than make waves. There usually are few, if any, rewards for trying to change the organisational status quo. In fact, the personal sanctions against doing so may be difficult to tolerate.

2.5 THE CONTINUOUS CHANGE PROCESS MODEL

Perhaps because Lewin's model is very simple and straightforward, critically all models of organisation change use this approach. However, it does not deal with several important issues. A more complex and more helpful approach is illustrated in Figure 2.4.
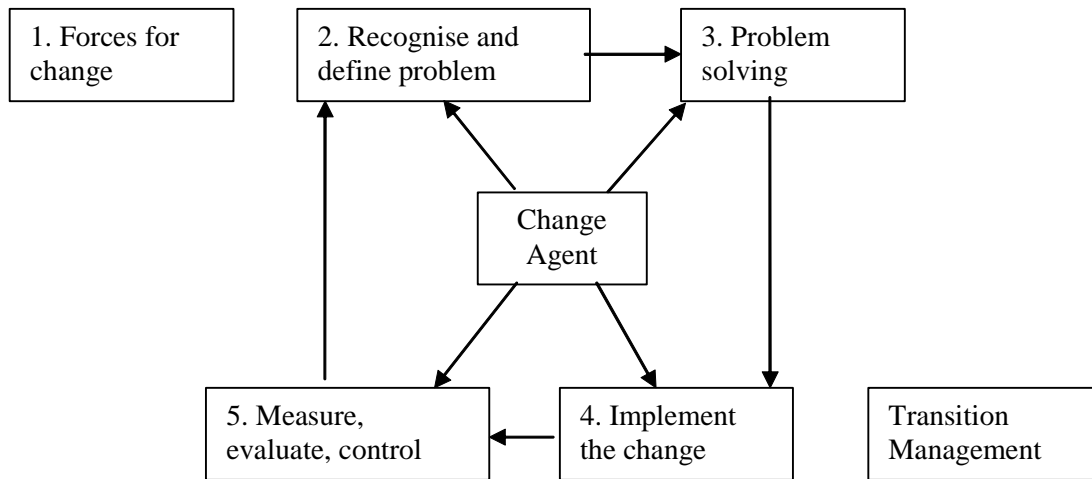

FIG. 2.4: CONTINUOUS CHANGE PROCESS MODEL OF ORGANISATION CHANGE

Source: Armenakis *et al.*, "Making change permanent: A model for institutionalising change interactions", JAI press (1999).

This approach treats planned change from the perspective of top management and indicates that change is continuous. It is also important to note that as change becomes continuous in organisations, different steps are probably occurring simultaneously throughout the organisation. This model incorporates Lewin's concept into implementation phase.

In this approach, top management perceives that certain forces or trends call for change, and the issue is subjected to the organisation's usual problem solving and decision making process. Usually, top management defines its goals in terms of what the organisation or certain processes or outputs will be like after the change. Alternatives for change are generated and evaluated, and the acceptable one is selected.

Early in the process, the organisation may seek the assistance of a change agent- a person who will be responsible for managing the change effort. The change agent may also help management recognise and define the problem or the need for change agent may be involved in generating and evaluating potential plans of action. The change agent may be a member of the organisation, or an outsider such as a consultant, or even someone from headquarters whom employees view as an outsider. An internal change agent is likely to know the organisation's people, task, and political situation, which may be helpful in interpreting data and understanding the system; but an insider may also be too close to the situation to view it objectively. (In addition, a regular employee would have to be removed from his or her regular duties to concentrate on the transition.) All parties, then, often receive an outsider better because of his or her assumed impartiality. Under the direction and management of the change agent, the organisation implements the change through Lewin's unfreeze, change and refreeze process.

The final step is measurement, evaluation and control. The change agent and the top management group assess the degree to which the change is having the desired effect; that is, they measure progress towards the goals of change and make appropriate changes if necessary. The more closely the change agent is involved in the change process, the less distinct the step becomes. The change agent becomes a "collaborator" or "helper" to the organisation as she or he is immersed in defining and solving the problems with members of the organisation. When this happens, the change agent may be working with many individuals, groups, and departments within the organisation on different phases of the change process. When the change process is moving along from one stage to another it may not be readily observed because of the total involvement of the change agent in every phase of the project. Throughout the process, however, the change agent brings in new ideas and viewpoints that help members look at old problems in new ways.

Change often arises from the conflict that results when the change agent challenges the organisation's assumptions and generally accepted patterns of operations.   .

Through the measurement, evaluation and control phase, top management determines the effectiveness of the change process by evaluating various indicators of organisational productivity and effectiveness on employees' morale. It is hoped that the organisation will be better after the change than before. However, the uncertainties and rapid change in all sections of environment make constant organisation change a certainty for most organisations.

Transition Management is the process of systematically planning, organising, and implementing change from the disassembly of the current state to the realisation of a fully functional future state within an organisation. Once change begins, the organisation is in neither the old state nor the new state. Yet business must go on. Transition Management ensures that business continues while the change is occurring, and thus it must begin before the change occurs. The members of the regular management team must take on the role of transition manager and coordinate organisational activities with the change agent. An interim management structure or interim positions may be created to ensure continuity and control of the business during the transition. Communication about the changes to all involved, from employees to customers and suppliers playa key role in transition management.

Beckhard suggests ten organisational prerequisites, which must exist before transformational change can be achieved in an organisation. These are summarised in Table 2.1.

TABLE 2.1: BECKHARD'S TEN ORGANISATIONAL PREREQUISITES FOR TRANSFORMATIONAL CHANGE

Priority	Prerequisites
1.	Ensuring senior management commitment to the imposed changes, which needs to be visible to all participants throughout the organisation.
2.	Producing a written statement about the future direction of the organisation that makes clear its new objectives, values and policies.
3.	Creating a shared awareness of condition to produce a common perception that change must be implemented.
4.	Assembling a body of key managers and other important opinion-formers to gain their commitment to the change process so that this may be disseminated more widely.
5.	Generating an acceptance that this type of change will require a long time to implement fully even though there may be short-term, dramatic changes as part of the overall process of transformation.
6.	Recognising that resistance to change is a part of the normal process of adaptation, so that the manager can be aware of this and equipped to manage this reaction effectively.
7.	Educating participants about the need for change and training them with the necessary competence to be effective to overcome resistance and gain commitment.
8.	Persevering with the change process and avoiding blame where an attempt to implement a facet of this process fails. Such negative action will generate resistance and reduce necessary risk-taking behaviour.
9.	Facilitating the change process with necessary resources.
10.	Maintaining open communication about process, mistakes and subsequent learning.

2.6   CHANGE AND TRANSITION MANAGEMENT

If the concept of change can be examined from an internal, external or proactive set of viewpoints, then the response of managers has to be equally as widespread. Buchanan & McCalman suggest that this requires a framework of 'perpetual transition management'. Following from Lawler's concept of the lack of a visionary end state, what appears to be required is the ability within managers to deal with constant change. This transition management model, although specifically related to large-scale organisational change, has some interesting insights into what triggers change in organisations and how they respond. It suggests that four

interlocking management processes must take place both to implement and sustain major organisational changes. The processes operate at different levels, and may involve different actors in the organisational hierarchy. The four layers are:

- Trigger layer: Concerning the identification of needs and openings for major change deliberately formulated in the form of opportunities rather than threats or crises.

- Vision layer: Establishing the future development of the organisation by articulating a vision and communicating this effectively in terms of where the organisation is heading.

- Conversion layer: Setting out to mobilise support in the organisation for the new vision as the most appropriate method for dealing with the triggers of change.

- Maintenance and renewal layer: Identifying ways in which changes are sustained and enhanced through alterations in the attitude, values and behaviours, and regression back to tradition is avoided.

2.7 MODEL OF PERCEPTUAL TRANSITION MANAGEMENT (BUCHANAN BE McCALMAN, 1989)

THEORY   PRACTICES

Interlocking Processes

Trigger layer	Opportunity, threat, crisis. Clarify, express, communicate
Vision layer	Define the future (including structure) Challenges, excitement, innovation
Conversion layer	Persuade, recruit disciples Detail the structure
Maintenance and renewal layer	Sustain and enhance belief Reinforce and justify Regression avoidance (ritual)

FIG. 2.5

Source: Buchanan, O.A., McCalman, J, High Performance Work System: The Digital Experience, Rouderedge, London (1989).

Transition management suggests that organizations have to plan for, divert resources to, and implement four sets of interlocking processes. These are designed to implement, to sustain, and to build on change and its achievement in an attempt to address the issues associated with change over time. The argument here is that these layers— trigger, vision, conversion and maintenance and renewal- are necessary processes that occur in change management. The respective emphasis and priority attached to each of them will alter over time, but recognition of their existence goes a long way in determining the management action needed.

The model of perceptual transition management starts out with a number of questions. How do we explain successful change? How do we explain changes in organisations that were doomed from the start? How do we explain changes that are initially successful but wane or fizzle out halfway through? Effective large-scale changes demand a series of management actions linked to the four interlocking layers or processes.

In terms of trigger layer, it is necessary to understand what is causing a need for change in the organisation. These triggers need to be expressed in a clear way and communicated throughout the organisation. For example, poor trigger identification and communication processes are best seen when the first that employees know of the difficulties facing the organisation is when they are called in to discuss redundancy terms. People are generally willing and able to deal with change but many managers do not understand this. They are afraid that change is associated with some form of failure and feel the need to hide the changes. People will accept change when they know it is necessary and accept the explanation for the need for change.

It is necessary for these triggers to be expressed and communicated throughout the organisation in clear and identifiable terms. For example, the trigger in many organisations is often a crisis, but it does not necessarily have to be a threat. People will respond to challenge of a crisis but may react negatively to a threat. Expressing any potential crisis as an opportunity for change may assist the process itself In this sense, the language in which the triggering mechanism is transmitted 'to the internal organisation has to be clearly expressed as opportunity, and communicated widely. The chances of successfully implementing change .are significantly improved when everyone concerned has a shared understanding of what may happen and why.

If the trigger for change has been clearly recognised and expressed, it is also a requirement for management within the organisation to define the future. This does not call for crystal ball gazing but for the establishment of the vision layer. The requirement here is for definition and expression of where the organisation intends to go. Just as shared understanding and awareness of the triggers for change help smooth the process, so do shared awareness and understanding of the new vision and the desired organisational goals. Management must realise the future in terms of three criteria. The first is that change is seen to provide an effective response to the events triggering change. Second, there is identification of the desired future condition of the organisation in terms of its design, its products and its goals. Finally, it must provide challenge and stimulation. Change is assisted by a climate of enthusiasm and participation; resistance is the result of fear, prejudice, anxiety and ignorance.

The third layer of perceptual transition management is related to gaining recruits for change. By this it is meant that those who have to work through the change process need to be converted to the ideas and concepts and own them. Defining a future that no one can 'buy into' will

slow or hinder the change itself. Everyone involved in making change work has to feel part of it and accept the reasoning for the vision and how this is to be realised. It is at this point that the vision has to be detailed and aspects such as future structure and patterns of work explained. There is a need at this point to recruit disciples to the vision. This is time-consuming, as it requires detailed explanation. Failure to do so results in negotiations, renegotiations or decay. Managers at this stage need to get involved in two activities. First there is the planning team- the main core change unit. The most appropriate mechanism here will depend upon the organisation and its consultation systems. Second, it is also necessary to talk to people about the change at every opportunity, formal or informal. This establishes a shared understanding of the change problem through debate.

The last question that perpetual transition management attempts to resolve is related to the decay associated with the management of mid-term change. Maintenance and renewal attempt to address the 'moving goalpost' features of change. There are four main examples of this. First, the events that triggered change in the first place fade in the memory or lose their relevance over time. Second, articulation of the vision becomes less expressive when the organisation moves on. Third, replacements feel less committed to the idea and have to be taken through the reasons for, and responses to, the triggers. Fourth, the change that took place settles down and becomes the norm in the organisation. To avoid this sort of decay process there is a requirement for the organisation to allocate resources to maintaining and renewing the original vision in an evolutionary framework. In this sense, management takes part in a process that is described as one of the permanent transitions. It is this point that can be regarded as the crucial concept. Getting managers to recognise that change is a constant feature in modern organisations, and one which they have to deal with, goes a long way towards addressing some of the factors which lead to resistance to change.

2.8 ORGANISATION CHANGE AND STRATEGIES

There is large number of strategies for organisation change but action research seems to be appropriate.

Action research

Action research refers to a change process based on the systematic collection of data and then selection of a change action based on what the analyzed data indicate. Their importance lies in providing a scientific methodology for managing planned change.

The process of action research consists of five steps: diagnosis, analysis, feedback, action, and evaluation. You'll note that these steps closely parallel the scientific method.

Diagnosis: The change agent, often an outside consultant in action research, begins by gathering information. This diagnosis is analogous to the physician's search to find what specifically ails a patient. In action research, the change agent asks questions, interviews employees, reviews records, and listen to the concerns of employees.

Analysis: The information gathered during the diagnostic stage is then analyzed. What problems do people key in on? What patterns do these problems seem to take? The change agent synthesizes this information into primary concerns, problem areas, and possible actions.

Feedback: Action research includes extensive involvement of the change targets. That is, the people who will be involved in any change program must be actively involved in determining what the problem is the participating in creating the solution. So the third step is sharing with employees what has been found from steps one and two. The employees, with the help of the change agent, develop action plans for bringing about any needed change.

Action: Now the 'action' part of action research is set in motion. The employees and the change agent carry out the specific actions to correct the problems that have been identified.

Evaluation: Finally, consistent with the scientific underpinnings of action research, the change agent evaluates the effectiveness of the action plans. Using the initial data gathered as a benchmark, any subsequent changes can be compared and evaluated.

Action research provides at least two specific benefits for an organization. First, it's problem focused. The change agent objectively looks for problems and the type of problem determines the type of change action. While this may seem intuitively obvious, a lot of change activities aren't done this way. Rather, they're solution centered. The change agent has a favourite solution—for example, implementing flextime, teams, or a management by objectives program– and then seeks out problems that his or her solution fits. Second, because action research so heavily involves employees in the process, resistance to change is reduced. In fact, once employees have actively participated in the feedback stage, the change process typically takes a momentum of its own. The employees and groups that have been involved become an internal source of sustained pressure to bring about the change.

The politics of change

No discussion of resistance to change would be complete without a brief mention of the politics of change. Because change invariably threatens the status quo, it inherently implies political activity.

Internal change agents typically are individuals high in the organization who have a lot to lose from change. They have, in fact, risen to their positions of authority by developing skills and behavioural patterns that are favoured by the organization. Change is a threat to

those skills and patterns. What if they are no longer the ones the organization values? This creates the potential for others in the organization to gain power at their expense.

Politics suggests that the impetus for change is more likely to come from outside change agents, employees who are new to the organization (and have less invested in the status quo), or from managers slightly removed from the main power structure. Those managers who have spent their entire careers with a single organization and eventually achieve a senior position in the hierarchy are often major impediments to change. Change, itself, is a very real threat to their status and position. Yet they may be expected to implement changes to demonstrate that they're not merely caretakers. By acting as change agents, they can symbolically convey to various constituencies— stockholders, suppliers, employees, customers— that they are on top of problems and adapting to a dynamic environment. Of course, as you might guess, when forced to introduce change, these long-time power holders tend to implement first-order changes. Radical change is too threatening.

Power struggles within the organization will determine, to a large degree, the speed and quantity of change. You should expect that long-time career executives will be sources of resistance. This, incidentally, explains why boards of directors that recognize the imperative for the rapid introduction of second-order change in their organizations frequently turn to outside candidates for new leadership.

2.9 SUMMARY

According to Lewin's force-field theory of change, organizations are balanced between forces pushing for change and forces resistant to change. To set an organisation to change, managers must find a way to increase the forces for change, reduce resistance to change, or do both simultaneously. Action research is a strategy that managers can use to

plan the change process. The main steps in action research are- (i) diagnosis and analysis of the organisation, (ii) determining the desired future state, (iii) implementing action, (iv) evaluating the action, and (v) institutionalising action research.

2.10 KEYWORDS

Top down change: Change that is implemented by managers at a high level in the organisation.

Bottom up change: Change that is implemented by employees at low levels in the organisation and gradually rises until it is felt throughout the organisation.

Action research: A strategy for generating and acquiring knowledge that manager can use to define an organisation's desired future state and to plan a change program that allows the organisation to reach that state.

Force-field theory: A theory of organisational change which argues that two sets of opposing forces within an organisation determine how change will take place.

2.11 SELF ASSESSMENT QUESTIONS

1.   How does force field analysis differ from the continuous change process? Why is it said that continuous change process model is an improvement over force field analysis model?

2.   Explain the following-

(a)   Change and transition management

(b)   System model of change

3.   Explain the following-

(a)   Action research

(b)   The politics of change

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LESSON: 3
MAJOR TECHNIQUES OF PLANNED CHANGE

STRUCTURE

3.0   OBJECTIVES

After studying this lesson you would be able to understand-

- Key factors affecting change management.
- Systematic approach to bring planned change.
- Skills to be possessed by leaders.

3.1   INTRODUCTION

Status quo is never conducive to any organisations growth. For continuous growth and success, organizations must change and develop to meet and adopt changes that are brought about by the very dynamics of the environment. This requires that management must continuously monitor the external environment and the forces that are consistently influencing the internal environment of the organizations. Ample

evidence exists where organizations failed because they were unable to anticipate the changed environment and thus were caught unprepared or because they were slow to react to these changes. Organisational change involves movement from the present state of the organization to some future or target state. The future state may be a new strategy for the organization, changes in the organization's culture, introduction of a new technology, and so on. These are a few examples; many other possible future states exist.

3.2 DEALING WITH THE FUTURE

Managers, organizations and the societies they serve, would be foolish or fatalistic, if they failed to realize the necessity of planning for the future. Planning for the sake of it must be avoided. The ultimate failure of centralist planning initiatives, as employed by economies such as the former Soviet Union and Maoist China, as well as many American Corporations in the 1960's and early 1970's, illustrate the need to be realistic, proactive, responsive and flexible. Plans must be flexible and in tune with the environment in which they are to be implemented. Operating environments in the broadcast sense of the term must be understood and managerial actions must reflect their complexities and intentions.

There is not evidence to suggest that the rate and the nature of change are likely to alter dramatically in the near future. Technologies, industries and societies will continue to seek strategic alliances and maximize the benefits associated with an integrated and well-managed supply chain. Managers and employees in general will be judged, as they are now, on their ability to cope with and implement change. Adaptability, continuous improvement, life long learning and sustaining competitive advantage are, and will, remain crucial.

Part of the adaptability recognition is that the environmental factors will be mentioned not only by you but also your competitors. It is not enough to simply evolve; successful organizations need to evolve at the speed of light. Organisations are reshaping to respond to their environment. Successful organizations are the ones that identify not only the need for change but also requirement to steal a march on their competitors. They achieve this by:

1. innovative responses to triggers

2. holistic solutions

3. visionary leadership and committed support

From this, we can begin to identify some of the aspects of change that management in future will have to confront.

First, all organizations have to be able to effectively identify the triggers of change. Management is a multi-disciplinary subject. Analytical and mechanistic approaches used by managers to solve problems in organizations have been criticized; such approaches tend to reflect current or past thinking style– cognitive baggage. The recommendation is that a systemic thinking has to be developed which is an ability to see the whole picture rather than its functional parts. This stresses more innovative responses to trigger, which reflect the future, not the past.

Second, once one has developed responses to change triggers, or indeed enacted proactive vision the subsequent solutions will have to be historically managed. The trigger and the consequences have knock-off effects for all. Kanter (1993) regards this as a need to develop an integration approach to solving problems.

Third, to be effective, change management needs to be supported from the top and to be characterized by 'full-blown' participation. There

involvement should permeate throughout the organization to gain commitment to the change being made. Strategic, tractical or operational change must be supported by those ultimately responsible for the well-being of the corporation, division or the operating unit.

3.3   KEY FACTORS IN EFFECTIVE CHANGE MANAGEMENT

Three factors discussed above namely, innovative responses to triggers, holistic solutions, visionary leadership and committed support spell out into ten factors, which must be addressed and actioned if change is to be effectively managed. By ensuring that these factors have been considered, prior to initializing change, the problem owner and the associated change agent will be in a position to confidently manage the process of transition from that which is inadequate to that which is desired.

1.   Change is all-pervasive

Any process of change is likely to have an impact greater than the sum of its parts. A holistic view must be taken to ensure that the full environmental impact is understood. When you consider making change in your organisation; from buying a new coffee machine to providing ESOPs, look at change in terms of its impact on the organisation as a whole; forget the part, look at the whole picture.

2.   Effective change needs active senior management support

Whether you believe in top-down or a bottom-up approach to change in organisation, one thing is vital; there is need and desire for senior management to be seen to support the change process. Without the support of senior management, these things will be missing. First, the change will lack vision. Those who can look forward, supply vision. In most organisations, it is senior managers' responsibility to look forward,

examine changes in the environment, and determine the future state of the business.

Second, you will need effective allies. Senior management backing for the change process is crucial to recruiting the desired level of support to instigate change at all levels. Coming from the production department, with a desire to change the levels of customer satisfaction and awareness, you will need help from marketing. Senior management support for change process will assist you in gaining this help. It will allow you or the change project to cross the functional boundaries that often impede change.

Third, you will lack power. When the visible problem owner or the change agents talk, it is senior management that is really speaking out. Senior management support guarantees that the problem owner 'speaks softly but carries a big stick.'

Work on achieving senior management support from the outset. Talk out the ideas you have for change with your boss or his or her boss. The sooner there is senior management awareness of the need and desirability, the sooner things will begin to change.

3.   Change is a multi-disciplinary activity

Most successful change projects accomplish their objectives via the project team. No one person is a change island. Recognition of the multi-disciplinary nature of change goes a long way in beginning the sequence of realising of transformation. Problem owners are identified because of their association with the change. Change agents are recruited because of their expertise in facilitating change through its various stages. Their expertise may be based on people's skills, technological know-how, or their experience of system analysis.

When placed in charge of a change project, or when contemplating change in organisations, get yourself a team. The successful management of change, which is all pervasive, will require a multi-disciplinary approach. One individual may not have the ability to deal with all aspects of change management that are likely to occur over the life-time of the project.

4.   Change is All About People, Pure and Simple

People are the most important asset: people want and need to grow, and personal growth is the engine that drives organisation performance. Therefore, when contemplating change, involve the people in the process from the outset. Through active participation you accomplish two things you gain commitment and ownership of the change process by all; and those experiencing the change will not need to be pushed but will begin to drive change themselves.

Change management is about people management. When managing change, you manage people. Remember the basics:

i.   Openness
ii.   Communication
iii.   Involvement

5.   Change is About Success

Faced with competitive environments, which are growing in terms of both magnitude and ferocity, organisations must be flexible enough to rise to 'the challenges of today and tomorrow'. Creating an organisational culture which is receptive to change should provide a competitive edge that will last the test of time. You may choose to stand still and be complacent, but you can be sure that your competitors, both current and future, will be striving towards greater efficiency and effectiveness.

Make your change project a mission, a way of life. However, watch how you do it. Going forth boldly where no organisation has gone before, discovering new planets, and seeking out new life forms is all very well, but you need focus. The challenges created by looking too far ahead may be beyond the organisation's current capabilities. On the other hand, dinosaur organisations become extinct because they fail to adapt to their environment. Set goals for success that can be accomplished and are seen to be deliverable. Perhaps, going on a five-year irrepudiatable mission is not an answer; a look round the corner may be all that is needed to guarantee success.

6.   Change is a Perceptual Process

How do we explain change that was successful? How do we explain change that never seemed to get going? How can we explain the change project that started off well but seemed to fade away after a couple of years? The answers seem to lie in the attention and resources devoted to managing change as a perceptual process.

Change is about identifying triggers, seeking vision, recruiting converts to the visions, and maintaining and renewing the need for change on an ongoing basis. The effective management of change demands management action on all these fronts.

You have to be able to identify what is triggering off change. This has to be expressed and clarified and communicated throughout the organisation to gain understanding. There is also some need for vision as to how the triggers will affect the future of the organisation. In this sense, there is a need to define what the future is, in terms of the challenges being faced and the future make-up of the organisation. Having set a vision, there is a need to manage change by making your people share that vision. Most successful change programmes work on the basis of persuading people that this is the right way to go, by detailing the

structure. Finally, watch the triggers. Change that fades away does so because circumstances alter: those involved at the start move on, and the trigger becomes unclear in the minds of those left to carry on. The systems intervention model deals with the dynamic change environment by incorporating, in the design, iterative processes where you can step back and reappraise your position in the light of environmental changes. Perceptual change is what it says: you never get to the end; something else always comes along to impact the business in a new way.

7.   Effective changes require competent change agents

One of those needs of successful change management relates to the required skills, knowledge and position of change agents. Analysis of the change situation will determine the appropriate management team in terms of their attributes. It will not, however, ensure that the change agents have the necessary competencies to effectively contribute to the process of change. To be fully effective, the change agents must have certain capabilities, over and above their functional skills and knowledge.

The competencies of change agent relate to being able to communicate with people involved in the change situation. The change agent, therefore, needs to feel comfortable in dealing with interpersonal relationships, coping with conflict and ambiguity, and the 1001 different emotions that humans can display as a result of the change process itself. Change can upset people; they can also become overjoyed, be overenthusiastic or indeed shy away from it. The change agent has to be able to facilitate those involved through the process by taking their feelings and emotions into account, getting them to address how these emotions relate to change itself, and steering the organisation forward.

Many organisations have begun to address the management of change within their own organisations as a perceptual process. The competencies of the change agent are being directly dealt with by

instigating training programmes to provide them with the necessary staff skilled in the techniques associated with organisation development. Technical skills, such as system diagramming, network analysis and charring in general, can be readily taught and acquired.

However, people skills are the more important and often the more difficult competencies to acquire. If you are a theory X person, you are hardly likely to be able to develop good change management skills. You do not appreciate the enormity of change. The basis of change management rests with the assumptions you make about people in organisations. Make the wrong assumption and the management of change goes the wrong path.

8.   In terms of methodology, there is no one best way

All which is advised, is that don't take a singular approach. In essence, there is no one best way. What works for one change situation may not be appropriate to another. For example, in takeover situations, the cultures of the organisations involved may be seemingly incompatible and may require adjustment. The obvious approach is to adopt an organisation development methodology. However, such an approach will take time and will not bring about immediate improvement in performance. It may be better to start to set the ball rolling by adopting an intervention strategy in the short form. This could provide a quick-win example, whilst over the medium to long term an organisation development cycle could be set in motion to accomplish the required objectives of change.

9.   Change is about ownership

We refer back to people. What makes change happen? When it works beautifully, what causes this? The answers seem to rest with attaining ownership of the change process itself. In terms of problem

owner, the change agents, and those being affected by change, there is a need to feel ownership.

The management team must feel that they are responsible for the successful implementation of the change. This responsibility is best discharged through a desire to succeed rather than survive. What we are concerned with here is a movement from control to commitment. When people are being coerced or manoeuvred into change situations by threat or crisis, the result is at best indifference or at worst resistance. When people feel ownership of the change process, and feel that it offers opportunity, they are committed to its satisfactory accomplishment. Get ownership by getting involvement; get involvement by openness and communication; get people to live the change.

10. Change is about fun, challenge, and opportunity

When faced with a challenge, most individuals respond positively. The psychologists would argue that it brings out the best in people. On the other hand, when faced with a crisis, people can go one of two ways... they can emerge as strong individuals to meet that crisis, or they can become cowering wrecks under its enormity.

3.4 SYSTEMATIC APPROACH

We have understood that people are affected by changes in which they are involved and they react to it. They also tend to resist the change and different techniques are available for minimising such behaviour. By integrating these ideas, a comprehensive and systematic approach to change can be suggested which managers can use when they introduce and implement change.

Clearly, it would be both foolhardy and impracticable to suggest that any rigidly standard approach could- or even should- be used in any area of managerial activity. There are at least two major reasons for this.

First, there are different personal styles of managing. These differences preclude the broad applicability of any single method of approach. Manager A might succeed with the identical method that manager B employed fruitlessly. That method might have suited A's personal style of managing as well as her relationship with superior, subordinate and peers, along with the nature of the organisational structures with its cultural beliefs and norms. Because that method might have been unsuitable to B's style, his relationship and the organisational context, B would have felt uncomfortable and unsympathetic towards it. If such were the case, B would have found it difficult to apply that method.

Second, the notion of a standard method for solving any managerial problem is a useless concept because no single approach can possibly take into account the enormous viability of all the factors present in each unique situation and organisation. The facts of organizational life are far too complicated to permit the application of "universal" methods and solutions. It is impossible to prescribe managerial formulas guaranteed to produce effective results in every, or even in most, situations.

Broadly, there are at least five phases of managerial work which have been suggested in-carrying out any change: (1) analysing and planning change; (2) communicating about the change; (3) gaining acceptance of the required changes in behaviour; (4) making the initial transition from the status quo to the new situation; and (5) consolidating the new conditions and continuing to follow up in order to institutionalise the change.

Phase 1: Analysing and Planning the Change

Before taking any action to introduce or implement a change, the manager who is accountable and responsible should first devote time in

developing a strategy and action plan based on analysis. In this initial phase, there are three objectives. The first objective should be to anticipate, in as specific and as detailed terms as possible, what effects the change is likely to have on those involved, and what problems are likely to arise. Such predictions can be framed only in terms of probabilities. The manager's second objective should be to work out, in advance, answers and solutions to some of the more important anticipated questions and problems. The third objective should be to develop a tentative but detailed action plan and timetable.

In order for managers to develop strategies and plans, they must have- from the outset- a broad understanding of the basis of change, its objectives, its scope and its implications. When the magnitude of change is substantial, impacting many employees in a variety of departments and involving a number of managers and supervisors, the task of formulating a strategy and plan for its implementation is most effectively addressed as a group effort. The group should include the senior manager accountable for carrying out the change, all the other managers and supervisors involved, the originator of the change, and all-the staff specialists who are likely to be making contributions to the implementation process.

1. What are the objectives of the change, in both short and long terms? What is to be accomplished? To what extent are these goals desirable? To what extent are they realistically achievable?

2. What is the proposed method for accomplishing change? How is it to be introduced and implemented? How strong is the commitment to one particular method? Can other methods be used, provided the objectives are achieved?

3. What is the justification for making the particular proposed change? What are the expected benefits to be realised? To what extent are these expectations realistic? What are the probabilities for success and failure?

4. Who originated the idea for the change? What is his or her motivation for proposing the change? Is she/he still motivated by those forces? What is the nature of relationship between the originator of the change and the manager accountable for its success?

5. Who else in the organisation is active in supporting the change? How widespread is this support? What are the organisational levels of the supporters of the change and what are their relationships with the manager responsible, for its success?

6. By what date must the change be achieved? How flexible is this deadline? Is it possible first to test the change experimentally with a trial group? How long a period of time is available for the introduction and implementation of the change?

7. What is the scope of the change? What are the short-term and long-term implications? How far-reaching will be the effects of the change (on the way the work is done and organised, on the organisation structure, on the culture)? Who will be directly affected and who will be affected indirectly? Who will be involved in the introduction and implementation of change?

8. Who is being held responsible and accountable for realising the expected benefits from the change? What sources of

assistance and other resources can the manager employ in accomplishing the change?

In order for any manager or group to develop reasonably accurate answers to these questions in a systematic and thorough manner, they need to have a broad appreciation of the background and nature of the change. This understanding provides the second foundation upon which they then build subsequent plans for action.

Another step in analysing and planning a change is the development of a tentative but specific time plan for its introduction, implementation and follow-up. Although there must be a general plan for action, its timetable should be sufficiently flexible to enable the incorporation of modifications wherever these become necessary. In summary, the analysis and planning phase of a change should he completed before any overt action is taken actually to institute it. Thus, management can be prepared beforehand to cope with any resistance. They need to understand how the change is likely to be perceived by the people affected. Because management will have anticipated many of the problems, they will be prepared to meet these difficulties with possible solutions. With such preparations, management can improve the probability of acceptance of the change by those on whom its ultimate success is most dependent. Thus, the time management invested in analysing and planning the change should pay rich dividends when they implement it subsequently.

Phase 2: Communicating about the change

The next phase of any change is a period of communication during which management thoroughly discusses it and its implications with those affected and involved. Much of this communication should be carried our before any action is taken to introduce the actual change.

In this phase, there are two objectives. Managers should ensure that all those involved develop complete understanding about the reasons for the change and its objectives and anticipated benefits, about the intended method of approach, about the proposed timetable and plan for action, and about how they are likely to be affected. Also, managers should try to assess the employees' reactions by identifying their specific questions, beliefs and fears about the change.

This process of communication must be two-way. Managers' and supervisors must transmit information about the change to everyone concerned. This information should be primarily factual, but it may also contain some realistic conjectures and predictions. In addition, however, management must do some listening. They must listen so that they can evaluate the effectiveness of their communications. Management will be able to test the validity of their initial prediction. From employee's feedback in their interactions with management, managers will be able to learn how to improve their preparation for future changes. By understanding what is to happen, employees will be better able to adjust to new conditions.

The intensive programme of communications should begin at the completion of the analysis and planning phase of the change. The progress should be continued throughout the entire change until its objectives are met. Considerable time is required particularly when there is a need to change deep-rooted cultural beliefs and mistaken notions. It is desirable that such beliefs be altered or at least shaken before the way can be paved for the acceptance of new ideas and practices. The communication phase of a change is the time to begin the process of challenging and modifying cultural belief.

Thus, the principal function of the communications phase is to enable those involved to accustom themselves to the idea that a change is

needed, and that it will soon be taking place. Attention should be focused on the objectives of the change and their justification. At the outset of communications phase, it should be made clear that precisely how the change is to be accomplished that has not yet been crystallised into its final form. The method of change is therefore open to discussion and consideration. By the latter stages of communication phase, all concerned should understand why the change is necessary, what is to be achieved, what are some alternative methods of approach, and what are the more important problems that might result from each of these alternatives. At the dose of the communication phase, everyone involved should be close to agreement on the most desirable method for accomplishing the change.

Phase 3: Gaining acceptance of the required changes in behaviour

The next phase of change is the period during which agreement is reached on whatever specific alterations are required in employees' behaviour to accomplish the transition from the status quo to the desired conditions. The behavioural change necessary for the transition is determined both by the particular method management selects to accomplish their desired objectives and the nature of the objectives themselves. Agreement on these should be reached between management and a significant majority of those affected by the change.

Managers can secure agreement to a particular method of change in one or several ways. They can apply persuasion and offer rewards. Alternatively, they can reach agreement through negotiation and bargaining. Or they can invite people to participate in making some of the decisions about how the change is to be accomplished. Any combination of these approaches can be used.

The particular method chosen should depend on the special circumstances of each case. Persuasion and rewards are appropriate for situations where managers have already decided that the change can best be achieved only by one particular method. They might also negotiate and bargain to gain acceptance of that one method, especially if unions are involved and the change is relevant to the labour agreement. However, if they choose to bargain, they must be prepared to compromise, and modify their original ideas. When it is possible to achieve a change by more than one method, managers may decide to involve the people affected. They may invite them to participate in making some of the decisions about how the change is to be carried out. Participation is effective when managers are open-minded about how the change might be accomplished, and when there is a choice of alternative approaches.

Whatever approach managers take, its effectiveness depends on how much discussion takes place. Discussions with everyone concerned must be carried on continuously throughout the change. These discussions should begin at the start of the communication phase and should continue until agreement has been reached on how to proceed with the actual transition. Discussion is the best method for developing and understanding of the change and its implications. Discussion is also an excellent means for ensuring that most of the problems that might later cause resistance are identified and solved.

Whatever approach managers choose to secure agreement, special personal problems will inevitably arise in discussions. These will be individual problems and will not apply to group as a whole. These problems arise from conflict between a person's own needs and goals and the effect of the change. Managers can solve such problems when they remain sufficiently flexible in their attitude and approach, thus providing for any difference in individual circumstances. Managers must be able to

reconcile what is fair to the person with the problem and what is equitable for the group as a whole. In so doing, managers should bear in mind that a uniform approach for all is often neither equitable nor fair. Whenever expectations and modifications are made to accommodate individual needs, these can be understood and accepted by the group if they perceive these exceptions as reasonable.

Thus, in most changes, managers should begin the transition from the status quo to the new conditions only after a consensus has been reached about the method for this transition. This agreement can be achieved through the use of rewards, through bargaining, through participation, or through some combination of these approaches. If the transition is attempted before such agreement has been reached, managers risk an increased resistance to change and a lessened probability that the potential benefits will be fully realised.

Phase 4: Making the initial transition

In any change, the next distinct phase is the initial transition from the existing to the new situation. The prior phases of planning, communication and gaining agreement should all preface the actual start of the change itself. Only after these preparatory phases have been successfully completed should management begin to introduce the specific changes.

Once managers have determined how to handle the transition, they must ensure that everyone involved is briefed on what is to take place. Carefully planned presentations should help to crystallise everybody s understanding of what to expect, why it is to happen, and what the effects should be. Furthermore, these briefings should help people establish what their roles will be during the transition period and afterwards in the new situation.

If new knowledge and skills are required by the change, appropriate training should be designed and implemented. The objectives of this training must derive from the particular demands made on those involved by the changed circumstances. Such training should not only prepare each person to carry out his or her responsibilities more effectively, but it should also help reduce any fears and doubts about ability to cope with new responsibilities.

During the transition, more careful and thorough supervision is required than is needed during more stable periods of operation. Many unforeseen problems inevitably arise. Usually, first line supervisors are the most appropriate people to answer questions, solve problems, and call for any required specialized assistance. They are in the best position to act as the central link for all communications about the progress of the change during the transition period. In order to be effective, they must be on the scene and readily accessible. First line supervisors should, spend the greatest proportion of their time at the scene of the change. They should, however, regard themselves more as source of assistance to employees than as order givers. Managers, too, should devote more time than normal to acquainting themselves with what is happening "on the shop (or office) floor.

To ensure a constant flow of timely information about the progress of a change, managers can use several techniques. They can discuss the situations frequently with first line supervisors. Also, they can seek opinions and comments from any specialists directly involved. They can discuss progress with union representatives. They can visit the scene of action with sufficient frequency to gain a firsthand appreciation of what is actually happening. During such visits, they can informally chat with people directly concerned with making the changes. In this way, they will be in the best possible position to take immediate corrective action, should this become necessary.

Phase 5: Consolidation and Follow-Up

In any change, the final phase is the consolidation of the new conditions and the continued follow-up of events after the initial transition is complete. Follow-up should continue until the success of the change has been ensured.

To ensure that the objective of a change is fully realised, managers must institute systematic and thorough follow-up procedures. They must see to it that first line supervisors continue to be on the lookout for any signs of difficulty. Managers and supervisors must continue to be at the scene of the change with sufficient frequency to correct any misunderstandings and questions that are certain to arise about the new conditions of work.

Furthermore, managers should ensure that specialists continue their involvement in the change until they can make no further useful contributions. After the initial transition, specialists can continue to study and report on the progress of the change, as well as submit their recommendations about any further desirable modifications and refinements. Such systematic follow-up procedures will inevitably reveal the existence of additional problems. With an accurate and timely knowledge of the situation, managers can act swiftly and decisively. They can either initiate further detailed studies of the area of difficulty, or they can modify the relevant elements of the change.

During the follow-up phase 5 of a change, managers will be able to determine the extent to which the anticipated results and benefits have been realised. The effects of the change should be defined and measured as objectively and as specifically as possible. The results can then be compared with earlier expectations. Similarly, any identifiable secondary effects of the change should also be analysed. A final assessment then can be made of the degree of success, along with the explanation.

From such reviews, management can learn lessons from which they can improve their effectiveness in introducing and implementing future changes. In addition, they may discover that, with further immediate action, increased benefits are achievable from the change just "completed". Productive organizational learning depends on management's ability to conduct systematically, such post-mortem reviews of major changes. The agenda should include an assessment of success, defined in terms of the extent to which the intended objectives of the change were actually achieved. Also, the reason why a change was more or less successful should be articulated and discussed. These reviews can yield useful insights for guidance for future action if they are carried our in an atmosphere of clinical examination. There should be no attempt at finger pointing or assignment of blames. Rather, the focus should be only on understanding what happened and why.

3.5   KEYS TO MASTERING CHANGE

Change is created constantly and at many levels in an organisation. There is the occasional earthshaking event, often induced by outside forces; there are also the everyday actions of people engaged in their work. In change-adept organisations, people simply respond to customers and move on to the next project or opportunity. They do not necessarily change their assumptions about how the organisation operates, but they continuously learn and adapt, spread knowledge, share ideas. By making change a way of life people are, in the best sense, "just doing their jobs".

Change-adept organisation share three key attributes, each associated with a particular role for leaders.
1. ***The Imagination to Innovate***: To encourage innovation, effective leaders help develop new *concepts-the* ideas, models,

and applications of technology that set an organisation apart.

2. ***The Professionalism to Perform***: Leaders provide personal and organisational *competence,* supported by workforce training and development, to execute flawlessly and deliver value to ever more demanding customers.

3. ***The Openness to Collaborate***: Leaders make *connections* with partners who can extend the organisation's reach, enhance its offerings, or energise its practices.

These intangible assets- concepts, competence, and connections- occur naturally to successful organisations, just as they do to successful individuals. They reflect habits, not programmes-personal skills, behaviour, and relationships. When they are deeply ingrained in an organisation, change is so natural that resistance is usually low. But when lacking in these organisational assets, leaders tend to react to change defensively and ineffectively. Change compelled by crisis is usually seen as a threat, not an opportunity.

Mastering deep change- being first with the best service, anticipating and then meeting new customer requirements, applying new technology- requires organisations to do more than adapt to changes already in progress. It requires them to be fast, agile, intuitive, and innovative. Strengthening relationship with customers in the midst of market upheaval can help organisations avoid cataclysmic change- the kind that costs jobs and jolts to communities. To do that, effective leaders preconceive their role- from monitors of the organisation to monitors of external reality. They become idea scouts, attentive to early signs of discontinuity, disruption, threat, or opportunity in the market-place and the community. And they create channels for senior managers, salespeople, service reps, or receptionists to share what customers are saying about products.

3.6 CLASSIC SKILLS FOR LEADERS

The most important things a leader can bring to a changing organisation are passion, conviction, and confidence in others. Too often executives announce a plan, launch a task force, and then simply hope that people find the answers- instead of offering a dream, stretching their horizons, and encouraging people to .do the same. That is why we say, "Leaders go first".

However, given that passion, conviction, and confidence, leaders can use several techniques to take charge of change rather than simply react to it. The following classic skills can be very useful to CEOs, senior executives, or middle managers who want to move an idea forward.

1.   Tuning into the Environment

As a leader you can't possibly know enough, or be in enough places, to understand everything happening inside-and more importantly outside-your organisation. But you can actively collect information that suggests new approaches. You can create a network of *listening posts*- a satellite office, a joint venture, a community service. Rubbermaid operates its own stores, for instance, even though it sells mostly to WaI-Mart and other big chains. These stores allow the company to listen to and learn from customers. Likewise, partnerships and alliances not only help you accomplish particular tasks, they also provide knowledge about the happenings in the world that you wouldn't see otherwise.

Look not just at how the pieces of your business model fit together but at what *doesn't* fit. For instance, pay special attention to customer complaints, which are often your best source of information about an operation weakness or unmet need. Also search out broader signs of change- a competitor doing something or a customer using your product or service in unexpected ways.

2. Challenging the Prevailing Organisational Wisdom

Leaders need to develop what is called kaleidoscope thinking- a way of constructing patterns for the fragment of data available, and then manipulating them to form different patterns. They must question their assumptions about how pieces of the organisation, the market-place, or the community fit together. Change leaders remember that there are many solutions to a problem and that by looking through a different lens somebody is going to invent, for instance, a new way to deliver healthcare.

There are lots of ways to promote kaleidoscopic thinking. Send people outside the company- not just on field trips, but "far field trips." Go outside your industry and return with fresh ideas. Rotate job assignments and create interdisciplinary project teams to give people fresh ideas and opportunities to test their assumptions. For instance, one innovative department of a 'US oil company regularly invites people *from many difference* departments to attend large brainstorming sessions. These allow interested outsides to ask questions, make suggestions and trigger off new ideas.

3. Communicating a Compelling Aspiration

You cannot sell change, or anything else, without genuine conviction, because there are so many sources of resistance to overcome: "We've never done it before." "We tried it before and it didn't work." "Things are OK now, so why should we change?". Especially when you are pursuing a true innovation as opposed to responding to a crisis, you've got to make a compelling case. Leaders talk about communicating a vision as an instrument of change, but the notion of communicating an *aspiration* can also do wonders. It's not just a picture of what could be; it is an appeal to our better selves, a call to become something more. It

reminds us that the future does not just descend like a stage set; we construct the future from our own history, desires, and decisions.

4.   Building Coalitions

Change leaders need the involvement of people who have the resources, the knowledge, and the political clout to make things happen. You want the opinion shapers, the experts in the field, the values leaders. That sounds obvious, but coalition building is probably the most neglected step in the change process.

In the early stage of planning a change, leaders must identify key supports and sell their dream with the same passion and deliberation as the entrepreneur. You may have to reach deep into, across, and outside the organisation to find key influencers, but you must first be willing to reveal an idea or proposal before it's ready. Secrecy denies you the opportunity to get feedback, and when things are sprung on people without warning, the easiest answer is always 'no'. Coalition building requires an understanding of the politics of change, and in any organisation these politics are formidable.

When building coalitions, however, it's a mistake to try to recruit everybody at once. Think of innovation as a venture. You want the minimum number of investors necessary to launch a new venture, and to champion it when you need help later.

5.   Transferring Ownership to a Working Team

Once a coalition is in place, you can enlist others in implementation. You must remain involved- the leader's job is to support the team, provide coaching and resources, and patrol the boundaries within which the team can freely operate. But you cannot simply ask managers to execute a fully formed change agenda; you might instead develop a broad outline, informed by your environmental scans and lots

of good questions, from which people can conduct a series of small experiments. That 'approach not only confers team ownership, but allows people to explore new possibilities in ways that don't bet the company or your budget.

As psychologist Richard Hackman has found, it is not just the personalities or the team processes that determine success; it's whether or not the team, is linked appropriately to the resources they need in the organisation. In addition, leaders can allow teams to forge their own identity, build a sense of membership, and identity, build a sense of membership, and enjoy the protection they need to implement changes. One of the temptations leaders must resist is to simply pile responsibility on team members. While it is fashionable to have people wear many hats, people must be given the responsibility- and the time- to focus on the tasks of change.

6.   Learning to Persevere

My personal law of management, if not of life, is that everything can look like a failure in the middle. One of the mistakes leaders make in change processes is to launch them and leave them.. There are many ways a change initiative can get derailed. But stop it too soon and by definition it will be a failure; stay with it through its initial hurdles and good things may happen. Of course, if a change process takes long enough you have to return to the beginning-monitor the environment again, recheck your assumptions; reconsider whether the proposed change is still the right one. Abdicating your role undermines the effort because, unlike bold strokes, long marches need ongoing leadership. Most people get excited about things in the beginning, and everybody loves endings, especially happy endings. It's the hard work in between that demands the attention and effort of savvy leaders.

7.   Making Everyone a Hero

Remembering to recognise, reward, and celebrate accomplishments is a critical leadership skill. And it is probably the most under utilised motivational tool in organisations. There is no limit to how much recognition you can provide, and it is often free. Recognition brings the change cycle to its logical conclusion, but it also motivates people to attempt change again. So many people get involved in and contribute to changing the way an organisation does things that it's important to share the credit. Change is an ongoing issue, and you can't afford to lose the talents, skills, or energies of those who can help make it happen.

Today's organisations have come to expect bold strokes from their leaders. Sometimes these are appropriate and effective- as when a project or product that no longer works is put to rest. But bold strokes can also disrupt and distract organisations. They often happen too quickly to facilitate real learning, and they can impede the instructive long marches that ultimately carry an organisation forward. That is why imagination, professionalism, and openness are essential to leadership, not just to leading change. They give organisations the tools to absorb and apply the lessons of the moment.

Likewise, techniques that facilitate change within organisations- creating listening posts, opening lines of communication, articulating a set of explicit, shared goals, building coalitions, acknowledging others- are key to creating effective partnerships and sustaining high performance, not just to managing change. They build the trust and commitment necessary to succeed in good times or in bad. Even periods of relative stability (unusual for most organisations) require such skills.

Change has become a major theme of leadership literature for good reason. Leaders set the direction, define the context, and help produce coherence for their organisations. Leaders manage the culture, or a least

the vehicles through which that culture is expressed. They set the boundaries for collaboration, autonomy, and the sharing of knowledge and ideas, and give meaning to events that otherwise appear random and chaotic. And they inspire voluntary behaviour- the degree of effort, innovation, and entrepreneurship with which employees serve customers and seek opportunities.

Increasingly, the assets that cannot be controlled by rule are most critical to success. People's ideas or concepts, their commitment to high standards of competence, and their connections of trust with partners are what set apart great organisations. Leaders can enhance all these requirements, but none can be mandated. For all the upheaval of the past 15 years, that may be the biggest change of all.

3.7 SUMMARY

Organisational change is an ongoing process that has important implications for organisational effectiveness. An organisation and its members must be constantly on the alert for changes from within the organisation and from the outside environment, and they must learn how to adjust to change quickly and effectively. Planned organisational change is normally targeted at improving effectiveness at one or more of four different levels- human resources, functional resources, technological capabilities and organisational capabilities. These four levels at which change can take place are obviously interdependent, it is often impossible to change one with changing another.

3.8 KEYWORDS

ESOP: Employee stock option plan. Under this, a certain number of equity shares are provided to the employees of the company.

Innovation: The process by which organisations use their skills and resources to develop new goods and services or to develop new

production and operating systems so that they can better respond to the needs of their customers.

Restructuring: The process by which managers change task and authority relationships and redesign organisational structure and culture to improve organisational effectiveness.

Hierarchy: A classification of people according to authority and rank.

3.9 SELF ASSESSMENT QUESTIONS

1. Explain the steps involved in the process of carrying out any change program in business organization? Elucidate each step with examples.

2. Discuss the major key factors in effective change management?

3.10 REFERENCES/SUGGESTED READINGS

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LESSON: 4
MANAGING RESISTANCE TO CHANGE

STRUCTURE

4.0   OBJECTIVES

After studying this lesson, you should be able to understand-

- The reasons for organisational change.

- Resources of resistance to change.

- Methods to overcome resistance to change.

- Change agents and their characteristics and methods used by these change agents to bring organisational change.

4.1   INTRODUCTION

Change is a necessary way of life in most organizations. In fact, change is all around us– in the season, in social environment, and in biological processes. In the dynamic society surrounding today's

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organizations, the question of whether change will occur is no longer relevant. Instead, the issue is how do managers cope with the inevitable barrage of change that confront them daily attempting to keep their organizations viable and current. Organisations that do not adapt to change find it difficult or impossible to survive. Since organizations must cope with change to survive, so too, must managers.

Organisational change involves movement from the present state of the organization to some future or target state. The future state may be a new strategy for the organization, changes in the organization's culture, introduction of a new technology, and so on. These are a few examples; many other possible future states exist.

4.2   REASONS FOR ORGANIZATIONAL CHANGE

More and more organizations today face a dynamic and changing environment. This, in turn is requiring these organizations to adopt, "change or die"! is the rallying cry among today's managers worldwide. Following are the reasons for organizational change:

Changing nature of the workforce: For instance, almost every organization has to adjust to a multicultural environment. Human resource policies and practices have to change in order to attract and keep this more diverse workforce. Many companies have to spend large amounts of money on training to upgrade reading, math, computer and other skills of employees.

Technology is changing jobs and organizations. The substitution of computer control for direct supervision, for instance, is resulting in wider spans of control for managers and flatter organizations. Sophisticated information technology is also making organizations more responsive. Companies like AT&T, Motorola, General Electric, and Chrysler can now develop, make, and distribute their products in a

fraction of the time it took them a decade ago. And, as organizations have had to become more adaptable, so too have their employees. Many jobs are being reshaped. Individuals doing narrow, specialized, and routine jobs are being replaced by work teams whose members can perform multiple tasks and actively participate in team decisions.

We live in an age of discontinuity. In the 1950s and 1960s, the past was a pretty good prologue to the future. Tomorrow was essentially an extended trend line from yesterday. That's no longer true. Beginning in the early 1970s, with the overnight quadrupling of world oil prices, **economic shocks** have continued to impose changes on organizations. In recent years, for instance, interest rates have become more volatile and the economics of individual countries have become more interdependent. When interest rates rise, for example, the market for new home loans and refinancing declines. For many mortgage brokerage firms, revenues decline and layoffs ensue.

Competition is changing. The global economy means that competitors are as likely to come from across the ocean as from across town. Heightened competition also means that established organizations need to defend themselves against both traditional competitors who develop new products and services and small, entrepreneurial firms with innovative offerings. Successful organizations will be the ones that can change in response to the competition. They will be fast on their feet, capable of developing new products rapidly and getting them to market quickly. They will rely on short production runs, short product cycles, and an ongoing stream of new products. In other words, they will be flexible. They will require an equally flexible and responsive workforce that can adapt to rapidly and even radically changing conditions.

Take a look at **social trends** during the past generation. They suggest changes that organizations have to adjust for. For instance, there

has been a clear trend in marriage and divorce during the past two decades. Young people are delaying marriage, and half of all marriages are ending in divorce. One obvious result of this social trend is an increasing number of single households and demand for housing by singles. If you are in the house-building business, this is an important factor in determining the size and design of homes. Similarly, the expansion of single households has increased demand for single portion quantities of frozen meals, which is highly relevant to organizations like ConAgra's Healthy Choice division or Pillsbury's Green Giant.

World politics is changing rapidly worldwide. A few examples make the point: the fall of the Berlin Wall, the reunification of Germany, Iraq's invasion of Kuwait, and the breakup of the Soviet Union. Almost every major U.S. defense contractor, for instance, has had to rethink its business and make serious changes in response to the demise of the Soviet Union and a shrinking Pentagon budget. Companies like Hughes Electronics, Lockheed Martin, Ratheon, and Northrop Grumman have each cut tens of thousands of jobs since the early 1990s.

4.3   RESISTANCE TO CHANGE

One of the most well-documented findings from studies of individuals and organizational behaviour is that organizations and their members resist change. In a sense, this is positive. It provides a degree of stability and predictability to behaviour. If there were not some resistance, organizational behaviour would take on characteristics of chaotic randomness. Resistance to change can also be a source of functional conflict. For example, resistance to a reorganization plant or a change in a product line can stimulate a healthy debate over the merits of the idea and result in a better decision. But there is a definite downside to resistance to change. It hinders adaptation and progress.

Resistance to change does not necessarily surface in standardized ways. Resistance can be overt, implicit, immediate, or deferred. It is easiest for management to deal with resistance when it is overt and immediate. For instance, a change is proposed and employees quickly respond by voicing complaints, engaging in a work slowdown, threatening to go on strike, or the like. The greater challenge is managing resistance that is implicit or deferred. Implicit resistance efforts are more subtle-loss of loyalty to the organization, loss of motivation to work, increased errors or mistakes, increased absenteeism due to "sickness"- and hence more difficult to recognize. Similarly, deferred actions cloud the link between the source of the resistance and the reaction to it. A change may produce what appears to be only a minimal reaction at the time it is initiated, but then resistance surfaces weeks, months, or even years later. Or a single change that in and of itself might have little impact becomes the straw that breaks the camel's back. Reactions to change can build up and then explode in some response that seems totally out of proportion to the change action it follows. The resistance, or course, has merely been deferred and stockpiled. What surfaces is response to an accumulation of previous changes.

Let us look at the sources of resistance. For analytical purposes, we have categorized them by individual and organizational sources. In the real world, the sources often overlap.

(A) Individual Resistance

Individual sources of resistance to change reside in basic human characteristics such as perceptions, personalities, and needs. The following summarizes five reasons why individuals may resist change:

1. *Habit*

Every time you go out to eat, do you try a different restaurant? Probably not. If you are like most people, you find a couple or places you like and return to them on a somewhat regular basis. As human beings we were creatures of habit. Life in complex enough; we do not need to consider the full range of options for the hundreds of decisions we have to make every day. To cope with this complexity, we all rely on habits or programmed responses. But when confronted with change, this tendency to respond in our accustomed ways becomes a source of resistance. So when your department is moved to a new office building across town, it means you are likely to have to change many habits: waking up ten minutes earlier, taking a new set of streets to work, finding a new parking place, adjusting to the new office layout, developing a new lunchtime routine, and so on.

2. *Security*

People with a high need for security are likely to resist change because it threatens their feelings of safety. When Sears announces it is laying off 50,000 people or Ford introduces new robotic equipment, many employees at these firms may fear that their jobs are in jeopardy.

3. *Economic Factors*

Another source of individual resistance is concern that changes will lower one's income. Changes in job tasks or established work routines also can arouse economic fears if people are concerned that they won't be able to perform the new tasks or routines to their previous standards, especially when pay is closely tied to productivity.

4. Fear of the Unknown:

Changes substitute ambiguity and uncertainty for the known. The transition from high school to college is typically such an experience. By the time we are seniors in high school, we understand how things work. You might not have liked high school, but at least you understood the system. Then you move on to college and face a whole new and uncertain system. You have traded the known for the unknown and the fear or insecurity that goes with it. Employees in organizations hold the same dislike for uncertainty. If, for example, the introduction of TQM means production workers will have to learn statistical process control techniques, some may fear they will be unable to do so. They may, therefore, develop a negative attitude toward TQM or behave dysfunctionally if required to use statistical techniques.

5. Selective Information Processing

Individuals shape their world through their perceptions. Once they have created this world, it resists change. So individuals are guilty of selectively processing information in order to keep their perceptions intact. They hear what they want to hear. They ignore information that challenges the world they have created. To return to the production workers who are faced with the introduction of TQM, they may ignore the arguments their bosses make an explaining why a knowledge of statistics is necessary or the potential benefits the change will provide them.

B. Organizational Resistance

Organizations, by their very nature, are conservative. They active resist change. You do not have to look far to see evidence of this phenomenon. Government agencies want to continue doing what they have been doing for years, whether the need for their service changes or remains the same organized religions are deeply entrenched in their

history. Attempts to change church doctrine require great persistence and patience. Educational institutions, which exist to open minds and challenge established doctrine, are themselves extremely resistant to change. Most school systems are using essentially the same teaching technologies today as they were 50 years ago. The majority of business firms, too, appear highly resistant to change. Following are major sources of organizational resistance:

1. Structural Inertia

Organizations have built-in mechanisms to produce stability. For example, the selection process systematically selects certain people in and certain people out. Training and other socialization techniques reinforce specific role requirements and skills. Formalization provides job descriptions, rules, and procedures for employees to follow. The people who are hired into an organization are chosen for fit; they are then shaped and directed to behave in certain ways. When an organization is confronted with change, this structural inertia acts as a counterbalance to sustain stability.

2. Limited Focus of Change

Organizations are made up of a number of interdependent subsystems. You can not change one without affecting the others. For example, if management changes the technological processes without simultaneously modifying the organization's structure to match, the change in technology is not likely to be accepted. So limited changes in subsystems tend to get nullified by the larger system.

3. Group Inertia

Even if individuals want to change their behaviour, group norms may act as a constraint. An individual union member, for instance, may

be willing to accept changes in his job suggested by management. But if union norms dictate resisting any unilateral change made by management, he is likely to resist.

4.   *Threat to Expertise*

Changes in organizational patterns may threaten the expertise of specialized groups. The introduction of decentralized personal computers, which allow managers to gain access to information directly from a company's mainframe, is an example of a change that was strongly resisted by many information systems departments in the early 1980s. Why? Because decentralized end-user computing was a threat to the specialized skills held by those in the centralized information systems departments.

5.   *Threat to Established Power Relationships*

Any redistribution of decision-making authority can threaten long-established power relationships within the organization. The introduction of participative decision making or self-managed work teams is the kind of change that is often seen as threatening by supervisors and middle managers.

6.   *Threat to Established Resource Allocations*

Those groups in the organization that control sizable resources often see change as a threat. They tend to be content with the way things are. Will the change, for instance, mean a reduction in their budgets or a cut in their staff size? Those that most benefit from the current allocation of resources often feel threatened by changes that may affect future allocations.

4.4   OVERCOMING RESISTANCE TO CHANGE

Six tactics have been suggested for use by change agents in dealing with resistance to change.

1.   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 and get any misunderstandings cleared up, resistance will subside. Communication can be achieved through one-on-one discussions, memos, group presentations, or reports. Does it work? It does, provided that the source of resistance is inadequate communication and that management-employee relations are characterized by mutual trust and credibility. If these conditions don't exist, the change is unlikely to succeed.

2.   Participation

It's difficult for individuals to resist a change decision in which they participated. Prior to making a change, those opposed can be brought into the decision process. Assuming that the participants have the expertise to make a meaningful contribution, their involvement can reduce resistance, obtain commitment, and increase the quality of the change decision. However, against these advantages are the negatives: potential for a poor solution and great time consumption.

3.   Facilitation and Support

Change agents can offer a range of supportive efforts to reduce resistance. When employee fear and anxiety are high, employee counselling and therapy, new-skills training, or a short paid leave of absence may facilitate adjustment. The drawback of this tactic is that, as

with the others, it is time consuming. Additionally, it's expensive, and its implementation offers no assurance of success.

4.   Negotiation

Another way for the change agent to deal with potential resistance to change is to exchange something of value for a lessening of the resistance. For instance, if the resistance is centered in a few powerful individuals, a specific reward package can be negotiated that will meet their individual needs. Negotiation as a tactic may be necessary when resistance comes from a powerful source. Yet one cannot ignore its potentially high costs. Additionally, there is the risk that, once a change agent negotiates with one party to avoid resistance, he or she is pen to the possibility of being blackmailed by other individuals in positions of power.

5.   Manipulation and Cooptation

Manipulation refers to convert influence attempts. Twisting and distorting facts to make them appear more attractive, withholding undesirable information, and creating false rumors to get employees to accept a change are all examples of manipulation. If corporate management threatens to close down a particular manufacturing plant if that plant's employees fail to accept an across-the-board pay cut, and if the threat is actually untrue, management is using manipulation. Cooptation, 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 change decision. The leaders' advice is sought, not to seek a better decision, but to get their endorsement. Both manipulation and cooperation are relatively inexpansive and easy ways to gain the support of adversaries, but the tactics can backfire if the targets become aware that they are being tricked or used. Once discovered, the change agent's credibility may drop to zero.

6. Coercion

Last on the list of tactics is coercion, that is, the application of direct threats or force upon the resisters. If the corporate management mentioned in the previous discussion really is determined to close a manufacturing plant if employees don't acquiesce to a pay cut, then coercion would be the label attached to its change tactic. Other examples of coercion are threats of transfer, loss of promotions, negative performance evaluations, and a poor letter of recommendations. The advantages and drawbacks of coercion are approximately the same as those mentioned for manipulation and cooperation.

4.5 THE CHANGE AGENTS

This is the most important type of change since other types of changes such as in strategy, structure or process can always be introduced simply by the management and most often these changes are accepted by the workers and also because behaviour is a highly complex phenomenon and it may require a number of strategies to make desirable changes in such human behaviour. These change agents may either be the initiators of change or serve as catalysts for such change. Four types of change agents have identified.

1. Outside pressures

These are pressures from the external environment and are directed towards change in the entire organization. These may be in the form of government intervention if there are serious quality or safety defects. The government may also get involved if there are labor strikes for a long period of time or mass demonstrations against the organization.

2. Internal organizational development

This can come slowly and through and within the organization itself. This may include redefinement of goals as well as participative goal setting such as MBO (Management by Objectives), work redesign, team development and so on.

3. Individual change

This change is the modification of behaviour within the individual where personal goals may be better served in the changed environment of the organization. For example, in a government job, if a person who is habitually late coming to work without any obvious repercussions or reprimands, might change his behaviour if the organization starts taking notice of such tardiness in a negative way.

4. Changes from central management

The organizational change may come from the top management who may be convinced about it necessity and may direct the structural, strategic or technological changes that would be beneficial to the organization and its members.

There have been a number of change agents that have been at a work in changing the organizational processes and structures. In America, for example, Ralph Nader, a consumer advocate has been responsible for many changes in the area of quality and safety of many products and specially in the automobiles. In addition, forces such as women's liberation movement, strong labour unions and specific Federal laws and regulations have brought about changes that have affected the work ethics of the organizations and work roles of its members.

Similarly, in India where the bureaucratic structure is deeply embedded in the organizational system, changes are being brought about

by government regulations and by social pressures to give more freedom to the workers, to bring about equal opportunity for employment for all, irrespective of religion or gender and to keep pace with the changing world in technological processes.

4.6   CHARACTERISTICS OF SUCCESSFUL CHANGE AGENTS

The change agent may be in the form of consultant who helps the client to find solutions to the organizational problems. It could also be in the form a trainer who trains the client to achieve a set of skills that could be used in bringing about the change for optimum outcomes. This change agent must have certain characteristics, which would identify it to be more effective than others. According to Shaskin and Morris, the effective change agent is, "an extrovert, has considerable interpersonal skills, is creative and takes risks, and is good in organizing activities."

The way the change agent manages the process of change is indicated by certain factors and characteristics which have been identified by Havelock and Shaskin. The first letters of these factors together spell "HELP Scores". These are:

1.   Homophily

It is the degree of closeness and similarity between the change agent and the client. The closer the relationship, the easier and more successful the change. It is similar to listening to our close friend whom we trust and whose advice we seriously take.

2.   Empathy

It involves understanding of feelings and emotions and thoughts. This sincere understanding leads to improved communications between the client and the change agent which is very helpful in bringing about the desired change.

3. Linkage

It refers to the degree of collaboration between the change agent and the client. The tighter the linkage, the more likely is the success.

4. Proximity

The change agent and the client should have easy access to each other. The closer the proximity the better the relationship between the two and easier to develop the collaborative linkage.

5. Structuring

This factor involves proper and clear planning of all activities that are related to change. If these activities are planned in clear cut step-by-step sequential factors, then the implementation would be easier.

6. Capacity

This factor refers to the organization's capacity to provide the resources that are needed for successful organizational development effort and implementation. These resources must be adequate and available when needed.

7. Openness

Openness refers to the conceptual environment which is conducive to the development of respect and understanding for each other's ideas, needs and feelings. The degree of openness between the change agent and the client would considerably affect the outcome of the program.

8. Reward

All members expect that the change will bring potential benefits. These rewards should be both in the short run as well as in the long-run.

The greater the potential for rewards, the more determined the effort would be in making the required change.

9.   Energy

Energy refers to the amount of effort put into the change process. This effort involves both the physical and psychological energy. The client's energy must be well spent and channelled precisely into the change program itself. The energy of the change agent should not be spread over too many clients for in that case, each of the clients individually may not receive the needed energy.

10.   Synergy

Synergy simply means that the whole is more than the sum of its parts. This means that the previous nine factors involving a variety of people, resources, energies and activities together result in synergy, if they support success mutually as well as individually, they are as favourable to the program as possible.

These ten factors whose initials spell "HELP SCORES", describe the personal characteristics of successful change agents who have profound influence on the organizational development programs and processes of change.

4.7   WHAT CAN CHANGE AGENTS CHANGE?

What can a change agent change? The options essentially fall into four categories: structure, technology, physical setting, and people. Changing *structure* involves making an alteration in authority relations, coordination mechanisms, job redesign, or similar structural variables. Changing *technology* encompasses modifications in the way work is processed and in the methods and equipment used. Changing the *physical setting* covers altering the space and layout arrangements in the

workplace. Changing *people* refers to changes in employee attitudes, skills, expectations, perceptions, and/or behavior.

(i) Changing Structure

Structural issues such as work specialization, span of control, and various organizational designs. But organizational structures are not set in concrete. Changing conditions demand structural changes. As a result, the change agent might need to modify the organization's structure.

An organization's structure is defined by how tasks are formally divided, grouped, and coordinated. Change agents can alter one or more of the key elements in an organization's design. For instance, departmental responsibilities can be combined, vertical layers removed, and spans of control widened to make the organization flatter and less bureaucratic. More rules and procedures can be implemented to increase standardization. An increase in decentralization can be made to speed up the decision-making process.

Change agents can also introduce major modifications in the actual structural design. This might include a shift from a simple structure to a team-based structure or the creation of a matrix design. Change agents might consider redesigning jobs or work schedules. Job descriptions can be redefined, jobs enriched, or flexible work hours introduced. Still another option is to modify the organization's compensation system. Motivation could be increased by, for example, introducing performance bounces or profit sharing.

(ii) Changing Technology

Most of the early studies in management and organizational behavior dealt with efforts aimed to technological change. At the turn of the century, for example, scientific management sought to implement

changes based on time-and-motion studies that would increase production efficiency. Today, major technological changes usually involve the introduction of new equipment, tools, or methods; automation; or computerization.

Competitive factors or innovations within an industry often require change agents to introduce new equipment, tools, or operating methods. For example, many aluminium companies have significantly modernized their plants in recent years to compete more effectively. More efficient handling equipment, furnaces, and presses have been installed to reduce the cost of manufacturing a ton of aluminum.

Automation is a technological change that replaces people with machines. It began in the industrial revolution and continues as a change option today. Examples of automation are the introduction of automatic mail stores by the U.S. Postal Service and robots on automobile assembly lines.

The most visible technological change in recent years has been expanding computerization. Many organizations now have sophisticated management information systems. Large supermarkets have converted their cash registers into input terminals and linked them to computers to provide instant inventor data. The office of 1998 is dramatically different from its counterpart of 1978, predominantly because of computerization. This is typified by desktop microcomputers that can run hundreds of business software packages and network systems that allow these computers to communicate with one another.

(iii)   Changing the Physical Setting

The layout of work space should not be a random activity. Typically, management thoughtfully considers work demands, formal interaction requirements, and social needs when making decisions about space configuration, interior design, equipment placement, and the like.

For example, by eliminating walls and partitions, and opening up an office design, it becomes easier for employees to communicate with each other. Similarly, management can change the quantity and types of lights, the level of heat or cold, the levels and types of noise, and the cleanliness of the work area, as well as interior design dimensions like furniture, decorations, and color schemes.

(iv)   Changing People

The final area in which change agents operate is in helping individuals and groups within the organization to work more effectively together. This category typically involves changing the attitudes and behaviours of organizational members through processes of communication, decision-making, and problem solving. The concept of *organizational development* has come to encompass an array of interventions designed to change people and the nature and quality of their work relationships. We review these people-changing interventions in our decision of organizational development.

4.8   SUMMARY

Resistance to change is an emotional/behavioural responses to real or imagined threats to an established work routine. The reasons due to which employees resist change are surprise and fear of unknown, climate of mistrust, loss of status or job security, peer pressure, personality conflicts etc. The strategies for overcoming change are education,

communication, participation, involvement, facilitation, support, negotiation, agreement, manipulation, co-optation, explicit and implicit coercion.

Sources of organisation-level resistance to change include power and politics, differences in functional orientation, mechanistic structure, and organisational culture. Sources of group-level resistance to change include group norms, group cohesiveness, and group think and escalation of commitment.

4.9 KEYWORDS

Homophily: Degree of closeness and similarity between the change agent and the client.

Linkage: Degree of collaboration between the change agent and the client.

Synergy: It means that whole is more than the sum of its parts e.g. 2 + 2 = 5.

Empathy: Understanding of feelings, emotions and thoughts of others.

Sensitivity training: A technique that consists of intense counselling in which group members aided by a facilitator, learn how others perceive them and may learn how to deal more sensitively with others.

4.10 SELF ASSESSMENT QUESTIONS

1.   What are reasons for resistance to change? What can the management do to overcome such resistance?

2.   Define change agents. Describe the characteristics of successful change agents. What the change agents can do in the organization?

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LESSON: 5
INTRODUCTION OF OD AND STEPS IN OD

STRUCTURE

5.0   OBJECTIVES

After studying this lesson, you would be able to understand-

- Overview of organisational development.
- Steps involved in organisational development.
- Objectives of organisational development.
- Evaluation of organisational development.

5.1   INTRODUCTION

Organization development is the applied behavioral discipline dedicated to improving organizations and the people in them through the

use of the theory and practice of planned change. Organizations today face multiple challenges and threats to effectiveness, efficiently, and profitability; challenges from turbulent environments, increased competition, and changing customer demands; and the constant challenge to maintain congruence among organizational dimensions such as strategy, culture, and processes.

5.2   DEFINING ORGANIZATIONAL DEVELOPMENT

The term organizational development refers to a specific set of change interventions, skill, activities, tools or techniques that are used to help people and organizations to be more effective.

In its most restrictive usage, OD refers to sensitivity training. In this context, OD stresses the process by which people in organizations become more aware of themselves and others. The emphasis is on employees, psychological states that inhibit their ability to communicate and interact with other members of the organization. The assumption is that organizational effectiveness can be increased if people can engage in honest and open discussion of issues. A slightly more encompassing definition states:

"Organization development is a planned, managed, systematic process to change the culture, systems and behavior of an organization, in order to improve the organization's effectiveness in solving its problems and achieving its objectives."

This definition places the emphasis on OD as a planned process over time that must be justified in terms of organizational effectiveness. The definition, however, is still incomplete for our purpose.

The concept of OD must be broad enough to include not only the behavioral approach but others as well. The following definition identifies all the significant aspects of OD:-

The term 'Organizational development'... implies a normative, reduction strategy intended to affect systems of beliefs, values, and attitudes within the organization so that it can adapt better to the accelerated rate of change in technology, in our industrial environment and society in general. It also includes formal organizational restructuring which is frequently initiated, facilitated and reinforced by the normative and behavioral changes.

The three sub objectives of OD are "changing attitudes or values, modifying behavior, and inducing change in structure and policy." However, it's conceivable that the OD strategy might emphasize one or the other sub objectives. For example, if the structure of an organization is optimal in management's view, the OD process might attempt to educate personnel to adopt behaviors consistent with that structure. This would be the case for leadership training in participative management in an organization that already has an organic structure.

5.3   FEATURES OF OD

Some important themes or features of OD are:

(i)   *Planned change* is needed due to various factors both external and internal to the organisation. Change has to be embraced as an opportunity rather than threat. So organisation has to make deliberate change either incremental moderate adjustments (modifications) or fundamental total change in culture.

(ii)   OD's major focus is to *improve* the functioning of *individuals, teams* and the *whole organisation.*

(iii)   OD aims at teaching members in the organisation to continuously learn to improve their functioning and able to *solve their own problems.*

(iv)   Applying the *action research process* which has three major components:
  (a)   participation of members in all activities;
  (b)   change agent to play the role of collaborator and co-learner; and
  (c)   initiating a process of diagnosis and action.

(v)   OD emphasises on *improving organisation effectiveness* and *culture.* For this OD focus is three fold i. e.:
  (a)   improving organisation processes;
  (b)   redesigning the *organisation structure* to make it function better, and
  (c)   changing organisation as a *system.*

(a)   The *Organisation Processes* refer to how things get done in organisations, i.e. work climate, the methods for arriving at results. Important processes include communication, problem-solving and decision-making, conflict resolution, openness, trust, mutual trust and collaboration, allocation of rewards, human resource practices and continuous learning. It involves a fundamental change in an organisation culture as termed by Warner Burke.

(b)   The *organisation structure* refers to how individual tasks are designed and how these tasks are integrated in a coherent manner. Right structures promote responsibility, innovation and initiative whereas other

structures curb such behaviours and are rigid and inefficient. Redesign of organisation structure is an active area of experimentation of OD.

(c)   The *system perspective* highlights that organisation elements are interdependent, interrelated and cause multiple effects. Change in any element of the system (strategy, structure, task, technology, processes and culture) causes changes in other elements. The primary goal of OD programmes is to optimise the whole system by ensuring that elements are harmonious and congruent.

5.4   CHARACTERISTIC OF ORGANISATIONAL DEVELOPMENT

Organizational development, as the term is used in contemporary management practice, has certain distinguishing characteristics:

It is planned and Long-Term. OD is a data-based approach to change that involves all of the ingredient that go into managerial planning .It involves goal setting, action planning, implementation, monitoring , and taking corrective action when necessary.

It is Problem-Oriented. OD attempts to apply theory and research from a number of disciplines including behaviourals science, to the solution of organizational problems.

It Reflects a Systems Approach. OD is both systemic and systematic. It is a way of more clearly linking the human resources and potential of an organization to its technology, structure, and management processes.

It's Action–Oriented. OD focuses on accomplishments and results. Unlike approaches to change that tend to describe how organizational change takes place, OD's emphasis is on getting things done.

It Involves Change Agents. The process requires the facilitative role of a change agent to assist the organization in redirecting its functioning.

It Involves Learning Principles. OD's basic feature is reliance on re-education to bring about change. Re-education involves applying fundamental learning principles.

5.5 OBJECTIVE OF OD

Some important objectives or benefits, which OD achieves, are:

(i)   OD represents a viable strategy for improving *organisation* effectiveness and enhancing the quality of work life of members.

(ii)   It makes organisation better able to *achieve* both the *goals of the organisation and goals of individuals* within the organisation. OD helps solve problems that adversely affect the operational efficiency at all levels.

(iii)   OD keeps work *organisation productive* as well as *hospitable* for members.

(iv)   It is a strategy for intelligently facing the requirements of changing world and coping up effectively the environment.

(v)   Its focus is on developing total organisation.

(vi)   OD is *collaborative* management of organisational *culture* (beliefs and values).

(vii)   OD is far different from "efficiency system" introduced to speed up production in the past. OD is a collaborative effort by the members of an organisation to develop their

capabilities so that organisation can attain optimum level of performance.

In sum, OD aims to accomplish:

- better *adaptability* of the organisation to its environment,
- willingness of members to face organisational *problems* and help solve them,
- bring improvement in *organisation process* like interpersonal and intergroup relations, openness, communication, trust and understanding, etc., and
- improve organisational *performance* and innovativeness

5.6   THE EVOLUTION OF ORGANIZATION DEVELOPMENT

In the late 1940s and early 1950s laboratory training methods were developed and applied by groups of behavioural scientists at Bethel, Maine. Douglas McGregor (Theory X and Theory Y), working with Richard Backhard, began applying laboratory training methods to industry at General Mills in 1956 and at Union Carbide in 1957. At Union Carbide, McGragor and Johan Paul Jones (an internal consultant) formed the first internal OD consulting group.

About the same time, Haerberr Shephard and Robert Blake were initiating a series of applied behavioral science intervention at Esso, mainly laboratory-training techniques to improve work team processes. These early training sessions provided the basis for what Blake and Mouton later developed as an instrumented training system they called the Managerial Grid. The success of these programmes led to a dissemination of such efforts to other corporations.

Survey Research and Feedback

A group at the Survey Research Centre at the University of Michigan began to apply to organization the Action Research Model of Kurt Lewin. Rensis Likert and Floyd Mann administered an organization wide survey at Detroit Edison C., involving the systematic feedback of data to participating departments. They used what is termed as interlocking series of conferences; feeding data back to the top management group and then down to work teams throughout the organization.

Since that time, many organizations have used the survey feedback approach. General Motors, for example, had reported success in applying Likert's survey feedback approach to organization improvement.

5.7 WHY IS CHANGE NEEDED IN ORGANISATION?

There are many answers. The reasons may be due to developments in the *external environment* to which organisation may respond such as customer expectations, service needs, technological changes leading to process and product innovations, global market and competition, etc. However, change is sometimes required because of the organisation is having *internal problems.* For example, if the employees are angry because management has been unresponsive to certain human relations problems, there is need to change part of management. Likewise, if two work groups are continually fighting each other and the efficiency is suffering because of it, some changes are necessary to rectify the inter-group conflict.

(1) Intense *international competition* has challenged organisational designs and human resource management practices.

(ii) Successful organizations place high priority on productivity and systematic understanding, and on responding to current and future external customer needs of TQM.

(iii) They proactively and systematically understand and respond to current and future internal customer needs.

(iv) Workforce mobility and diversity are creating new employee needs along with new expectations about the *present and future work culture.*

(v) The revolution in information technology is reshaping the core *competencies* needed in a knowledge economy.

(vi) Human relations (HR) and organisation development (OD) leaders are challenged to become effective strategic partners in the creation of a world-class learning culture.

5.8 STEPS IN ORGANISATION DEVELOPMENT PROCESS

Organisation development can be implemented in a number of different ways. However, there are usually some steps that are always taken in the process of bringing about change. Figure 5.1 demonstrates the sequential steps that would be common to a typical OD effort. The figure is meant to show the order in which events usually take place.

The first step in bringing about any change is the *recognition* that a change is necessary. A manager may identify specific performance problems, barriers to performance, or areas of possible improvement. In many cases management will initially be dealing with a symptom of the problem and may not know the real causes of a performance deficiency.

At this point, a *change agent* (interventionist or consultant) may be brought into the firm to speak to several of the firm's key managers and
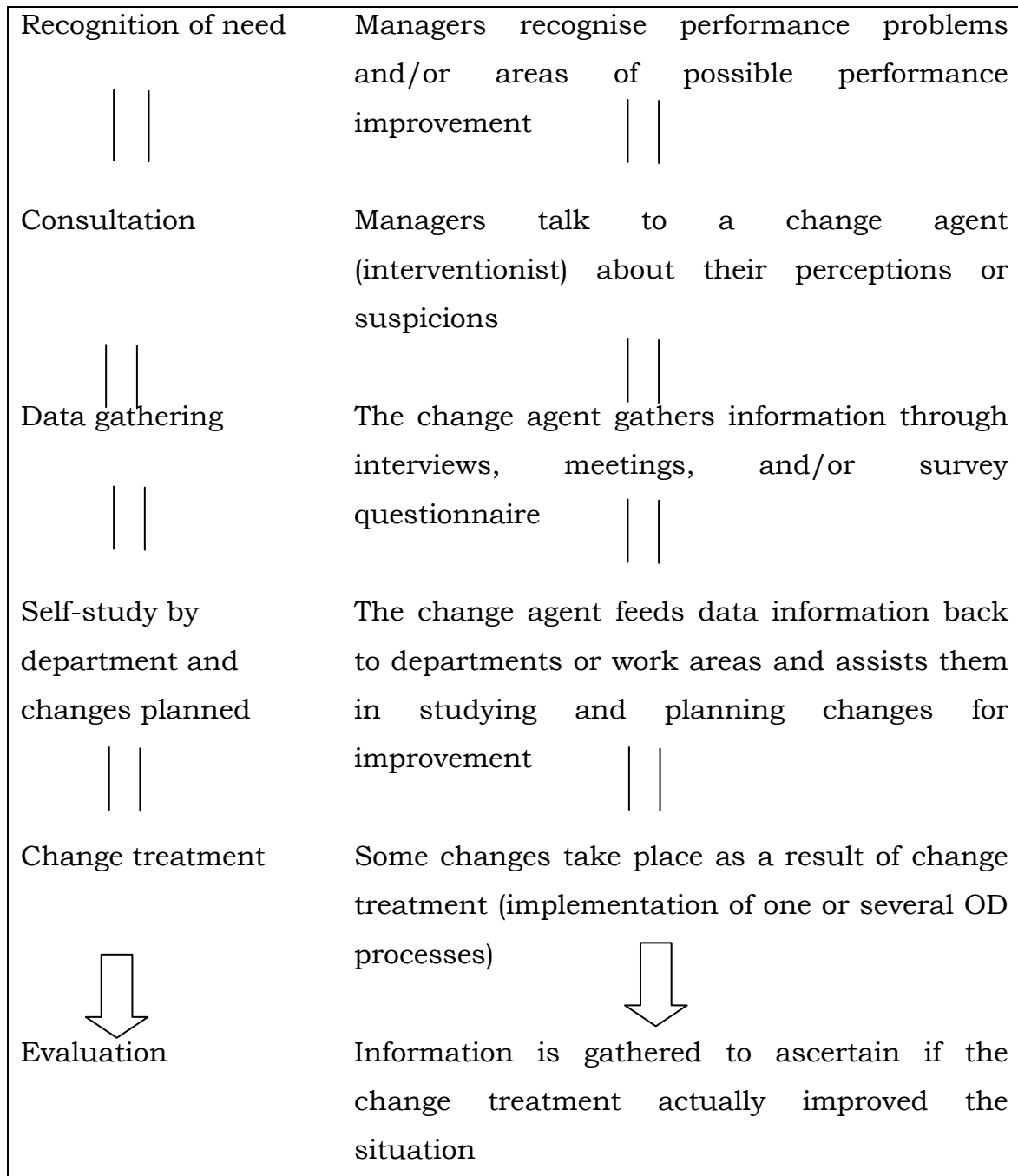
supervisors as well as with a segment of the rank-and-file workers. Following this, the interventionist may begin to formulate some ideas of what the problem is. More interviews and perhaps a formal questionnaire survey may be administered in order to *gather as much information* as is needed. This information is broadly summarized into "areas to be worked on" and is given to the heads of the departments as well as to the top-level managers.

During a *self-study workshop* the top management group studies itself to determine how the group accomplishes work. The "how" refers to the processes such as decision-making, planning and goal-setting methods; and communication manner and style. From this self-study, the group in collaboration with the interventionist will be able to develop programmes to upgrade areas of performance needing improvement. This type of self-study workshop will also occur concurrently within each of the departments (target departments) to be exposed to the OD effort.

In some instances, the OD effort will involve only the feedback of the data gathered. But when another *change treatment* is to be used, it is at this point, after data feedback, that other OD methods would be applied. This may involve team building, communication training, leadership training, or any number of the OD processes.

After the change treatment has been implemented, it is necessary to determine if the change was successful. Some controversy surrounds the time period that must elapse before studying the effects of a change. The nature of the change will, in part, govern the amount of time needed by workers to perceive and adjust to a change. For example, a change in leadership style at the top of the hierarchy will probably take time to filter down through the firm. There are no guidelines for determining when a *remeasurement* should be conducted. However, management should try

to ascertain when the total effects of a change reach a plateau and remain stable.

Recognition of need	Managers recognise performance problems and/or areas of possible performance improvement
Consultation	Managers talk to a change agent (interventionist) about their perceptions or suspicions
Data gathering	The change agent gathers information through interviews, meetings, and/or survey questionnaire
Self-study by department and changes planned	The change agent feeds data information back to departments or work areas and assists them in studying and planning changes for improvement
Change treatment	Some changes take place as a result of change treatment (implementation of one or several OD processes)
Evaluation	Information is gathered to ascertain if the change treatment actually improved the situation

Source: Management of change and organizational development by S.K. Bhatia, pp. 55

FIG. 5.1: MODEL OF ORGANISATION DEVELOPMENT

5.9 THE PROCESS OF ORGANISATION DEVELOPMENT

Lewin (1947) conceptualised social change as occurring in three phases: (a) unfreezing, (b) changing, and (c) refreezing. Typical OD processes implemented by one leading Indian company is presented in four stages summarised in Figure 5.2.

```
                          1
                       Diagnosis

   4                                          2
Feedback of changes,              Action plan/ strategy through:
monitoring evaluation and            •  Data feedback
making modifications                 •  Planning changes

                          3
                  Implementation of
                    Interventions
          (Action phase and stabilisation)
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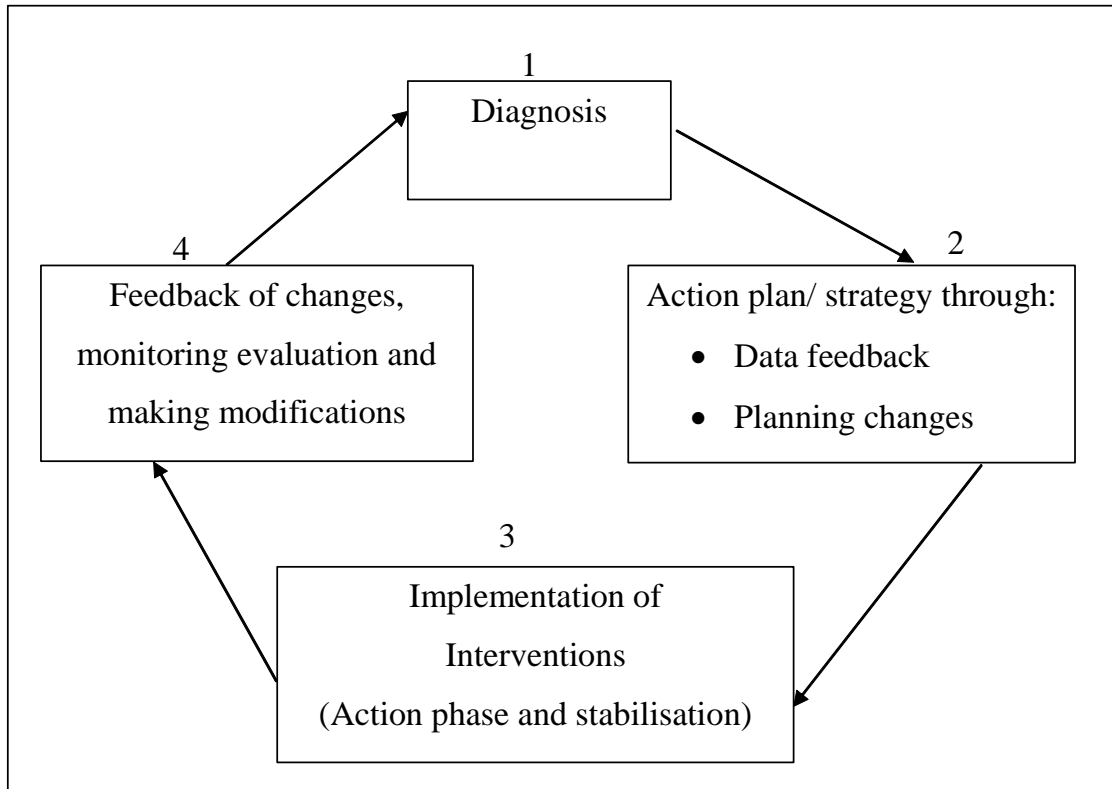
FIGURE 5.2: FOUR STAGES OF OD PROCESS MODEL

Source: Management of change and organizational development by S.K. Bhatia, pp. 55

(adopted by Prof. Abad Ahmad in Bharat Heavy Electricals Ltd., Bhopal)

I.   The Diagnostic Phase Involves

i.   Client's top management to recognise the problems awareness of the need for change in the organisation.

ii. The engagement of change agent or consultant organisation and have by client.

iii. Diagnosis in OD is a collaborative process, which involves the client system and consultant's joint collection and analysis of data. Emphasis is on continuous and participative diagnosis.

iv. OD consultant may make use of tools such as questionnaire (survey) and interview schedules (consultation meetings).

v. In brief, OD diagnosis attempts to analyse the current state of the organisation in terms of various structures, systems and process in order to identify actual and potential strengths and weaknesses.

II. Action Plan/Strategy Development

i. Sharing of joint diagnosis of problems by the consultant and client team to the top management in an OD workshop.

ii. In this workshop, top management jointly develops action plans and strategies in the form of interventions (e.g. team building and OD grid, etc.) to bring about changes or improvement.

III. Action and Stabilisation Phase-Implementation of Interventions

i. Implementation of action plans-changes through intervention.

ii. Long drawn series of actions that may last several months such as grid OD intervention of Blake and Mouton.

iii.   This phase of interventions of OD process takes place under conditions of unfrozenness, mobilising efforts, which is necessary for changes to have an impact.

iv.   Allowing changes to stabilise and to permeate the culture of the organisation. To ensure that the positive element of change programme are diffused to other parts of the organisation.

IV.   Feedback of Changes, Evaluation and Making Modification Phase

i.   This phase consists of monitoring and reviewing the progress of the actions by collecting feedback about the changes introduced.

ii.   Making modification in case need arise. Mid-course corrections.

iii.   In case some new problems are revealed in the collection of data (survey/consultation process) another phase is commenced.

iv.   To achieve complete success, it has to be ensured client team is competent enough to maintain the changed system without the support of the consultant, as there is tendency among organisations to revert to their original states. Consultant can thus withdraw.

v.   OD practitioners, both internal and external consultants may counsel decision-makers on an individual basis, to work on improving working relationships among the members of group or team, improving relationships among interacting and interdependent organisational groups; and gathering

attitudinal data throughout the organisation and feeding this data back to selected individuals and groups who would use this information as a basis for planning and making desired improvements.

OD is a long-range effort to improve and organisation's problem-solving and renewal processes, particularly through a more effective and collaborative management of organisation culture-with special emphasis on the culture of formal work teams-with the assistance of change agent and technology of applied behaviour science, including action research.

5.10 SUMMARY

In the fast changing world, 'change' has become an inevitable part of life. Organisation that do not change when needed, do not survive long. Organizational development can be implemented by different ways. This chapter has focused on the steps in the process of OD.

5.11 KEYWORDS

Feedback: Objective information given to an employee regarding his/her job performance.

Organisational development: A series of techniques and methods that managers can use in their action research program to increase the adaptability of their organisation.

Total quality management: A technique developed by W. Edwards Deming to continuously improve the effectiveness of flexible work teams.

Process consultation: An OD technique in which a facilitator works closely with a manager on the job to help the manager improve his or her interactions with other group members.

Inter-group training: An OD technique that uses team building to improve the work interactions of different functions or divisions.

5.12 SELF ASSESSMENT QUESTIONS

1. What do you mean by OD? Define the objectives of OD.

2. Discuss various characteristics of O.D.

3. Discuss various steps involved in O.D.

4. Discuss the four stages model of O.D. by Lewin.

5.13 REFERENCES/SUGGESTED READINGS

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LESSON: 6
ORGANIZATIONAL COMPETENCES AND SKILLS

STRUCTURE

6.0   Objectives

6.1   Introduction

6.2   What is a competence?

6.3   Categories of competence

6.4   Organizational Competence

6.5   Process for development of organizational competences skill

6.6   Summary

6.7   Keywords

6.8   Self Assessment Questions

6.9   References/Suggested readings

6.0   OBJECTIVES

After studying this lesson, you should be able to understand-

- The concept of organisational competencies.
- Approaches for organisational competencies.
- Concept of organisational skills.
- Process for the development of organisational competences skill.

6.1   INTRODUCTION

No one can anticipate future, but organizational development history and present practice can help develop a picture of what might lie ahead. And that is always exciting, rewarding and challenging. Today the environment in which organizations operate is competitive (in terms of global, national and regional commercial). Only organizations can

succeed, who is enabling to balance the present against potentials of innovations. To compete with the environmental changes, key competences can be identified.

6.2 WHAT IS A COMPETENCE?

In simple words, competence profile is a result of behavioral research to identify superior performance in dynamic environment. A competence is an ability to do something. In business world, it can be defined as "a company has a strength or a high competence activity if it can out- perform most competitors on a competitive factor that customers value.

A company has a weakness or a low competence activity if it under-performs most competitors on a competitive factor that customers value."

In this way, the performance of a company can be described utterly overall, competence is best thought of variable, rather than an attribute. It is not something the company has, or does not have, but it is something the company has to a certain degree. The degree is comparison of performance to their competitors. Thus a company with high competence in a particular activity is considered equal to its best competitors in that activity.

6.3 CATEGORIES OF COMPETENCE

There are two distinguish categories of competence.

1.   *Ordinary resources and competences*

The activities identical to competitor's competences and nothing special about them. These competences can be identified easily.

2. Important resources and competences

Those, which are currently a source of actual or potential sustainable competitive advantage or disadvantage to your firm.

Apart from these , there are some more categories of competence.

1. Core competence

These are usually high competence activities important at a firm corporate level, which are key to the firm's survival and are central to its strategy. The capability to survive in the competitive environment.

2. Distinctive competences

Those high competence activities that customers recognize as differentiating your firm from competitors and that therefore provide a competitive advantage. The capability of a firm to establish itself as a different in the eye of customers.

3. Organizational or business unit competence

The small number of key activities expected from each business unit in a company.

4. Supportive or Meta competence

Any activity, which supports a range of other activities. For example, a competence for building and working productively in teams can have a major impact on the speed and quality of many activities in firms.

5. Dynamic competence

The capability of a firm to adapt the change over time.

6.4 ORGANIZATIONAL COMPETENCE

An organizational competence is an expertise shared by the member of a workgroup to apply skills, tools and infrastructure towards effective performance in response to a prospective or prior situation. This definition addresses a number of concerns:

1. Shared expertise suggests distinct practices that can be executed by any of number of individuals with similar experiences and/or training. Individuals in the work group may identify with professions or communities of practice.

2. The application of skills, tools and infrastructures is socially centred and oriented towards action. Skills are the human ability to apply tools. Tools are instruments or implements that are applied to extend human faculties.

3. Effective performance is judged situational. One members of a work group need not conduct work activities in exactly the same routine manner as another. Each skilled worker may apply expertise to make fine adjustments based on the situation at hand.

Organizational capabilities and organizational competences are closely related. An example may be helpful to contrast nuances between capabilities and competences. A taxi fleet provides a social function of transporting people and small packages from one point in a city to another. A number of or organizational capabilities that involve a number of organizational competences enable this social function. Organizational capabilities include order dispatching, vehicle provision, and driver scheduling. Organizational competences include way finding, vehicle maintenance and safe conveyance. Making such fine distinctions between capabilities and competences begs for a clarification of definitions. A

definition for organizational capability that is rooted in a systems design perspective: An organizational capability is an available resource that has the potential for producing an out come.

"The term 'capabilities' emphasizes the key role of strategic management in appropriately adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competences to match the requirements of a changing environment"

In the development of organizational competence not only the grounded understanding of action is required, but also required the additional study on how change can be influenced and enabled. This can be done only by anticipation. Organization can anticipate competences by three ways following as:

- Anticipation through learning
- Anticipation through knowledge
- Anticipation through ignorance

A)   Anticipating organizational competences through learning

To survive in tough business world, it is not important to be the best, but also to keep evolving to stay the best. This is the identity of learning organisations. It must open its eyes, ears, and mind to ground conditions and not miss the sights and sounds that can form the basis for its future. The philosophy of learning organisation is examining, enhancing and improving every business experience. Learning organisation ensures that change enhances its experience and thus promotes learning. Change is an input that leads to learning.

Values of learning organisation

Fred Luthans states that learning organisations are characterised by human-oriented cultural values such as these:

(a) Everyone can be source of useful ideas, so personnel should have access to any information that can be of value to them;

(b) The people closer to the problem usually have the best ideas regarding how to solve it, so empowerment should be promoted;

(c) Learning flows up and down the hierarchy;

(d) New ideas are important and should be encouraged and rewarded; and

(e) Mistakes should be viewed as learning opportunities. This point of learning from failures is important for people in the learning organisation.

Practices of learning organisation

Some common operational particularly practices in learning organisations, dealing with people are:

1. Openness: Managers must be receptive to new ideas and overcome the desire to closely control operations. Learning organisations break this mould and teach their people to look at things differently.

For example: Whirlpool Corporation in USA was concentrating for large Learning Organisation share of the US market. However, economic analysis revealed future growth would be outside the USA. In order to teach its managers to change their thinking and begin focusing world-wide, the firm held a world-wide leadership conference in Europe and established cross-national and cross functional teams to develop and implement plans of action.

People openly communicate with each other (across vertical and horizontal levels) without fear of criticism. It is team learning through dialogue and discussion. It is fostering learning in other teams in the organisation to think insightfully about complex issues.

2.   Developing Systems Thinking: This involves the ability to see connection between issues, events and data as a whole (inter-relationships) rather than series of unconnected parts. Teaching people to identify the sources of conflict they may have with other personnel, units and departments and to negotiate and make trade-offs skillfully.

3.   Development of Creativity: Another practice of learning organisation is to develop creativity among personnel. Creativity is the ability to formulate unique approaches to problem solving and decision-making. Learning organisations focus on getting employees to break their habits and think "outside the box".

4.   Proactive Approach: Another practice is proactive approach to problem solving by managements. They should solve the problems before critical situation develops.

5.   Instill a Sense of Empathy and Sensitivity: Another practice in learning organisation is to instill a sense of empathy and sensitivity towards others. People to sort out misunderstandings through discussion, mutual problem solving, maintain confidence and trust in the other party. This encourages team working.

6.   Institutionalize Learning: Organisation to build not only individual knowledge, but also institutionalize knowledge and values so that these are transferred when some one leaves the scene. The culture retains the knowledge and values. One way to launch learning organisation is to create teaching organisation where people teach, what they learn, to others.

7.   Leadership: (a) Leadership in the organisation to develop a culture of strategic thinking so as to completely overhaul the organisation.

(b) They should build shared vision for the organisation. A shared vision provides focus and energy for learning and bringing about change. It was a shared vision of freedom from colonial domination that lead the Indian people to rally behind Mahatma Gandhi.

(c) They also define the core values around which organisation will operate.

8.   Fostering Positive Mental Mindset (Mental Models): Learning organisations foster the right mental model among employees for meeting all situations. Organisation has ability to challenge existing dogmas, values and practices, in order to learn or unlearn from business situation. Organisation has to learn for the future.

9.   Learning from Mistakes: Teams to review experiences after completion of a project and do self reflection. They should have an honest assessment of success and failure experiences of the project.

10.   Risk Taking: Management to encourage employees to take calculated risks in business operations, which will increase opportunities. Managements to have quick response to market forces.

B)   Anticipating Organizational competences through knowledge

Knowledge is simply human interpretation for potential action. Knowledge management essentially embodies an organisational process that seeks synergistic combination of data and information-processing capacity of information technologies, and the creative and innovative capacity of human beings. Knowledge Management ensures that all the information, data, know-how, insights, intuitions, experiences are systematically captured and transferred so that they can be systematically used by the organisations.

Knowledge Management is simply delivering the right information, to the right person, at the right time and place, to make a business decision of value of the enterprise. "Knowledge Management is the engine that transforms ideas into business value. It is a systematic process for creating, acquiring, synthesizing, sharing and using information, insights and experiences to achieve organisational goals" (Keeler, 2000). Knowledge management can be described as consisting of following four major processes (Alavi and Leidner, 1999):

(i)   Knowledge creation (including knowledge maintenance and updating);

(ii)   Knowledge storage and retrieval;

(iii)   Knowledge distribution (sharing); and

(iv)   Knowledge application (using the knowledge) in groups such as collaborative work, multi-skilled teams, professional associations to share experiences in interactions.

Verbalizing knowledge management programme

One multinational corporation has laid down knowledge management programme as under:

- To remain competitive and viable, we need to change the way we do things /business.
- Knowledge management is a systematic way to capture, share and re-use our company's knowledge.
- New and improved technologies are important to success of knowledge management programme.
- Knowledge management is fundamentally about people and behaviours that promote knowledge sharing and collaboration.

- In this corporation we are creating knowledge communities to serve as resource for individual projects to manage our knowledge and help our people collaborate across other units.
- Search/locate knowledge through various projects and ease the performance of work of all professionals so that we are able to give higher value to our clients.
- Knowledge management projects benefit from senior management support.

All elements of a knowledge solution must be effectively managed and leveraged. Andersen's approach to implementing knowledge solutions recognises and balances the interdependence of these critical elements:

Leadership: The strategy of the firm, and how the organisation defines its business and uses its knowledge assets to reinforce its core competencies, is best understood when the leadership demonstrates focus.

Culture: This deals with how the organisation views and facilitates both learning and innovation, including how it encourages employees to build the organisational knowledge base in ways that enhance customer value.

Technology: This is an enabler as to how the organisation equips its members to communicate easily with one another, as well as the systems it uses to collect, store, and disseminate information.

Measurement: This provides for how the organisation quantifies its knowledge capital, and how resources are allocated to fuel its growth.

Process: Last step is to identify information it needs and the manner in which it collects, adapts, and transfers that information.

Process of knowledge management (km)

1.   First step towards knowledge management is strategic skill identification and development:

- to start with identifying strategic skills is a tactical challenge of achieving competitive advantage as core competency,
- build skill-based role profiles, and then identifying key development gaps in workforce and meeting them,
- harnessing the collective expertise of existing workforce,
- further by developing skill requirements we have to look at future business initiatives and reducing cycle times, and
- next, deployment of workforce capabilities to support business goals.

2.   Second, from skills management to human capital management. Best way to describe this expertise (skill) is through competencies. In view of fierce competition and ever-growing skill shortages, the recruitment evaluation is becoming a strategic requirement in the race to remain competitive.

3.   Third, emphasis is on human capital approaches such as- performance management, leadership and succession planning, career development, compensation and reward (incentive) solutions, to get creative people to share their knowledge with their peers. These additional programmes should support the enterprise goal.

4.   Fourth, the simplest description of human capital management is: the highly responsive ability of a company to intelligently identify, source, evaluate and reward the people required for any business initiative (challenge) by developing, enhancing, or adding to an existing workforce inventory of competencies. In short, to be able to rapidly align the competencies of a workforce with critical business requirements.

5.   Fifth, creating a knowing enterprise is indeed the principle challenge of human resource. In managing the organisation, the important part is to convert the knowledge into a product or service. This implies that intellectual capital must be converted into performance such as improvements in cycle time, customer satisfaction, etc.

C)   Anticipating organizational competences through ignorance

In ancient Greece, the followers of Parmenides identified knowledge as light and ignorance with the darkness. In their worldview, the view of knowledge as good and ignorance as harmful. Organizational competence development can draw on this delicate interplay between knowing and not knowing. The organization needs to adopt a non-defensive predisposition towards unknowns, and cope with them with vigor similar to that, which is applied to the known. The disclosing of ignorance can be particularly valuable in ambiguous and creative situations, where creativity and unconventional thinking is highly valued.

Competence development requires balancing "doing the thing right" with "doing the right thing"

When organizational competence is viewed as a closed system, the emphasis is typically on "doing the thing right". Reflecting on the way work is done in groups, sharing experiences, and adapting that learning to new situations as they arise incrementally improve practices. This is particularly true when the competences are related to delivery or performance. Organizational processes can always be made more efficient through the refinement of skills, honing of tools, or better utilization of the supporting infrastructure. An alternative view of organizational competence is as an open system, with an orientation towards "doing the right thing". Practices are then viewed in the light of capabilities, and the

potential for the organization to create and capture value through a better understanding of customers' interests.

Anticipating Organizational Competences through the Disclosing of Ignorance

An organizational ignorance quest takes the contrary view from what the organization "knows", but instead on what the organization doesn't know. Competences need to be developed not to handle those situations that the organization can see, but instead those that it cannot immediately see.

An organizational ignorance quest pursues challenges in four areas namely
- known unknowns;
- passive ignorance, as ignoring (which includes errors and unknown knowns)
- unknown knowns; and
- active ignorance, as the ignored (which includes taboos and denials).

Each of these four types of ignorance appears with different symptoms, and requires a different type of remedy. Care should be taken to apply the ideas properly.

1. *Ignorance is an organizational challenge*: here in this approach competence must be widespread in order for the organisation to effectively function.

2. *Ignorance represents a performance gap more than just a knowledge gap*: A work practices orientation observes what members of an organization actually do– and therefore also should notice what they what don't do. Organizational

competence development should encourage learned social practices so that "the right thing to do" is natural for every individual within the work group. The explicit recognition of ignorance within an organization can open the door for a new shared image of competences.

1. *Known Unknowns are gaps where competence development is clearly motivated*

Known unknowns are the "easiest" type of ignorance to deal with, because they are the most straightforward. It is easy to justify competence development in areas were the organization is recognized to be weak. Market sizing is a commonly known unknown. The best that an organization can do is to consult with "experts" who provide judgments on next year's demand. A known unknown presents itself as a deficiency in a current organizational competence Known unknowns are situational deficiencies. Known unknowns can be cleared with continued evolution of current competences

2. *Passive ignorances includes errors and unknown knowns localized in competences*

The passive ignorances of errors and unknown knowns can be described as "localized ignoring", because they don't represent generalized ignorance across an organization. An error is only an error if someone recognizes it. Every business conducts projects to varying degrees of success: some are completed on-time and on-budget; some eventually produce deliverables by overruns to plans; and some are abandoned before completion. In some cases, project leaders may trace the error to mismanagement, but in many others, the root cause may be traced to factors external to the project itself. A business can face this ignorance in one of two ways: "shoot the messenger" that bears bad news, or try to learn from the failures so that those are not repeated.

Unexploited proprietary knowledge is an example of an unknown known. Exploiting errors and unknown knowns leverages known competences elsewhere. Overcoming the challenge of passive ignorance is generally a bridging problem. One function in the organization has some knowledge or expertise, while another has a need. If each side is recognized as a resource, simple matchmaking will produce success. Ignoring can be overcome through self-reflection, criticism, and review and cross-functional. Competence sharing: communication place important role to overcome ignorance participation in professorial organisation, alumni meet, church groups, artists' communities all contributes different perspective to organisational competences.

3. *Unknown unknowns test the ability of competences to handle surprises*

Unknown unknowns may represent known unknowns to other organizations, or they may represent unknowable to everyone. They may be blind spots. One source of unknown unknowns is categorizations in mental models. An unknown becomes a problem when it can be categorized. When an unknown can't be categorized, it can cause discomfort to our understanding of the world. A business example of the emergence of unknown unknowns was represented in the trends towards convergence of telecommunications, media and information technologies, in the context of co-opetition. Co-opetition meant that an organization could be a friend in one situation, and a competitor in another. The key competence that would put an organization into market leadership or the spark that would result in customers rallying around an offering was an unknown unknown. Unknown unknowns test the robustness and flexibility of organizational competences. Unknown unknowns can't be fought, but must be embraced in competence development. Can an organization really prepare itself for unknown unknowns? Logically, it cannot. It can, however, become more fluid in its ability to adapt to

change. The best that an organization can do may be to hope that an unknown unknown is transformed into a known unknown before it emerges as an unrecoverable threat to the organization.

4. *Active ignorances are "the ignored" taboos and denials of alternative competences*

The three types of ignorance reviewed above exist in every organization. The fourth type of ignorance– "the ignored"– is not just a problem of existence. Taboos and denials are actively defended through organizational norms and protocols that reinforce their strength. They are dangerous because they represent mistaken knowledge in the worst way. They cannot be overcome merely by exposing them. Taboos and denials are a common foundation for the identity of a group. Attacking "the ignored" may be perceived as an attack on the group itself. Organizational culture is sometimes a taboo. The ignored of taboos and denials reflect an arrogance on the "best" competences. Taboos are dangerous, polluting or forbidden subjects. In an organizational context, they can be portrayed as dysfunctional activities or distinctions that long-time practitioners have tried, and found to be wasteful or counterproductive. Denials are realities that should be obvious within an organization. Until the reality is revealed and accepted, however, action cannot be taken. Overcoming the ignored requires listening to alternative voices with credibility. Exposing a taboo can shake the very identity of an organization. Exposing a denial moves individuals out of their comfort zones. Resistance to the bright lights of a different reality may invoke emotional impulses such as anger and frustration. Taboos and denials are part of organizational life, and can be handled on an ongoing basis so that changes are more gradual.

Ignorance may be disclosed through self-discovery, or by customers and competitors

- Ignorance with in an organization may be disclosed through *SWOT* analysis. Organization may find its strengths and weaknesses through internal analysis and opportunities and threats may be identified through external analysis.

- *Customers* are more than happy to disclose ignorance to their suppliers. These may be produced reactively as complaints, or may come in the form of suggestions. The organization may treat these inputs as annoyances, or as opportunities for discovery. The organization can make itself more accessible through the publication of e-mail address and toll-free telephone numbers.

- A motivating source of disclosed ignorance is *competitors.* An aggressive competitor will be happy to take over your share of the market. It not only recognizes an ignorance, but capitalizes on it. This helps organization recognize its ignorance.

6.5 PROCESS FOR DEVELOPMENT OF ORGANIZATIONAL COMPETENCES SKILL

The development of organizational competences follows an evolutionary path, based in learning and experience. At the personal level, the learning cycle is described in terms of consciousness and competence: Experiential learning tends to occur in a cycle but involves several key phases. Competence comes from "piling up" reference experiences through doing and acting. Conscious awareness comes from having cognitive maps and distinctions with which to label and "understand" behaviors and experiences. According to conventional wisdom, the basic process of acquiring new skills involves a cycle composed of the following phases:

1.   Unconscious Incompetence-- Learner does not have enough knowledge or experience to either understand or apply a principle or skill.

2.   Conscious Incompetence-- Learner has enough knowledge and/or experience to realize that he or she is not able to understand nor apply a principle or skill.

3.   Conscious Competence-- Learner has reached the threshold of knowledge necessary to understand and communicate about a principle or skill.

4.   Unconscious Competence-- Learner has reached the threshold of experience necessary to consistently apply or enact a principle or skill.

5.   Mastery-- Learner has reached the threshold of experience and knowledge necessary to consistently apply or enact a principle or skill as well as to understand and communicate about the principle or skill.

6.6 SUMMARY

Organizations pursuing development of their competences must balance the pursuit of mastery in the present against the potential of innovations that may enable success in the future. In this regard, key competences can be identified as work practices essential to the satisfaction of customers and other stakeholders. These competences may be improved incrementally and more widely disseminated across the enterprise. In the future, however, the "right" competences to be developed are less clear. The organizational capability of anticipates is helpful to develop organizational competences.

6.7 KEYWORDS

Knowledge management: A type of IT-enabled organisational relationship that has important implications for both organisational learning and decision-making.

Learning organisation: An organisation that purposefully designs and constructs its structure, culture, and strategy so as to enhance and maximise the potential for organisational learning to take place.

Satisficing: Limited information searches to identify problems and alternative solutions.

Bounded rationality: A limited capacity to process information.

Core competences: Manager's skills and abilities in value-creating activities.

6.8 SELF ASSESSMENT QUESTIONS

1. What do you mean by competence? Can it be categorized in different ways?
2. "Organizational capabilities and organizational competences are closely related". Support your answer with suitable example.
3. How organization can develop competences through learning?
4. Companies are now called "knowledge organization as they have moved beyond managing "information" to managing "wisdom". Discuss in detail.
5. Do you think that organizational competences can be developed through ignorance?

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CHAPTER: 7
DESIGNING AND EVALUATION OF OD INTERVENTIONS

STRUCTURE

7.0   OBJECTIVES

After studying this lesson, you should be able to understand-

- Overview of the nature of the OD interventions.
- How to plan OD programmes.
- Implementing OD interventions.
- Evaluation of OD interventions.

7.1   INTRODUCTION

OD interventions- the action component of organization development- are the vehicles for bringing about the desired identified changes in the organization. OD interventions are sets of structured activities in which selected organizational units (target group or individuals) engage in a task or a sequence of tasks with the goal of organizational improvement and individual development. Thus,

interventions constitute the action thrust of OD that is a complete strategy for change and development encompassing theory, practice, methods and values.

Need for OD Interventions

Intervening involves implementing various change-inducing action programs. So the need for "change" gives rise to the need for interventions. We can see that one of four conditions gives rise to the need for OD interventions.

1   First, the organization has a problem; something is "wrong." Corrective actions- interventions- are implemented to "fix" the problem.

2   Second, the organization sees an unrealized opportunity; something it wants is beyond its reach. Enabling actions- interventions- are developed to seize the opportunity.

3   Third, features of the organization are out of alignment; parts of the organization are working at cross-purposes. Alignment activities- interventions- are developed to get things back "in sync."

4   Fourth, the vision guiding the organization changes; yesterday's vision is no longer good enough. Actions to build the necessary structures, processes, and culture to support the new vision- interventions-are developed to make the new vision a reality.

OD interventions are planned sets of actions to change the culture of the organization, move it from "where it is" to "where organizational members want it to be", and enable them to improve their practices so

that they may better accomplish individual, team and organizational goals.

7.2 THE NATURE OF OD INTERVENTIONS

We can understand the nature of OD interventions with the help of following points:

1.   OD interventions address a wide range of specific problems and opportunities. But OD is much more than reaching into the "kit bag" and pulling out an intervention or two. OD is a complete strategy for change and development that encompasses theory, practice, methods and values. Interventions are just one component of the OD formula.

2.   OD intervention activities are done in addition to the normal activities or are done instead of the normal activities. For example, an "in addition to" intervention would be a staff group including a "process critique" at the end of each staff meeting. This activity simply means that a few minutes are set aside to look at "how we worked"- the process- during the meeting. Critiquing "how we worked" can enable the group to correct deficient processes and become more effective in its deliberations. An example of an "instead of' intervention would be getting a key service department to hold an "organization mirroring" workshop with its user-clients to determine how clients view the services provided and how they want services improved. In this case, instead of the normal activities of the staff services, a problem-solving workshop-called the organization mirror is convened in which the clients give feedback to the service group. This option establishes a dialogue between service providers and service users. Such a meeting would probably not be a normal activity in the organization.

3.   Most OD interventions minimize the separation between learning and action taking in several ways:

i.   First, many intervention activities have two goals: an educational goal and an accomplishing- a task goal. The dual aspect of OD interventions can be clarified with an illustration. Let us say that the top executives of an organization spend three days in a workshop in which they do the following things: (i) explore the need for a long-range strategic plan for the organization; (ii) learn how to formulate such a strategy by analyzing other strategies, determining the strategic variables, being shown a sequence of steps for preparing a comprehensive plan, and so forth; and (iii) actually make a three-year strategic plan for the organization. This intervention combines the dual features of learning and action: the executives learned about strategic planning, and they then generated a strategy. In some OD interventions, the "learning aspect" predominates, and in others, the "action aspect" predominate~; but both aspects are present in most interventions.

ii.   Second, OD problem-solving interventions tend to focus on real problems central to the organization's needs rather than on hypothetical problems that may or may not fit the members' needs. Developing the skills and knowledge to solve real problems as they arise in their "natural state" minimizes the educational problem of "transfer of learning" from one situation to another. An additional feature of working on real problems in OD interventions is that the real set of individuals involved in the problem is the group the problem solvers work with. For example, in a human relations class, if a manager is having trouble understanding and working with minority employees, he or she would perhaps "role play" the situation with the instructor or fellow students. In OD, the manager would probably interact with the minority employees with whom he or she was having difficulties- but would do so in carefully structured activities that have a high probability of learning for both parties and a high probability of being a "success experience" for both parties.

iii.   Third, OD interventions rely on several learning models, not just one. For example, if "learning how to" do something precedes "doing" it, then we have a traditional approach to learning familiar to most people. If the "doing" precedes the "learning how to," then we have a "deficiency" model of learning in which the learning comes primarily from critiquing the actions after the fact to see how they could have been done differently and, presumably, better. Both models are viable learning modes, and both are used extensively in organization development.

4.   OD interventions have different dynamics- they do different things; they cause different things to happen. One intervention's major result may be increasing interaction and communication between parties. Another intervention's major result may be increasing feedback, or increasing accountability. These differential results are often exactly what is needed to produce change in the particular situation. For example, a situation requiring increased accountability will benefit more from an intervention that directly increases accountability rather than an intervention that increases interaction and communication.

5.   OD intervention- the action programs in OD are closely linked with explicit goals and objectives Careful attention is given to translating goals into observable, explicit, and measurable actions, and equal care is given to ensuring that actions are relevant to and instrumental for attaining goals.

Thus diagnosis, action taking and goal setting are all linked in OD programs. Diagnostic activities- the fact-finding- precede action program and provide a foundation for action. Actions are continuously evaluated for their contribution to goal accomplishment. Goals are continuously evaluated for whether they are attainable and whether they can be translated into action programs.

7.3 CLASSIFYING THE OD INTERVENTIONS

The range of OD interventions is quite extensive. Interventions have been developed to solve most problems related to the human side of organizations. Managers and practitioners need to learn arid make use of a wide variety of techniques and methods of OD interventions depending on the nature of the situation being dealt with as well as on their own background and competence.

For our purpose of understanding the broad nature of OD interventions, Table 7-1 gives a comprehensive list of OD interventions. Presented by Wendell French and Cecil Bell, his classification is based on the primary target of interventions- what organizational segment is planned to be examined and changed?

TABLE 7.1: TYPOLOGY OF OD INTERVENTIONS BASED ON TARGET GROUP

Target Group (What organizational segment is planned to be examined and changed?	Interventions designed to improve effectiveness
Individuals	Life and Career Planning Activities Coaching and Counselling T-group (Sensitivity Training) Education and Training Activities designed to improve skills, abilities, and knowledge in the areas of technical task needs, relationship skills, process skills, decision making, problem solving, goal setting and planning skills. Grid OD Phase 1 Work Redesign

	Gestalt OD Behaviour Modeling
Dyads/Triads	Process Consultation Activities Third-Party Peacemaking Role Negotiation Technique Gestalt OD
	Team Building - Task Directed - Process Directed Gestalt OD Grid OD Phase 2 Interdependency Exercise Appreciative Inquiry Responsibility Charting Process Consultation Activities Role Negotiation
Teams and Groups	Role Analysis Technique "Startup" Team Building Activities Education and Training in decision making, problem solving, and goal getting in group setting Team MBO Appreciations and Concerns Exercise Sociotechnical Systems (STS) Visioning Quality of Work Life Programs (QWL) Quality Circles Force Field Analysis Self Managed Teams
Intergroup Relations	Intergroup Activities - Process Directed - Task Directed

	Organizational Mirroring
	Partnering
	Process Consultation Activities
	Third-Party Peacemaking at group level
	Grid OD Phase 3
	Survey Feedback
Total Organization	Sociotechnical Systems (STS)
	Parallel Learning Structures
	MBO (participation form)
	Cultural Analysis
	Confrontation Meeting
	Visioning
	Strategic Planning/Strategic Management Activities
	Real-time Strategic Change
	Grid OD Phase 4, 5, 6
	Interdependency Exercise
	Survey Feedback
	Appreciative Inquiry
	Search Conferences
	Quality of Work Life Programs (QWL)
	Total Quality Management (TQM)
	Physical Setting
	Large-Scale Systems Change

The group of interventions includes many activities with their own specific objectives. For example the objective of Education and Training interventions is to improve individuals' skills abilities, and knowledge a particular area. The specific objective of different activities may be to increase skills, abilities, and knowledge in areas of technical task needs, or in areas of inter personal behavioral needs, or in the areas of

conceptual decision making/planning skins needs. It is also important to note that

- Some interventions have multiple targets and uses, and thus are mentioned at several in the table. For example, Process Consultation Activities have multiple targets: Dyads/Triads, Teams and Groups, and Inter-group Relations. These activities may have different/multiple uses based on their primary emphasis on different processes such as communication, leader and member roles in groups, problem solving and decision making group norms and group growth, leadership and inter-group cooperation and competition.

- Some interventions are problem specific. Examples are the Third-Party Peacemaking Activities and the Goal Setting Activities.

- Some interventions are process specific. Example is Intergroup Activities that explore the processes involved in managing interfaces.

7.4   DESIGNING AND EVALUATING THE OD INTERVENTIONS

It is easily understandable that behind every program there is an overall game plan or intervention strategy. This plan integrates the problem or opportunity to be addressed, the desired outcomes of the program, and the sequencing and timing of the various interventions. Intervention strategies are based on diagnosis and the goals desired by the client system. Let's understand it with the help of an example where the clients want to redesign the way work is done at a production facility, changing from 'an assembly-line arrangement of individualized simple tasks to complex tasks performed by self-managed teams. This desired redesign requires diagnosis to determine whether the work is amenable to such a system, to test the employees' willingness to undertake such a change, to calculate the time and effort required to make the change, and

to assess the probable benefits. Thus we can summarize the key questions to be addressed while planning and implementing an OD program.

The Key Questions are:

- What are we trying to accomplish- the overall change/improvement goals of the program?
- What parts of the organization are ready and receptive to the OD program?
- What activities/interventions will help us get there?
- What are the key leverage points (individuals and groups) in the organization?
- What resources are available for the program in terms of client time and energy and internal and external facilitators?
- What is the proper timing and sequencing of the interventions?
- What have we learned from the diagnosis about readiness to change, barriers and obstacles, key stakeholders, and sources of energy and leadership?

Now we win discuss some aspects to be considered when planning OD programs and choosing and implementing OD interventions.

Considerations for Structuring OD Activities

Wendell French and Cecil Bell suggest the following guidelines to structure activities in "better" ways to promote learning and change:

- Structure the activity to include the relevant people, the people affected by the problem or the opportunity. For example, if the goal is improved team effectiveness, have the whole team engage in the activities. If the goal is improved relations between two separate work groups, have both work groups present. If the goal is better customer service, include

customers in the activity. Preplanning the group composition is necessary for properly structuring the activity.

- Structure the activity so that it is (i) problem oriented or opportunity oriented and (ii) oriented to the problems and opportunities generated by the clients themselves. Solving problems and capitalizing on opportunities are involving, interesting, and enjoyable tasks for most people, whether due to a desire for competence or mastery (as suggested by White), or a desire to achieve (as suggested by McClelland), especially when the issues have been defined by the client. When clients are solving issues that they have stated have highest priority, the activity has built-in support and a high payoff.

- Structure the activity so that the goal is clear and the way to reach the goal is clear. Few things are as demotivating as not knowing what one is working toward and not knowing how what one is doing contributes to goal attainment. Both these points are part of structuring the activity properly

- Structure the activity to ensure a high probability of success. The practitioners' and clients' expectations should be realistic. These manageable and attainable objectives once achieved produce feelings of success, competence, and potency for the people involved. This sense of achievement, in turn, raises aspiration levels and feeling of self and group-worth. The task can still be hard, complicated and taxing-but it should be attainable. And if participants fail to accomplish the goal, the reasons should be examined so this can be avoided in the future.

- Structure the activity so that it contains both experience-based learning and conceptual learning. New learnings gained through experience become a permanent part of the

individual's repertoire when augmented with conceptual material that puts the experience into a broader framework of theory and behavior. Relating the experience to conceptual models and other experiences helps the learning become integrated for the individual.

- Structure the climate of the activity so that individuals are "freed Up" rather than anxious or defensive. That is, set the climate of interventions so that people expect "to learn together" and "to look at practices in an experimenting way so that we can build better procedures."

- Structure the activity so that the participants learn both how to solve a particular problem and "learn how to learn." Such structure often means scheduling time for reflecting on the activity and teasing out learnings; it may mean devoting as much as half the activity to one focus and half to the other.

- Structure the activity so that individuals learn about both task and process. The task is what the group is working on, that is, the stated agenda items. The term process refers to how the group is working and what else is going on as participants work on the task, including the group's processes and dynamics, individual styles of interacting and behaving, and so on. Learning to be skilful in both of these areas is a powerful asset.

- Structure the activity so that individuals are engaged as whole persons, not segmented persons. It means calling into play role demands, thoughts, beliefs, feelings, and strivings.

Considerations for Managing the Implementation Process

In the implementation process a change agent focuses on the relevant issues in making decisions about how to integrate a variety of interventions i.e. choosing and sequencing intervention activities.

Michael Beer suggests the fallowing guidelines far managing the implementation process.

- Maximize diagnostic data. In general, interventions that will provide data needed to make subsequent intervention decisions should come first. This is particularly true when change agents do not know much about the situation. Violation of this rule can lead to choosing inappropriate interventions.

- Maximize effectiveness. Interventions should be sequenced so that early interventions enhance the effectiveness of subsequent interventions. For example, interventions that develop readiness, motivation, knowledge, or skills required by other interventions should come first. Violation of this rule can result in interventions that do not achieve their objectives, regression, and the need to start a new sequence of interventions.

- Maximize efficiency. Interventions should be sequenced to conserve organizational resources such as time, energy, and money. Violation of this rule results in overlapping interventions or in interventions that are not needed by certain people or parts of the organization.

- Maximize speed. Interventions should be sequenced to maximize the speed with which ultimate organizational improvement is attained. Violation of this rule occurs when progress is slower than is necessary to conform to all the other rules.

- Maximize relevance. Interventions that management views as mast relevant to' immediate problems should come first. In general, this means interventions that will have an impact on the organization's performance or task come before interventions that will have an impact on individuals or

culture. Violation of this rule may result in loss of motivation to continue with organization development.

- Minimize psychological and organizational strain. A sequence of interventions should be chosen that is least likely to create dysfunctional effects such as anxiety, insecurity, distrust, dashed expectations, psychological damage to people, and unanticipated and unwanted effects on organizational performance. Violating this rule lowers people's sense of competence and confidence and their commitment to organizational improvement.

Understanding the underlying causal mechanisms of interventions

It is important to bear in mind that different interventions have different dynamics; they cause different things to happen because they are based on different causal mechanisms. It's important to know the underlying causal mechanisms of interventions to ensure the intervention fits the desired outcomes. Robert Blake and Jane mouton identified the following types of interventions based on the underlying causal mechanisms:

1. Discrepancy intervention, which calls attention to a contradiction in action or attitudes that then leads to exploration.

2. Theory intervention, where behavioral science knowledge and theory are used to explain present behavior and assumptions underlying the behavior.

3. Procedural intervention which represents critiquing of how something is being done to determine whether the best methods are being used.

4. Relationship intervention, which focuses on interpersonal relationships (particularly those where there are strong negative feelings) and helps surface the issues for exploration and possible resolution.

5. Experimentation intervention, in which two different action plans are tested for their respective consequences before a final decision on one is made.

6. Dilemma intervention, in which an imposed or emergent dilemma is used to force close examination of the possible choices involved and the assumptions underlying them.

7. Perspective intervention, which draws attention away from immediate actions and demands and allows a look at historical background, context and future objectives in order to assess whether or not the actions are "still on target."

8. Organization structure intervention, which calls for examination and evaluation of structural causes for organizational ineffectiveness.

9. Cultural intervention, which examines traditions, precedents and practices the fabric of the organization's culture-in a direct focused approach.

These different kinds of interventions provide a range of ways for the OD practitioner to intervene in the client system. They also explain the underlying dynamics of interventions.

Considerations for Evaluation of the OD Interventions

The purpose of evaluation is to generate information, to create the feedback system to guide the operations so that the managers and the OD practitioners know that they are moving in the desired direction.

Thus, evaluation represents assessing the effects of the program and it addresses the following questions:

- Was it successful?
- What changes occurred?
- What were the causal mechanisms?
- Are we satisfied with the results?

Results Expected from on Interventions

Different interventions have different dynamics; they do different things because they are based on different causal mechanisms. These differential results are often exactly what is needed to produce change in the particular situation. Wendell French and Cecil Bell give the following list of some of the results one can expect from OD interventions,

1. Feedback: It refers to learning new data about oneself, others, group processes, or organizational dynamics- data that one did not previously take active account of and that reflects an objective picture of the real world. Awareness of this new information may lead to change if the feedback is not too threatening. Feedback is prominent in interventions such as process consultation, organization mirroring, sensitivity training, coaching and counseling, and survey feedback

2. Awareness of Changing Socio-cultural Norms or Dysfunctional Current Norms: People often modify their behavior, attitudes, and values when they become aware of changes in the norms influencing their behavior. This awareness has change potential because the individual will adjust his or her behavior to bring it in line with the new norms. One's awareness that "this is a new ball game" or that "we're now playing with a new set of rules'; causes changes in individual behavior. Also, awareness of dysfunctional current norms serves as an incentive to change. When people sense a discrepancy between the outcomes their present norms are causing and the outcomes they want,

they are led to change. This causal mechanism probably operates in team building, intergroup team-building activities, culture analysis, Grid OD, and sociotechnical systems programs.

3.   Increased Interaction and Communication: Increasing interaction and communication between individuals and groups causes changes in attitudes and behavior. Homans, for example, suggests that increased interaction leads to increased positive sentiments. Increased communication allows one to check one's perceptions to see if they are socially validated and shared. This mechanism underlies almost all OD interventions. The rule of thumb is: Get people talking and interacting in new, constructive ways and good things will result.

4.   Confrontation: This term refers to surfacing and examining differences in beliefs, feelings, attitudes, values, or norms to remove obstacles to effective interaction. Confrontation is a process that seeks to discern real differences that are "getting in the way," to uncover those issues, and to work on them in a constructive way. Many obstacles to growth and learning exist, and they continue to exist when they are not actively examined. Confrontation underlies conflict resolution interventions such as intergroup team building, third-party peacemaking, and role negotiation.

5.   Education: Education activities upgrade (a) knowledge and concepts, (b) beliefs and attitudes, and (c) skills. In organization development, education activities increase these three components in several content areas: task achievement, social relationships, organizational dynamics and processes, and processes for managing change. Education is the primary mechanism operating in behavior modelling, force-field analysis, life and career planning, self-directed teams, and T-groups.

6. Participation: Increasing the number of people involved in problem solving, goal setting, and generating new ideas increases the quality and acceptance of decisions, increases job satisfaction, and promotes employee well-being. Participation activities are found in quality circles, collateral organizations, Quality of Work Life (QWL) programs, team building, search conferences, survey feedback, and Beckhard's Confrontation Meeting.

7. Increased Accountability: Activities that clarify people's responsibilities and that monitor performance related to those responsibilities increase accountability. Both features must be present for accountability to enhance performance. OD interventions that increase accountability are the role analysis technique, responsibility charting, Gestalt OD, life-and career-planning, quality circles, MBO, self-managed teams, and partnering.

8. Increased Energy and Optimism: Activities that energize and motivate people through vision of new possibilities contribute toward a future that is desirable, worthwhile, and attainable. Increased energy and optimism are direct results of interventions such as appreciative inquiry, visioning, "getting the whole system in the room," quality of work life programs, search conferences; total quality programs; self-managed teams, and so forth.

The above points relevant to the designing and evaluation of OD interventions have been developed from practice/theory, and implementing these points causes interventions to be more effective and the overall change program to be relevant, timely, properly structured, and ultimately successful.

7.5 SUMMARY

Organisational development is a series of techniques and methods to increase the adaptability of organisations. OD techniques can be used to overcome resistance to change and to help the organisation to change itself. OD techniques for dealing with resistance to change include education and communication, participation and empowerment, facilitation, bargaining and negotiation, manipulation and coercion. OD techniques for promoting change include, at the individual level, counselling, sensitivity training, and process consultation, at the group level, team building and inter-group training; and at the organisational level, organisational confrontation meetings.

7.6 KEYWORDS

Organisational confrontation meeting: An OD technique that brings together all of the managers of an organisation to meet to confront the issue of whether the organisation is effectively meeting at goals.

Team building: An OD technique in which a facilitator first observes the interaction of group members and then helps them become aware of ways to improve their work interactions.

Quality circles: Group of workers who meet regularly to discuss the way work is performed in order to find new ways to increase performance.

Management by objectives: A system of evaluating subordinates on their ability to achieve specific organisational goals or performance standards and to meet operating budgets.

Empowerment: The process of giving employees throughout an organisation the authority to make important decision and to be responsible for their outcomes.

7.7 SELF ASSESSMENT QUESTIONS

1. What do you understand by interventions? Why the need for intervention in an organization arises?
2. Discuss interventions as the action component of the OD formula.
3. Write a detailed note on the nature of OD interventions.
4. "OD is more than just reaching into a kit-bag and pulling out an intervention or two". Discuss the statement.
5. What are the important considerations you will keep in mind when you plan and evaluate an OD program?
6. What are the expected results of an OD intervention?

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CHAPTER: 8
POWER, POLITICS, ETHICS AND FUTURE OF OD

STRUCTURE

8.0   OBJECTIVES

After studying this lesson, you should be able to understand-

- Concept of organisational power.
- Concept of organisational politics.
- Ethics in OD.
- Future of OD.

8.1   INTRODUCTION

Power and politics are natural process in any group or organization. As such, managers and OD practitioners need to know how

power is acquired and exercised if they are going to make OD efforts fully successful.

8.2   POWER DEFINED AND EXPLORED

The French word 'pouvoir' stands for both the noun 'power' and the verb 'to be able'. To have power is to be able to get desired things done, to effect outcomes-actions and the decisions that precede them. The following are several representative definitions of power:

"Power is the intentional influence over the beliefs, emotions, and behaviors of people. Potential power is the capacity to do so, but kinetic power is the act of doing so .... One person exerts power over another to the degree that he is able to exact compliance as desired."

—R.G.H Siu

Power is "the ability of those who possess power to bring about the outcomes they desire."

— Gerald Salancik and Jeffrey Pfeffer

"A has power over B to the extent that he can get B to do something that B would otherwise not do."

—R.A. Dahl

These definitions show some common elements: effectance- getting one's way; the necessity of social interaction between two or more parties; the act or ability of influencing others; outcomes favoring one party over the other. So we can say that interpersonal power as the ability to get one's way in a social situation. We therefore can define power simply as the capacity to effect (Or affect) organizational outcomes."

Two Faces of Power

David McClelland identified "two faces of power"– positive and negative. He observed that while power has a negative connotation for most people, it is through the use of power that things get done in the world.

According to him, the negative face of power is characterized by a primitive, unsocialized need to dominate others. Crushing, forcing, hurting, coercing– these are examples of negative uses of power. The positive face of power is characterized by a socialized need to initiate influence, and lead. This positive face of power enables others to reach their goals as well as lets the person exercising power reach his or her goals. Leading, influencing, selling, persuading-these are examples of positive uses of power. The negative face of power seeks to dominate and control others; the positive face of power seeks to empower self and others.

In most organizations the positive face of power is much more prevalent than the negative face of power. Thus the phenomenon of power is ubiquitous. Without influence (power) people would have no cooperation and no society. Without leadership (power) in medical, Political, technological, financial, spiritual, and organizational activities, humankind would not have the standard of living it does today. Without leadership (power) directed toward warfare, confiscation and repression, humankind would not have much of the misery it does today. Power per se is probably neither good nor bad although Lord Acton observed that "power tends to corrupt; absolute power corrupts absolutely". A moment's reflection, however, suggests that many problems with power stem from the goals of persons with power and the means they use, not the possession of power as such.

Bases of Power

Power exists in virtually all social situations. It is especially salient in coordinated activities such as those found in organizations. In fact, for organizations to function, an authority or power dimension is required. How do some people come to possess power? How is power generated, bestowed, or acquired? What is that gives an individual or group influence over others? French and Raven's "bases of social power", better examine who gets power and how? They suggested five sources, or bases, of social power as follows: Reward, Coercive, Legitimate, Referent and Expert.

1. Reward Power-power based on the ability of the power holder to reward another, that is, to give something valued by the other.

2. Coercive Power- power based on the ability of the power holder to punish another, that is, to give something negatively valued by the other.

3. Legitimate power- power based on everyone's belief that the powerholder has a legitimate right to exert influence and that the power-receiver has a legitimate obligation to accept the influence.

4. Referent power- power based on the power-receiver having an identification with (attraction to, or feeling of oneness with) the powerholder.

5. Expert power- power based on the powerholder possessing expert knowledge or expertise needed by the other. Informational power is a form of expert power where the powerholder possesses important facts or information needed by the other.

In summary, power stems from possession of or mediation of desired resources. The resources may be ability to reward and punish, being in control of critical skills, knowledge, or information, the ability to solve critical problems or exigencies-anything that creates dependence of one actor or set of actors on another. Thus power belongs to those persons who control or mediate desired commodities.

8.3   POLITICS DEFINED AND EXPLORED

When members in organization convert their power into actions, we describe them as being engaged in politics. Following representative definitions of politics examine the concept of politics in organizations:

"Politics simply is the study of who gets what, when, and how." Harold Lasswell

"Organizational politics involve those activities taken within organizations to acquire, develop and use power and other resources to obtain one's preferred outcomes in a situation in which there is uncertainty or dissensus about choices." Jeffrey Pfeffer

"Organizational politics involve intentional acts of influence to enhance or protect the self-interest of individuals or groups." Allen et al

"Organizational politics is the management of influence to obtain ends not sanctioned by the organization or to obtain ends through non-sanctioned influence means." B. T. Mayes and R.W. Allen

Analyzing these definitions suggests that the concepts of power and politics are similar. Both relate to getting one's way-effectance. Both relate to pursuit of self-interest and overcoming the resistance of others. For our purposes, organizational politics is power-in-action in organizations; it is engaging in activities to get one's way.

Thus we can view politics as a subset of power, treating it … as informal power, illegitimate in nature. We also treat authority as a subset of power, but in this sense, formal power, the power vested in office, the capacity to get things done by virtue of the position held.

Two faces of politics

Politics is neither good nor bad per se that politics, like power, has two faces. The negative face of politics is characterized by extreme pursuit of self-interest; unsocialized needs to dominate others; a tendency to view situations in win-lose terms-what I win, you must lose-rather than win-win terms; and predominant use of the tactics of fighting secrecy, surprise, holding hidden agendas, withholding information, deceiving. The positive face is characterized by a balanced pursuit of self-interest and the interests of others; viewing situations in win-win terms as much as possible; engaging in open problem solving followed by action and influencing; a relative absence of the tactics of fighting; and a socialized need to lead, initiate, and influence others.

Pursuit of unsanctioned organizational goals or the use of unsanctioned organizational means might be examples of the negative face of politics. Illegitimate uses of authority, information or resources might-also be examples of the negative face of politics. But we see a positive face of politics whenever "hard decisions" must be made, are made, and most organizational members feel good about what was decided and how it was decided. In this regard, Jeffrey Pfeffer argues that politics are necessary if organizations are to function effectively. This concept of the two faces of politics handles the two sides of the phenomenon we all see in our common experience. Some organizations reflect a mostly positive face of politics, and other organizations reflect a mostly negative face of politics.

Organizational politics tend to be associated with decision-making, resource allocation, and conflict resolution processes. These key areas are the battlefields where actors win and lose; they are where the "goods" are distributed and the goals decided. In fact, one can gain a quick understanding of the overall "political climate" of an organization by studying its methods of resource allocation, conflict resolution, and choosing among alternative means and goals.

Organizations often display consistent patterns of decision making, resource allocation, and conflict resolution. Three patterns identified in the organization literature are: bureaucratic, rational, and political models. In a bureaucratic model, decisions are made on the basis of rules, procedures, traditions, and historical precedents. In a rational model, decisions are made on the basis of rational problem solving: goals are identified and agreed upon; situations are analyzed objectively in relation to goals; alternative action plans are generated and evaluated; and certain alternatives are chosen and implemented. In a political model, decisions-.are made on the basis of perceived self-interest by coalitions jockeying for dominance, influence, or resource control. Most organizations exhibit an these models, although in some organizations one predominates.

8.4 OD IN RELATION TO POWER AND POLITICS

Organization development is based on the belief that using behavioral science methods to increase collaborative problem solving would increase both organizational effectiveness and individual well-being. This belief gave rise to the field and is a guiding premise behind its technology. To increase collaborative problem solving is to increase the positive faces of power and politics and decrease their negative faces. Thus from its inception OD addressed issues of power and politics by proposing that collaboration, cooperation, and joint problem solving are

better ways to get things done in organizations than relying solely on bargaining and politics. The nature or OD in relation to power and politics can be examined from several perspectives- its strategy of change, its interventions, its values, and the role of the OD practitioner.

OD's Strategy of Change

As the framework of Robert Chin and Kenneth Benne explains OD programs implement normative-reeducative and empirical-rational strategies of change, not a power coercive strategy. The normative-reeducative strategy of change focuses on norms, culture, processes, and prevailing attitudes and belief systems. Change occurs by changing norms and beliefs, usually through education and reeducation. The empirical-rational strategy of change seeks facts and information in an attempt to find "better" ways 'to do things. Change occurs by discovering these better ways and then adopting them. The power-coercive strategy of change focuses on gaining and using power and on developing enforcement methods. Change occurs when people with more power force their preferences on people with less power. OD practitioners advocate normative-reeducative and empirical-rational strategies of change, and OD interventions are designed to implement these strategies. Organization development thus has a strong bias toward a normative-reeducative strategy of change and against a power strategy.

OD's interventions

All the on interventions promote problem solving, not politics, as a preferred way to get things accomplished. OD interventions increase problem-solving, collaboration, cooperation, fact-finding, and effective pursuit of goals while decreasing reliance on the negative faces of power and politics. OD interventions do not deny or attempt to abolish the reality of power in organizations; rather, they enhance the positive face of power, thereby making the negative face of powerless prevalent and/or

necessary. Not only is organization development not a power/political intervention strategy, it is .instead a rational problem-solving approach that is incompatible with extreme power-oriented situations.

OD's Values

OD's values are consistent with the positive face of power, but not with the negative face of power. Values such as trust, openness, collaboration, individual dignity, and promoting individual and organizational competence are part of the foundation of organization development These values are congruent with rational problem solving and incongruent with extremely political modes or operating. "Power equalization" has long been described as one of the values of organization development. 'Emphasis on power equalization stems from two beliefs: first, problem solving is usually superior to power coercion as a way to find solutions to problematic situations; second, power equalization, being one aspect of the positive face of power, increases the amount of power available to organization members, and by so doing adds power to the organization.

The Role of the OD Practitioner

The role of the OD practitioner is that of a facilitator, catalyst, problem solver, and educator. The practitioner is not a political activist or-power broker. According to Chris Argyris, the "interventionist" has three primary tasks: (i) to generate valid useful information, (ii) to promote free, informed choice, arid (iii) to promote the client's internal commitment to the choices made. The practitioner works to strengthen skills arid knowledge in the organization. But organization members are free to accept or reject the practitioner, his or her program, and his or her values, methods, and expertise. The OD consultant, like all consultants, provides a service that the organization is free to "buy" or "not buy." The facilitator or educator role is incompatible with a political activist role

because cooperation requires one set of behaviours and competition requires a different set of behaviours. OD practitioners can get into trouble if they move from a facilitator role to a political role.

In summary, organization development represents an approach and method to enable organization members to go beyond the negative face of power and politics, This major strength of OD derives from the strategy of change, the technology, the values, and the roles of OD practitioners.

8.5 OPERATING IN A POLITICAL ENVIRONMENT

The following discussion presents some general observations on operating in a political environment.

1.   Organization development practitioners operate from a potentially strong power base they can use to advantage. According to the framework of French and Raven, the OD consultant possesses power from the following bases: legitimate power (the OD program and consultant are authorized by the organization's decision makers); expert power (the consultant possesses expert knowledge); informational power (the consultant has a wealth of information about the strengths and weaknesses of the organization); and possibly referent power (others may identify with and be attracted to the consultant). These sources of influence produce a substantial power base that will enhance the likelihood of success. Michael Beer has identified the means by which an OD group can gain and wield power in organizations:

   i.   Competence. Demonstrated competence is the most important source of power, acceptability, and ability to gain organizational support.

   ii.   Political access and sensitivity. Cultivating and nurturing multiple relationships with key power figures in the

organization will ensure timely information and multiple sources of support.

iii.   Sponsorship. "Organization development groups will gain power to the extent that they have sponsorship, preferably multiple sponsorship, in powerful places." This maxim has been recognized for years under the heading of "get top-level support for the program."

iv.   Stature and credibility. Beer notes that power accrues to those who have been successful and effective. Success leads to credibility and stature. Early successes in the OD program and its usefulness to key managers of the organization helps promote this reputation.

v.   Resource management. Power accrues to those who control resources-in this case, the resources of OD expertise and ability to help organizational subunits solve their pressing problems.

vi.   Group support. If the OD group is strong internally, it will be strong externally. If the OD group is cohesive and free of internal dissension, it will gain more power.

2.   The OD practitioner can help implement some favorable conditions in the organization, thereby modifying the political climate and reducing the negative face of power. Creating slack resources, replacing tight coupling of interdependent relationships with more loose coupling, gaining agreement on goals and means for goal accomplishment, centralizing some decision making, and addressing mixed-motive situations in two phases as indicated by integrative and distributive bargaining-all these processes can reduce the negative consequences of intense power and politics.

3.   The concept of the positive and negative faces of power and politics suggests where the practitioner is likely to be more effective and

less effective. We believe that OD programs are likely to be unsuccessful in organizations with high negative faces of politics and power: the OD program will likely be used as a pawn in the organization power struggles, and the OD practitioner can become a scapegoat when condition require a "sacrifice." On the other hand, OD programs are likely to be highly effective in organizations with positive faces of power and politics: the practitioner helps organization members build multiple power bases in the 'Organization (more power to everyone); he or she promotes collaborative problem solving., which leads to better decisions; and the practitioner teaches organization members how to manage mixed-motive situations to ensure the best outcomes.

4.   The OD practitioner should learn as much as possible about bargaining, negotiations the nature of power and politics, the strategy and tactics of influence, and the characteristics and behaviours of power holders. This knowledge is not for the purpose of becoming a political activist, but rather to understand better those organizational dynamics where power is an important factor. This knowledge will also make the OD practitioner a more competent actor in the organization and a more effective consultant in helping organization members solve their problems and take advantage of opportunities.

5.   The OD practitioner realizes that power stems from possessing a commodity valued by others. If the OD program indeed improves individual and organizational functioning; if the OD practitioner has indeed learned his or her craft well, then a valuable commodity has been produced that will be welcomed by the organization powerholders.

Wendell L. French and Cecil H. Bell offer the following rules of thumb for the OD practitioners who want to operate more effectively in a political environment:

Rule One: Become a desired commodity, both as a person and as a professional. Becoming a desired commodity as a person means being interpersonally competent and trustworthy.

Rule Two: Make the OD program itself a desired commodity. OD programs become desired commodities when they are results-oriented and focus on important issues, those-issues vital to the organization's success.

Rule Three: Make the OD program a valued commodity for multiple powerful people in the organization. When the OD program serves the needs of top executives, it gains an aura of respect and protection that sets it above most political entanglements: Being of value to multiple powerholders rather than a single one both increases support and reduces the likelihood that the program will become the target of political activities.

Rule Four: Create win-win solutions. The nature of organizations and the nature of organization development suggest this rule.

The preceding rules of thumb describe ways to increase or solidify one's power base. The following rules describe ways to avoid becoming involved in one's own or in others' political struggles. Each is derived from one general principle: Mind your own business.

Rule Five: Mind your own business, which is to help someone else solve his or her major problems.

Rule Six: Mind your own business, which is to be an expert on process, not content.

Rule Seven: Mind your own business because to do otherwise is to invite political trouble.

Attention to the above rules can save OD practitioners time and energy that can be more profitably invested in the OD program.

8.6   ETHICS IN OD

The central ethical issues in OD practice are enhancement versus violation of basic values, and/or help versus harm to persons. Louis White and Kevin Wooten see five categories of ethical dilemmas in organization development practice-stemming from the actions of either the consultant or client or both. The types of ethical dilemmas are:

1.   misrepresentation and collusion,
2.   misuse of data,
3.   manipulation and coercion,
4.   value and goal conflicts, and
5.   technical ineptness.

Wendell L. French and Cecil H. Bell draw on and modify these categories to suggest what we see as some of the more serious areas for potential ethics violations in OD consulting. Some of these areas apply not only to OD consulting, but to management consulting in general.

1.   Misrepresentation of the Consultant's Skills: An obvious area for unethical behavior would be to distort or misrepresent one's background, training, competencies, or experience in vita sheets, advertising, or conversation. A subtle form of misrepresentation would be to let the client assume one has certain skills when one does not.

2.   Professional/Technical Ineptness: The potential for unethical behavior stemming from lack of expertise is pervasive in OD. For instance two violations of ethical standards may be:

i.   Using an intervention that has a low probability of being helpful (and may be harmful in this circumstance). It would seem to be unethical to ask people in a team-building

session to provide mutual feedback about leadership style when neither preliminary interviews nor the client group has indicated a readiness or a willingness to do so.

ii.   Using an intervention that exceeds one's expertise. An example would be as follows: A preliminary diagnosis suggests the appropriateness of a feedback intervention, but the-consultant has no experience from which to draw in order to design a constructive feedback exercise. The consultant goes ahead any way. It would be unethical for the consultant to plow ahead without some coaching by a more experienced colleague. (This situation may call for the "shadow consultant," the consultant to a single individual, in this case another consultant.)

3.   Misuse of Data: The possibilities for unethical behavior in the form of data misuse on the part of either the client or the consultant are abundant. This is why confidentiality is so important in OD efforts. Data can be used to punish or otherwise harm persons or groups. An obvious example would be a consultant's disclosure to the boss the names of those who provided information about the boss's dysfunctional behavior. Another example would be showing climate survey results from Department A to the head of Department B without Department A's authorization. Serious distortions of the data would also be unethical. Let's imagine a scenario in which the consultant interviews the top 20 members of management and finds several department heads are angry about the behaviors of fellow department head Z and the practices in Z' s department. Further, Z is hostile and uncooperative with the consultant in the data-gathering interview. The consultant is now angry but is not conscious of the extent of the anger. When the consultant feeds back the themes from the interviews to the group, his or her anger takes the form of overstating and overemphasizing the dysfunctional aspects of Z' s unit

4.	Collusion: An example of collusion would be the consultant agreeing with the key client to schedule a team-building workshop when department head Z is scheduled to be on vacation. Another example illustrating the power that a consultant with expertise in group dynamics can wield for good or harm is the consultant colluding with other members of the group to set up a feedback situation in which Z's deficiencies will be all too apparent, particularly to Z's boss. Instead of creating a situation in which everyone, including Z, has a chance of improving performance, this collusion is aimed at Z's undoing.

5.	Coercion: It is unethical to force organizational members into settings where they are, in effect, required to disclose information about themselves or their units which they prefer to keep private. The creation of a T-group with unwilling participants would be an example.

6.	Promising Unrealistic Outcomes: Obviously, this is unethical and counterproductive. The temptation to make promises in order to gain a client contract can be great, but the consequences can be reduced credibility of the consultant and the OD field, and the reduced credibility of the key client within his or her organization.

7.	Deception of Values: Deception in any form is unethical and will destroy trust. An example will of a company that embarked on a major reengineering effort after giving assurances of job security, and then proceeded to layoff a huge part of the workforce. The layoffs came after the company had promoted teamwork and empowerment and secured employee cooperation in streamlining operations. For an OD professional on the scene under such circumstance the ethical course of action would be to press top management to look at the probable consequences of reengineering, to look at possible options, and to be completely open with employees about the implications of whatever change strategy was selected. And the ethical responsibilities of the OD

professional and company management extend, of course, to mitigating the impact of any change effort on the lives of individual employees.

Thus, the values underlying ethical OD practice are honesty, openness, voluntarism, integrity, confidentiality, the development of people, and the development of COI1sultant expertise, high standards, and self-awareness.

8.7 FUTURE OF OD

In the present era of global, national, and regional commercial competitiveness the environment in which organizations operate is increasingly turbulent. Production and communications technology are changing at an exponential rate. Furthermore, dislocation of people through downsizing and restructuring is rampant. Simultaneously, a profusion of business start-ups is taking place. Yesterday's strategies are not likely to work in tomorrow's workplaces.

It is clear that the old organizational paradigm is dying. It doesn't work well in this emerging environment. Top-down, autocratically directed, rigidly hierarchical, fear generating organizations are giving way to something new. The new paradigm proclaims that the most innovative and successful organizations will be those that derive their strength and vitality from adaptable, committed team players at all levels and from all specialties, not from the omniscience of the hierarchy. Increasingly, organizations will be flatter, with smaller central staffs and with more real delegation to small groups and units. High-performance organizations focusing on the customer and continuous quality improvement and placing high value on human resources, diversity, and high-performance teams will be the norm.

OD as a strategy for planned change will be a major player in assisting organizations to shift to and sustain this new paradigm and to

help invent even more effective paradigms in the future. The future of OD is bright and what lies ahead is exciting, rewarding, and full of challenges.

Fundamental Strengths of OD

- The OD processes are fundamentally sound These processes include careful tuning in to the perceptions and feelings of people; creating safe conditions for surfacing perceptions and feelings; involving people in diagnosing the strengths and weaknesses of their organizations and making action plans for improvement; focusing on team and! other interdependent configurations; redesigning work so that it is more meaningful and motivating; explicitly training people toward a participative, open, team leadership, mode; and using qualified third parties. These and other characteristics of OD have created a powerful and durable process for organization improvement.

- OD is highly compatible with democratic governmental structures and processes that are well established in many parts of the world and emerging elsewhere. Indeed, OD approaches promote and help sustain democratic processes.

- OD practice has been expanding in the last two or three decades to create a blending of attention to people-oriented processes with attention to the design of the human technical system. More and more examples indicate a melding of what Frank Fried-lander and L. Dave Brown in the 1970s were calling "human-processual" and "technostructural" approaches. To illustrate, this blending can be seen in the increasing use of parallel or collateral organizations in large-scale change projects, many of which involve extensive technological changes. It is also evident in

the extensive use of employee involvement in sociotechnical systems (STS) programs, and in the use of OD practitioners in the training and development of self-managed teams.

- The OD field has an enormous and vital role to play in the foreseeable future in which everywhere organizations are recognizing the need for assistance in getting the right people together to talk constructively about important organizational and transorganizational matters, and for developing processes for making things better.
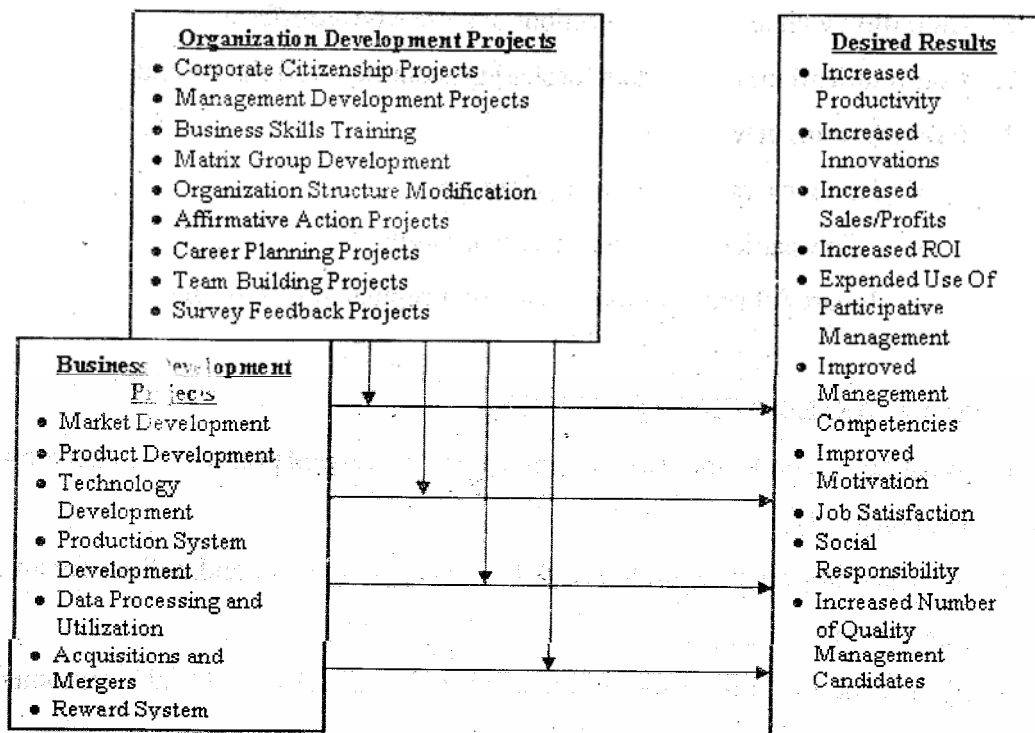

FIGURE 8.1: EMERGING CONCEPTUAL MODEL FOR OD

OD won't go away; it can't go away. OD can become stronger and more effective through evolving theory, research, and practice. How large a role OD will play in the constantly changing organizational, political, and economic milieu of the future will depend upon a number of interrelated conditions. Most of the conditions are generally favorable to OD, but countertrends and/or uncertainties will have to be addressed. These conditions and contingencies have to do with leadership and

values; knowledge about OD; OD training; the interdisciplinary nature of OD; diffusion of technique; integrative practice; mergers, acquisitions, and alliances; rediscovering and recording history; and the search for community.

Emerging on Skills

Kirk Patric put emphasis on the following skills that are more important for OD practitioners in future.

1) Empathy: with feelings and reactions of those who are effected

2) Communication: is important for sharing about expected change and reasons for it.

3) Participation: in two ways
   - Receive input before change is made
   - Allow participative input into change itself

Figure 8.1 provides an emerging conceptual model for OD.

8.8 SUMMARY

Organizational power is the ability of one actor or stakeholder to overcome resistance by other actors and achieve a desired objective or result. The main sources of power available to managers and subunits are authority, control over resources, control over information, nonsubstitutability, centrality, control over uncertainty or contingencies, and unobtrusive power. Organizational politics comprises activities carried out within organizations to acquire, develop, and use power and other resources to obtain one's preferred outcomes. Tactics that individuals and subunits can use to play politics include increasing indispensability, associating with powerful managers, building and

managing coalitions, controlling the agenda, and bringing in an outside expert. Using power to play organizational politics can improve the quality of decision making if the people who have the power are those who can best serve the needs of the organization. However, if top managers have the ability to control and hoard power and entrench themselves in the organisation the interests of other organisational stakeholders may be jeopardized as decisions are made to serve top management's personal interests. Thus there needs to be a balance of power between organizational stakeholders.

8.9 KEYWORDS

Collusion: A secret agreement among competitors to share information for a deceitful or illegal purpose.

Reward Power: The ability to achieve compliance to the extent that a manager can promise or grant tangible rewards.

Organisational Politics: Manipulative acts of influence designed to improve or protect the self interest of individuals or groups.

Legitimate Power: The ability to achieve compliance through use of manager's formal position within the organisation.

Ethics: The study of moral issues and the propriety of choices made.

8.10 SELF ASSESSMENT QUESTIONS

1. What do you understand by the concepts of power and politics? Explain these in relation to OD.
2. Why is it important to understand the concepts of power and politics for an OD practitioner?
3. Write a note on "How to make Change Efforts Successful in a Political Environment?"

4. What ethical issues are involved in OD?

5. Write an essay of the future of OD.

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