



Uttarakhand Open University, Haldwani

MS 303

School of Management Studies and Commerce  
**Organisational Change and Development**



**Block I Organisational Change**

**Block II Organisational Development**

## Organisational Change and Development



**Block – I**

**Block Title- Organisational Change**

**Block – II**

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# **Course Contents**

**Course Name: Organisational Change and Development**

**Course Code-MS 303**

**Course Objective:** In the fast changing world of business the organizations have to be ready for the changes and should facilitate in adopting these changes. This course aims to give a broad theoretical and practical understanding of key concepts and issues in managing organisational changes.

## **Block I Organisational Change**

**Unit I An Overview of Organisational Change**

**Unit II Models of Change Management**

**Unit III Change and its Impact**

**Unit IV Diagnosis and Resistance to Change**

**Unit V Implementing Change**

**Unit VI Strategies and Skills for Communicating Change**

**Unit VII Consolidating Change**

## **Block II Organisational Development**

**Unit VIII Introduction to Organizational Development**

**Unit IX Process of Organizational Development**

**Unit X Diagnostic Strategies and Skills**

**Unit XI Power, Politics and Ethics in OD**

**Unit XII Evaluating change and future of Organizational Development**

**Unit XIII OD Change Agents**

## **Block III Organisation Development Interventions**

**Unit XIV Types and Process of OD Interventions**

**Unit XV Team Interventions**

**Unit XVI Structural and Miscellaneous OD Interventions**

**Unit XVII IT and OD**

**Unit XVIII TQM and OD**

**Unit XIX Organisational Creativity**

**Unit XX OD in International Context**

## **Block IV Perspectives of Organisation Development**

**Unit XXI Learning Organisation**

**Unit XXII Knowledge Management and OD**

**Unit XXIII Organisational Design and Work Culture**

**Unit XXIV Organisational Restructuring**

### **Suggested Readings:**

1. Gareth R.Jones, 'Organisational Theory', Design & Change, Pearson Education, 2004.
2. Madhukar Shukla, 'Understanding Organisations' – 'Organisational Theory & Practice in India', Prentice Hall of India, 2005
3. Adrian Thornhill, Phil Lewis, Mike Millmore and Mark Saunders, 'Managing Change: A Human Resource Strategy Approach', Wiley, 2005.
4. Robbins Organisation Theory; 'Structure Design & Applications', Prentice Hall of India, 2005.
5. Robert A Paton, James Mc Calman, 'Change Management; A guide to effective implementation', Response books, 2005.

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**Block I**  
**Organisational Change**

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# UNIT 1 AN OVERVIEW OF ORGANIZATIONAL CHANGE

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- 1.1 Introduction
- 1.2 Objectives
- 1.3 Organizational Change: Concept and Meaning
- 1.4 Features of Organizational Change
- 1.5 Types of Change
- 1.6 Causes of Organizational Change
- 1.7 Organizational Change: Assumptions
- 1.8 Organizational Change Programme
- 1.9 How to Make Organisation Change Programme Successful
- 1.10 Organizational Change: Benefits and Limitations
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## 1.1 INTRODUCTION

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"The greatest opportunities are created out of crisis. Crisis forces people to change and change often brings new opportunity."

— Chinese Proverb

Organisation is a social system. All parts of organisation affect all other parts. They are so interrelated that anything happening at one end is transmitting to the other end. This interrelationship develops also with the environment around it. These relationship and interrelationship develop and gets established and gradually organisation obtains a systematised and orderly behaviour. An equilibrium is established in the whole system and

any disturbance to such equilibrium exercises pressures on some elements which are accustomed to that way of life.

In our dynamic industrial economy, several decisions are taken by the managers in performing their day-to-day obligation. Such decisions may involve changes in the investment pattern, organisational structure, work process, and methods of utilising the human resources of a firm or organisation to obtain higher efficiency. But management does this only within prescribed limits established by public policies and sometimes by union agreements.

In the present business world, the majority of the associations are confronting a dynamic and changing business climate. Associations that learn and adapt to change will flourish a lot and other people who neglect to do so will be cleared out. The significant powers which roll out the improvements alluring are mechanical, monetary, political, social, legitimate and worldwide climate. Ongoing overview of some significant associations around the globe have demonstrated that all fruitful associations are consistently cooperating with the climate and making changes in their foundational layout or arrangements or procedures as the need be.

Business process improvements inevitably require change to an organisation's structure and culture. Any significant change is likely to be disruptive. Consequently, business process improvements are likely to be disruptive to an organisation's structure and culture. Enterprises that have attempted initiate process improvements while ignoring the environment in which the organisation exists have invariably failed. Therefore, organisational change management is one of the most critical responsibility in any program of process reengineering and improvement.

Dealing with organisational change is a continuous responsibility. Management should begin to address organisational change needs during the planning phase and should extend through the execution phase.

The primary reason cited for organisational problems is the failure by managers to properly anticipate or respond to forces for change. Thus, in a dynamic society surrounding today's organisations, the question whether change will occur is no longer relevant. Instead, the issue is how do managers cope with the inevitable barrage of changes that confront them daily in attempting to keep their organisations viable. Otherwise the organisations will find it difficult or impossible to survive.

Organisational change is a programme to develop the organisational culture among the people in order to affect the change in a planned way. It is an intervention strategy that focusses on the whole culture of an organisation to bring out the planned change.

The management must consider the human aspect of change before initiating any action. The man at the top responsible for the change, should take a decision of introducing change in the larger interest of the organisation and the workers but he must seek cooperation from those who are affected while managing the change and should frame guidelines for adjustments to change at all levels.

Change alludes to any modification that happens in all out workplace. By and large individuals are acclimated with a settled lifestyle and any variety in or deviation from that life might be known as a change. Change might be basic simply prefer to move the area of an office or it could be a more perplexing innovative change which may even compromise the very presence of certain individuals in the association.

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## 1.2 OBJECTIVES

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After reading this unit you will be able to understand about:

- Concept and meaning of organizational change
- Features and types of organizational change
- Causes of organizational change
- Organizational change assumptions, programmes, benefits and limitations

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## 1.3 ORGANIZATIONAL CHANGE: CONCEPT AND MEANING

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In contrast to different ideas in authoritative conduct, very few definitions are accessible to characterize the expression "change". In exceptionally straightforward words, we can say that change implies the adjustment of the norm or making things extraordinary.

The term change alludes to any modification which happens in the general workplace of an association.

Along these lines, when a hierarchical framework is upset by some interior or outside power, change much of the time happens. Change, as a cycle, is essentially adjustment of the structure or cycle of a framework. It could be fortunate or unfortunate, the idea has wide going repercussions.

Subsequently, hierarchical change is an arranged, deliberate, coordinated and synergistic exertion where conduct science and association hypothesis standards and practices are persistently applied to build the personal satisfaction which is reflected in expanded authoritative wellbeing and imperativeness, upgraded individual and gathering individuals' ability and self-esteem and the overall in general prosperity of society. Authoritative change looks to change convictions, perspectives, qualities, structures and practices so the association can more readily adjust to innovation and live with the quick movement of progress.

Organisational change is a dynamic technique. It uses the behavioural science knowledge to assist the organisations in adjusting easily to the changes. Every organisation has a need to remain viable and to survive in the world of change. In a dynamic environment, changes, take place very rapidly. This requires a highly receptive and effective organisation so that changes

are implemented and absorbed to make organisations survive and grow. Organisational Change can help a lot in this direction. Organisational Change reaches into all aspects of organisation culture in order to make it more responsive.

Thus, Organisational change is a planned effort, organisation wide and managed from the top, to increase organisation effectiveness and health, through planned intervention in the organisation's processes using behavioural science knowledge.

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## 1.4 FEATURES OF ORGANIZATIONAL CHANGE

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Organisational change may have following features:

- When Change occurs in any part of the organisation it disturbs the old equilibrium necessitating the development of a new equilibrium. The type of new equilibrium depends on the degree of change and its impact on the organisation.
- Any change may affect the whole organisation; some parts of the organisation may be affected more, others less; some parts are affected directly, other indirectly.
- Organisational change is a strategy for bringing about planned change. Planned change concept makes it different from other approaches for change in organisations.
- Organisational change is a continuous process. However, some changes which are of minor type, may be absorbed by the existing equilibrium. Others, which are major ones may require special change efforts.
- In contrast to the traditional management structure where orders are issued at upper levels and simply carried out by lower levels, organisational change stresses collaboration among levels. In Organisational Change, organisations are viewed in a systems perspective.
- Changes may affect people, structure, technology and other elements of the organisation.
- Change will affect the various parts of the organisation in varying rates of speed and degrees of significance.
- The change in any plan of the organisation affects the whole of the organisation.

Change may affect an individual, a group, and the whole organisation. If the change is beneficial to parties affected, it may be immediately accepted. If, on the other hand, change affects no one, the people will be quite indifferent, but if anyhow change is detrimental to their interest, they will resist the change to their full strength. The reaction is based upon not necessarily on facts but on their perception of the situation, i.e., how they perceive the change.

The basic objective of Organisational Change is to build better team work throughout the organisation. Organisational Change tries to tie all the groups, small and large, working in the organisation, together to make one integrated and cooperative group. If any of the groups have some differences, organisational change will help them to find out ways for solving the differences. The result of effective team work will be improved organisational performance.

Newstrom and Davis have explained the impact of a change in any part of the organisation on the total organisation. They have illustrated it by comparing an organisation to an air-filled balloon. When a finger (which represents external force) is forced against a point on the balloon (which represents the organisation), the contour of the balloon visibly changes; it becomes indented at the point of contact. However, if we look minutely, we find that the shape of the entire balloon has changed; it has stretched slightly. Thus, they have concluded that the whole organisation tends to be affected by change in any part of it.

Some changes are of such a nature that have several consequential effects. For example, a promotion at higher level affects several hierarchical levels below. If the job of an individual is being changed, it will change his role set, his reference groups and also his education and training. All these, he will bring in line with the formal task to display a cooperative behaviour. In this way, any action has a chain reaction and causes a series of other changes, depending, naturally, upon the extent of its strength. Such changes that have a wide impact in the organisation, are organisation wide changes.

Any change in the organisation affects the people in terms of skills, status, social relationships etc. Organisation wide change is like a major surgical operation. If unsuccessful it may endanger the very existence of the organisation, and if successful it may give a new life to the organisation. Therefore, there is a need of careful planning.

To be on a safe side, it should be undertaken only when it is felt necessary and only with the proper planning and for that we must try to understand what we have and what we would like to have. Such organisation wide change should not be very frequent and should have a time perspective. For this purpose, an action plan should be prepared.

Organizations, too, tend to achieve an equilibrium in their social structure—a state of relative balance between opposing forces. This equilibrium is established when people develop a relatively stable set of relations with their environment. They learn how to deal with one another, how to perform their jobs, and what to expect next. Equilibrium exists; employees are adjusted. When change comes along, it requires them to make new adjustments as the organization seeks a new equilibrium. When employees are unable to make adequate adjustments, the organization is in a state of unbalance, or disequilibrium.

This disequilibrium highlights a dilemma for managers. The manager's role is to introduce continual organizational changes so as to bring about a better equilibrium between the firm and its environment. Here, the manager's role is to be proactive —anticipating events, initiating change, and taking control of the organization's destiny. On the other hand, part of the manager's role is to restore and maintain the group equilibrium and personal adjustment that change upsets. In this role the manager is more reactive —responding to events, adapting to change, and tempering the consequences of change.

Change results in disequilibrium in the environmental conditions of the organisation. Most changes disturb the equilibrium of situation and environment in which the individuals or groups exist. The introduction of change may create disequilibrium and the problem of adjustment. In order to remove this disequilibrium, and to return to a normal state of balance,

people take time for adaptation and adjustment to change. Now, it is the duty of the management to facilitate adjustment, especially prior to the initiation of change so that a new state of equilibrium can be adapted quickly with chance of little or no resistance. If, on the other hand, management ignores this fundamental fact of human behaviour, and does nothing to help the people adjust, resistance will occur.

Many of the organizational changes that occur on a daily basis are minor. They may affect only a few people, and they may be incremental in nature and relatively predictable. For example, as new procedures evolve or as new members are added to a work group, existing employees generally do not need to change all dimensions of their jobs. In such situations a new equilibrium may be reached readily. Thus organisational change involves disequilibrium in the situation and environment in which the people and the groups exist.

In implementing organisation wide change, there may be many upsets and setbacks. Status, system, titles etc. may seriously be disturbed and therefore designations should be immediately awarded as soon as the change is complete. People may be given training to re-equip themselves for handling new jobs. As change often evokes resistance, steps should be taken to overcome them.

When substantial modifications take place in the life pattern of number of people in a society, it can be reckoned as social change. It is obvious that social process, social relationships, or social interactions undergo conspicuous alteration as a result of social change. MacIver rightly pointed out, "Social change is change in the relationships". It is imperative, social change is a determinant of human relations in the society. Every organisation in the society is a social organisation, and hence social changes lead to alterations in the modes of human relations and interactions in the social organisations. It means that a developing organisation must learn how to adapt itself to the changes which take place in its society.

There are various factors which lead to social change. All such factors or determinants influence the organisation, organisational behaviour, human relations and interactions in the organisation.



### *Check Your Progress-A*

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#### **Fill in the blanks.**

1. The change in any plan of the organisation affects the ..... of the organisation

2. Organisational change is a programme to develop the organisational culture among the people in order to affect the change in a .....
3. New equilibrium depends on the ..... and its impact on the organisation
4. Organisational change is a ..... technique.

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## 1.5 TYPES OF CHANGE

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Change has been broadly categorized into two types: Proactive change and Reactive change.

The term proactive simply means in anticipation. So proactive change refers to the change undertaken in anticipation of the likely changes in the forces affecting the organisation. These organisations introduce change much before it becomes a fire-fighting situation. They incorporate change much before they are forced to do so. In fact, they undertake change programmes on a regular basis in order to avoid inflexibility.

A reactive change refers to a change which is undertaken when the organisation is forced by some factors either internal or external. The organisation responds to events and adopts change only when they are pressed to do so. Most of the traditional organisations follow usual course of action and are reluctant to change, unless and until it is a compulsion or made mandatory by government or any other authority.

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## 1.6 CAUSES OF ORGANIZATIONAL CHANGE

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There are a number of factors both internal and external which affect organisational functioning. Any change in these factors necessitates changes in an organisation.

Following are some of the causes of organisational change creating disequilibrium:

1. Change in Tools, Machines and Equipment. Technological or mechanical changes in machines, tools and equipment may bring change in the organisation. For example, installation of an automatic machinery in place of old machinery, may result in displacement or replacement of people or loss of job to people and may create disequilibrium.

Technology is the major external force which calls for change. The adoption of new technology such as computers, telecommunication systems and flexible manufacturing operations have profound impact on the organisations that adopt them.

Refined data innovation is likewise making associations more responsive. Both the associations and their representatives need to turn out to be more versatile. Numerous positions will be reshaped, Individuals who do standard and tight positions will be supplanted by labourers who can play out various assignments and effectively take an interest in

dynamic. Administrations should expand their interest in preparing and instruction of the representatives since workers' aptitudes are turning out to be old quickly.

2. Deficiencies in Existing Organisation. Organisations once established cannot be said to be good for all times. Many deficiencies may appear and with the passage of time extension of the plant, change in managerial functions may become necessary. Evolution of complex organisation relationship etc., too may cause imbalance and need correction. So, change is necessary to remove such deficiencies.

3. Change in Formal Organisation. The formal organisation structure establish a form and line of command of authority and responsibility in an organisation. Along with these lines, channels of communication and interpersonal relations are established. If there is a change in this formal organisational structure, there will be a change in the formal relationship which creates disequilibrium.

4. Change disturbs Informal Relationship. Informal interactions are there in every organisation and are very important part of existence because many motivational forces find satisfaction in these relationships. Consequently, when management likes to introduce any change that disturbs the informal relationship established among people, there is bound to be a state of imbalance.

5. Change in Methods and Procedures. Man is a creature of habits. He feels irritated when change occurs in methods and procedures of work of which he is accustomed to. As it takes time to adjust to the new environment, it creates disequilibrium till the complete adjustment to the new environment is made.

6. Change in Business Conditions. Change in business conditions such as change in the quality of the product, change in the marketing system or practices, business cycles, change in industrial policy etc. all create disequilibrium in the work-environment and it needs adjustment accordingly.

7. Change in Managerial Personnel. Change in administrative faculty is another power which achieves change in association. Old administrators are supplanted by new supervisors which is required as a result of advancement, retirement, move or excusal. Every supervisor brings his own thoughts and method of working in the association. The casual connections change in view of changes in administrative work force. Once in a while, despite the fact that there is no adjustment in staff, however their elevations change. Therefore, the association needs to change appropriately.

Changes in the association are fast when top heads change. Change in top heads will prompt significant changes in the association regarding association plan, designation of work to people, assignment of power, establishment or controls and so forth Every one of these progressions will be required on the grounds that each top chief will have his own style and he will jump at the chance to utilize his own thoughts and ways of thinking. This will all influence the approaches, practices, methods and projects of the association and individuals are to change themselves in like manner.

8. Demographic profile. The idea of work power has changed throughout an entry of time. Diverse work esteems have been communicated by various ages. Senior specialists who are in the serious age bunch esteem dedication to their bosses. Labourers in their mid-thirties to mid-forties are faithful to themselves as it were. The most youthful age of labourers is faithful to their professions. The profile of the labour force is additionally evolving quick. The new age of labourers have better instructive capabilities, they place more noteworthy accentuation on human qualities and question authority of administrators. Their conduct has additionally become perplexing and driving them towards hierarchical objectives is a test for the administrators. The representative turnover is likewise high which again puts strain on the administration. The work power is changing with a fast expansion in the level of ladies' representatives, which thus implies more double vocation couples. Consequently, associations need to adjust move and advancement approaches.

9. Marketing Condition. Showcasing conditions are not any more static. They are currently fast change as the requirements, wants and desires for the clients change quickly and much of the time. Also, there is intense rivalry in the market as the market is overwhelmed with new items and developments ordinary. New techniques for promoting are utilized to impact the clients. Today the idea of industrialism has increased impressive significance and in this way the customers are incomparable.

Additionally, the opposition today has some huge new winds. Most business sectors will before long be worldwide on account of diminishing transportation and correspondence costs and the expanding trade direction of business. Fruitful associations will be the individuals who can change because of the opposition. Associations that are not prepared for these new wellsprings of rivalry may not exist for long.

10. Promote Dynamism. As a rule, authoritative change happens to advance dynamism. Cognizant chiefs consider this view that association should be dynamic on the grounds that any single strategy isn't the best instrument of the board without fail. In this manner, changes are joined with the goal that the staff create preferring for change and there is no pointless opposition when significant changes in the association are achieved.

11. Deficient Management Structure. Inadequacies might be as unmanageable range of the board, bigger number of administrative levels, absence of coordination among different divisions, obstructions in correspondence, assortment of councils, absence of consistency in arrangement choices, trouble among line and staff, etc. Be that as it may, the requirement for change in such cases goes unrecognized until some significant emergency happens.

In this manner, the above reasons stress change in the association and change if deliberately embraced may end up being very helpful for the workers just as the association.

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## 1.7 ORGANIZATIONAL CHANGE: ASSUMPTIONS

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Organisational change is based on certain assumptions which are as follows:

- Highest productivity can be achieved only if there is effective integration of individual goals with the organisational goals.
- Organisational Change tends to assume that co-operation is more effective than conflict. In healthy organisations, efforts are made at all levels to treat conflict as a problem and to resolve it as quickly as possible. This is because of the reason that conflict tends to erode trust, prohibits collaboration and eventually limits the effectiveness of the organisation.
- Organisational Change assumes that the culture of every organisation is different from the culture of the other organisations. The assumption that a particular solution can be applied to the problems of all the organisations is generally not made in organisational change. Instead the culture of each organisation must be understood and relations consistent with culture be developed.
- The level of interpersonal trust, support and co-operation should be as high as possible because growth of individuals is facilitated by relationships which are open, supportive and trusting.
- Free expression of feelings is an important ingredient for commitment to work. Suppression of feelings adversely affects problem solving, personal growth and satisfaction with one's work.
- There should be a sense of commitment among the employees in the organisation. Agreeing to do something is totally different from committed to do something. Sense of commitment makes it easy to accept change and the implementation of change is even easier when this commitment is based upon participation in the process.
- Most of the individuals are motivated by personal growth and development. However, the work habits of a person are a response to work environment rather than personality traits. The attitude of a person towards his job will depend upon his growth potentials, in most of the cases. Therefore, efforts should be made to change the way a person is treated in the organisation rather than attempting to change the person. The work habits of a person will change positively only if we change the work environment to suit his requirements.
- Organisational change cannot be implemented in isolation. It must be reinforced by the organisation's total human resource system.
- In Organisational change an effort is made to improve interpersonal relations, open communication channels, build trust and encourage responsiveness to others. For this Organisational Change relies on group processes like group discussions, inter group conflicts, confrontations and procedures for co-operations.

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## **1.8 ORGANIZATIONAL CHANGE PROGRAMME**

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The crux of organisation change programme is to achieve change in the organisational functioning, resulting in improving the organisational effectiveness. As the organisation operates with the help of people, Organisational Change focuses attention on people in the organisation. Organisational Change visualises change, while the people, on whom attention is focused, offer resistance to change. Some may be engaged in passive resistance, while some may actively seek to sabotage. Such resistances may be due to fear of uncertainty, fear of greater efforts being demanded by the organisation, inconvenience, higher risk, fear of social disruption, reduction of status, etc., Hence, before the implementation of organisational change programmes, concerned people must be properly trained and confidence building measures introduced. Techniques of social influence can also be implemented to overcome resistance, at least to reduce resistance.

Organisational Change experts may try to gain acceptance for Organisational Change programmes using organisational policies as a means of change. Organisational Change programme which are rejected by powerful encounter groups in the organisation may have little chance of success. Hence, such powerful influence groups and opinion leaders may be taken into confidence and be influenced to get their support, so that a favourable political climate can be created in the organisation in favour of the Organisational Change programme. Often grapevine of informal communication may be helpful to create a conducive organisational climate. A preparatory training programme with the help of a tactful and capable external consultant may be planned to motivate the potential resistance persons in the organisation who may be got convinced of the positive aspects and benefits of the Organisational Change programme before any formal scheme of Organisational Change is introduced.

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## **1.9 HOW TO MAKE ORGANISATION CHANGE PROGRAMME SUCCESSFUL**

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1. Problem recognition, i.e., the managers including the top boss must recognise that problems exist in the organisation which need to be solved with the help of Organisational Change Programme. They must be willing to invest necessary time, money and efforts on Organisational Change.
2. Initial support and involvement of top-level managers, is necessary. Top managers play a key role in overcoming initial resistance to change. Hence, active involvement of top managers is essential.
3. A capable professional consultant must be engaged for the purpose, who should be given freedom to incorporate major changes.

4. People concerned must be convinced about the reasons for changes, and made to understand the theories on which the change programmes are based. Educating the organisation members about the behavioural science may minimise the barriers to change.
5. Some managers who are already performing well through their better skill or management techniques must be acknowledged and reinforced. Changes need not be incorporated in such situations.
6. The initial Organisational Change changes must be introduced in such a way that it would prove successful so that the organisation members would be motivated to continue the process. Early failures may destroy the credibility of the change agents and may weaken the commitment of top-level managers.
7. Organisation's change efforts are substantially influenced by both internal and external change agents. Internal change agent skills possessed by organisation's own line managers must be developed.
8. Human Resources Manager of the organisation, who is directly involved in managing the human resources, must be involved in Organisational Change, particularly in designing and implementing changes in areas like employee evaluation, development and reward policies.
9. There should be effective management of Organisational Change programme. Change agents and clients must work together to coordinate and control the Organisational Change Programme.
10. Success of Organisational Change Programme is bound to improve results. Such results made in every sub-unit must be evaluated and further policies decided on the basis of the result.

Organisational Change strategy is adopted in an organisation to improve the involvement of its people, particularly managers and executives so as to improve the organisational effectiveness. Two most important aspects to be taken into account are: (1) the management must be able to overcome the possible resistance to Change, and (2) the company must be able to motivate its people to accept challenges and responsibilities, so that they would be able to make their best contribution to the organisational objectives. Managing and controlling organisational performance from time to time help the company to determine whether the organisation's people contribute their best for the accomplishment of organisational goals.

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## **1.10 ORGANIZATIONAL CHANGE: BENEFITS AND LIMITATIONS**

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### **1.10.1 BENEFITS**

The following benefits may be experienced:

- It tries to deal with the change in the whole organisation or in its major units.

- It brings about more dispersed overall improvement in the organisation. It improves positive factors such as increased productivity, better quality of work, higher job satisfaction to workers, improved teamwork and cooperation, etc. It also reduces negative factors like absence and rapid employee turnover.
- Organisational Change is considered to be modern approach to the management of change.
- Organisational Change is a technique used for bringing change in the entire aspect of the organisation rather than focussing attention on the individuals, so that change is readily absorbed.
- Organisational Change seeks to change beliefs, attitudes, values, structures and practices so that the organisation can better adapt to technology.
- Organisational Change has grown rapidly in response to the need of the organisation to remain viable and to survive in the world of change.
- It is very difficult to give a model of Organisational Change which will be applicable to all the organisations. Theorists and practitioners differ about the various steps and their sequences in Organisational Change.
- The various steps are part of a whole process, so all of them need to be applied if a firm expects to get the full benefits of Organisational Change.
- Organisational change provides opportunities for people to function as human beings rather than mere resources in the production process.
- It gives each member of the organisation opportunity to develop to his full potential.
- Organisational change seeks to make the organisation more effective in meeting all its goals.
- It tries to create an environment in which exciting and challenging work can be found.
- It gives people in the organisation the chance to influence the organisation and the work environment.
- It treats each human being as a person with a complex set of needs, all of which are important in his work and life.
- This change covers the entire organisation. Organisational Change is the development of the whole organisation so that it can respond to change effectively. Organisational Change tends to ensure that all parts of the organisation are well co-ordinated in order to solve the problems and opportunities that are brought by change.
- In Organisational Change feedback is given to all the participants about themselves, which provides them a basis for their next activities. They generally base their decisions on this concrete data. With the help of feedback of information, employees will be encouraged to understand a situation and take self-corrective action before somebody else tells them what to do.

- Organisational Change emphasises on problem solving rather than just theoretical discussion of the problems. The focus is on real on-going problems rather than the theoretical or artificial ones.

### 1.10.2 LIMITATIONS

Organisational Change carries the following limitations:

- It is time consuming and expensive because services of capable trainer, instructor or consultant are required. Also, change in behaviour takes a long time.
- Some benefits have long pay-off period that is they start gaining after a long time and an organisation cannot wait for the benefits for such a long time.
- The training for organisational change will be useless unless the services of a professionally capable consultant are used. Such professionally trained consultants charge hefty fees.
- In some of the methods used for bringing change, the question of privacy arises. It is invariably charged that the participants are coerced towards group attitudes and conformity.
- Excessive emphasis is laid on the improvement of behavioural processes rather than on job performance.
- Informal, interpersonal processes seem to be given precedence over needs of formal organisation.
- Although change may take place but it is always difficult for the organisation to quickly respond to faster change in customer demands.
- Though the actions taken for change may be in the right direction but it is not easy to align existing resources within the organisation.
- Although intentions are to ensure change for betterment but implementing radical and widespread changes may negatively affect day to day operations.
- An element of risk prevails and there are doubts regarding increasing return on investment as also whether change and its consequent effect will be beneficial.
- If an organisation's underlying strategy is not supported by employees on all levels the change envisaged will be confronted by resistance, refusal, criticism and non-compliance.
- Organisational change in some cases may even lead to loss of management control over the organisation.
- Lastly, there may even be stagnation and limitation in creativity and motivation consequent to an organisational change.

In spite of its serious criticisms, organisational change for betterment is the need of the hour. It has contributed much to improved behavioural and organisational results.



### **Check Your Progress-B**

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#### **Write True or False.**

1. The training for organisational change will be useless unless the services of a professionally capable consultant are used. Such professionally trained consultants charge hefty fees.
2. Organisational Change is considered to be modern approach to the management of change.
3. Organisational change cannot be implemented in isolation, too.
4. A proactive change refers to a change which is undertaken when the organisation is forced by some factors either internal or external.

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## **1.11 SUMMARY**

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- Organisation is a social system. All parts of organisation affect all other parts. They are so interrelated that anything happening at one end is transmitting to the other end. This interrelationship develops also with the environment around it. These relationship and interrelationship develops and gets established and gradually organisation obtains a systematised and orderly behaviour.
- Many of the organizational changes that occur on a daily basis are minor. They may affect only a few people, and they may be incremental in nature and relatively predictable. For example, as new procedures evolve or as new members are added to a work group, existing employees generally do not need to change all dimensions of their jobs. In such situations a new equilibrium may be reached readily.
- Change may affect an individual, a group, and the whole organisation. If the change is beneficial to parties affected, it may be immediately accepted. If, on the other hand, change affects no one, the people will be quite indifferent, but if anyhow change is detrimental to their interest, they will resist the change to their full strength. The reaction is based upon not necessarily on facts but on their perception of the situation, i.e., how they perceive the change.
- The basic objective of Organisational Change is to build better team work throughout the organisation. Organisational Change tries to tie all the groups, small and large, working in the organisation, together to make one integrated and cooperative group. If any of the groups have some differences, organisational change will help them to find

out ways for solving the differences. The result of effective team work will be improved organisational performance.

- Organisational Change strategy is adopted in an organisation to improve the involvement of its people, particularly managers and executives so as to improve the organisational effectiveness. Two most important aspects to be taken into account are: (1) the management must be able to overcome the possible resistance to Change, and (2) the company must be able to motivate its people to accept challenges and responsibilities, so that they would be able to make their best contribution to the organisational objectives.



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## 1.12 GLOSSARY

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**Organisational Change** is a programme to develop the organisational culture among the people in order to affect the change in a planned way. It is an intervention strategy that focusses on the whole culture of an organisation to bring out the planned change.

**Proactive Change** refers to the change undertaken in anticipation of the likely changes in the forces affecting the organisation. These organisations introduce change much before it becomes a fire-fighting situation. They incorporate change much before they are forced to do so. In fact, they undertake change programmes on a regular basis in order to avoid inflexibility.

**Reactive change** refers to a change which is undertaken when the organisation is forced by some factors either internal or external. The organisation responds to events and adopts change only when they are pressed to do so. Most of the traditional organisations follow usual course of action and are reluctant to change, unless and until it is a compulsion or made mandatory by government or any other authority.

**Organisational Change** is a strategy for bringing about planned change. Planned change concept makes it different from other approaches for change in organisations.



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## 1.13 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

1. Whole
2. Planned Way

3. Degree of Change
4. Dynamic

### **Check Your Progress –B**

1. True
2. True
3. False
4. False



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## **1.14 REFERENCES/ BIBLIOGRAPHY**

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## 1.15 SUGGESTED READINGS

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2. James A. Stoner and R. Edward Freeman, "Management", New Delhi : Prentice Hall, (1994).
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9. Stephen R. Robbins, Timothy A. Judge and Neharika Vohra, "Organizational Behaviour" (2014) New Delhi : Pearson.



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## 1.16 TERMINAL QUESTIONS

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- Q1. "Successful organizations are continuously making changes in their structural design or policies or strategies as the need be." Comment on this statement.
- Q2. "Change refers to any alteration that occurs in total work environment." Comment and explain (i) proactive change, and (ii) reactive change.
- Q3. Elicit the main features of Organizational Change. Does organizational change involve disequilibrium in the situation and the environment in which the people exist? Explain.

Q4. Describe the causes which lead to organizational changes – creating subsequent disequilibrium.

Q5. "Organizational Change is based on certain assumptions'. Explain.

Q6. Elucidate the steps which can be taken to make organizational change programme successful.

Q7. "The crux of organizational change programme is to achieve change in organizational functioning resulting in improving the organizational effectiveness." Comment on this statement.

Q8. Elicit the benefits which may accrue to an organization due to implementation of an organizational change programme.

Q9. Explain the following:

- a. Internal and external factors affecting organizational functioning.
- b. Organizational change involves disequilibrium.
- c. Social changes lead to alterations in human relations.
- d. Limitations of organizational change.

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## UNIT 2 MODELS OF CHANGE MANAGEMENT

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### 2.1 Introduction

### 2.2 Objectives

### 2.3 A Pre-Requisite for Understanding Models of Organisational Change

### 2.4 Organizational Change: A Simplistic Model

### 2.5 Conventional Methods: Understanding Models of Change Management

### 2.6 Kurt Lewin's Three Step Model

### 2.7 Kotter's Eight-Step Plan for Implementing Change

### 2.8 Greiner's Equential Model

### 2.9 The Organizational Learning Curve for Change

### 2.10 Summary

### 2.11 Glossary

### 2.12 Answers to Check Your Progress

### 2.13 References/ Bibliography

### 2.14 Suggested Readings

### 2.15 Terminal Questions

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## 2.1 INTRODUCTION

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Organisational change is important from the point of view of society, customers and workers because overall costs are reduced that may be a result of reduction of wastage of human efforts, and machine etc., In addition to that quality of the product improves and more effective organisational climate is developed. A comprehensive Organisational change effort constitutes the creation of a substantially new force in the organisation.

Different types of conventional models have been developed for the workers but during the past decade integrated type of programmes have been developed. It is a transition period strategy to equip the workers with the changes made in the organisation. Organisational change programmes are now carried out after the training programme is over, till the workers have full knowledge of work on the job. This is a strategy where groups concentrate on the work culture of the organisation in order to implement change in a planned way. In the words of Keith Davis, "Organisational change is an intervention strategy that uses group processes to focus on the work culture of an organisation in order to bring about planned change. It seeks to change beliefs, attitudes, values, structures, and practices — in fact, the entire culture

of the organisation — so that the organisation can better adapt to technology and line with the fast pace of change." Thus organisational change is to mould employees in a planned way so that the necessary changes may be introduced in the organisation without much resistance of workers and this is possible only through change in the work culture, i.e., beliefs, attitudes, values, structures, and practices of the organisation.

The underlying principle of organisational change is to achieve change in organisations by altering each person's entire formal or informal role. If there is an attempt to change an individual alone, he is merely placed into role conflict because his peers, staff specialists and others retain the same role. In such circumstances it would be worthwhile to revise the entire role set to revise the change. That is why organisational change originated to bring changes in the entire organisational set up.

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## 2.2 OBJECTIVES

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After reading this unit you will be able to understand about:

- Pre-Requisite for Understanding Models of Organisational Change
- A Simplistic Model of organizational change
- Conventional Methods: Understanding Models of Change Management
- Kurt Lewin's Three Step Model
- Kotter's Eight-Step Plan for Implementing Change
- Greiner's Equential Model
- The Organizational Learning Curve for Change

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## 2.3 A PRE-REQUISITE FOR UNDERSTANDING MODELS OF ORGANISATIONAL CHANGE

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Any Organisational change model requires following pre-requisite understanding:

- Focus on Whole Organisation. Organisational change focusses on the whole organisation or a major unit of it so that the environment in the whole organisation tends to reinforce the employees to learn whatever the programme includes.
- System Oriented. Organisational change is system oriented. It is concerned with the interactions of the various parts of the organisation which affect each other. It stresses on inter-group and interpersonal relationship. It is also concerned with the structure, processes and the attitudes. Its main concern is how do all these parts work together jointly in the best interest of the organisation.

- **Action Oriented.** Organisational change is action oriented. It works with the actual working conditions existing on the job. It is such a key characteristic that organisational change is sometimes defined as the organisational improvements through action research.
- **Problem Solving.** Organisational change is concerned with problem solving. It seeks to solve the problems through practical experiences gained on the work and not merely through theoretical discussion as in a class room. These problems mainly occur at the time when working on the job hence the problems are real and interesting. Thus, it develops an attitude of problem solving among workers on the job.
- **Group Processes.** Organisational change uses the group processes rather than individual process. It makes sincere efforts to improve the group performance. There are group discussions, intergroup conflicts, confrontation and team building. Sensible efforts are made to develop and improve interpersonal relations, open communication channels, build trust and encourage responsiveness to others.
- **Experimental Learning.** Organisational change provides experimental learning just to help the participants learn how behaviour patterns through experience. People develop behavioural concepts through experience and no expert guidance is needed for this purpose.
- **Contingency Oriented.** Organisational change is contingency oriented. As because people learn to develop their behavioural concepts through experience, they can suggest various ways to solve a particular problem and to adapt any of them most suited in the present situation, considering all contingencies. Conversely, the traditional programmes suggests only one best way. So newer organisational change models are flexible and pragmatic as compared to the historical models.
- **Uses Change Agent.** Another important aspect of organisational change is that it uses change agent or consultants to guide and effect the change. Thus change-agents or consultants are process consultants and their role is to guide groups towards more effective group processes rather than playing the role of experts and telling them what to do. They simply assist the group in problem solving processes and the groups solve the problems themselves.
- **Feedback.** Organisational change supports feedback so as to collect relevant original data on which decisions are based. For this purpose, participants may be divided into several groups according to the functions. Each such group takes its own decision on the subjects referred to it, and then, the decision is forwarded to the other group for feedback. Each group comes to know the impression of other groups about it and then groups meet together to thrash out any misunderstanding developed among them. In this way, decisions of each group are checked by other groups and the final decision is reached.

In short, we can say that organisational change models deal with the whole process and not the parts. It integrates parts of the organisation, i.e., people, structure, technology and social system into an effective unit that improves the organisational effectiveness.

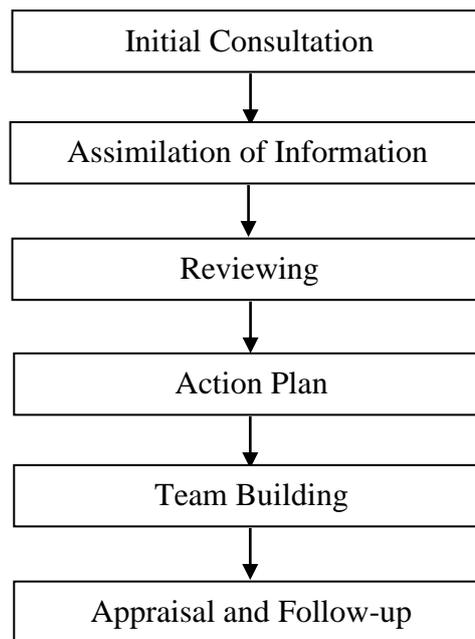
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## **2.4 ORGANIZATIONAL CHANGE: A SIMPLISTIC MODEL**

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Organisational change is a continuous process. It takes some time to have a start and may continue for indefinitely long period. It is a complicated process and hence needs top management support without which the process cannot be adopted or if adopted cannot be successfully implemented in the organisation. Organisational change has various approaches but a simplistic programme may include the following steps:

1. **Initial Consultation.** The initial phase in the authoritative change measure is to move toward the hierarchical specialist to decide the kind of authoritative change program to be created. The advisor might be an expert specialist from outside or he might be inside help staff master in hierarchical change programs. Now, the advisor may have discussions with people from different levels in the association. For this reason, he may receive approaches to be familiar with the vital data.
2. **Assimilation of Information.** The following stage in the process is that the expert meets different gatherings to decide the authoritative atmosphere and conduct issues looked by the association. Data through overviews and meetings and so forth might be accumulated.
3. **Reviewing.** Information collected are made known to work-groups concerned and are asked to review the data collected. They go through the data and locate the points of disagreement, discuss such points and take the decision and then suggest the priorities for change.
4. **Action Planning.** Data is used by the group to suggest specific recommendations for change. They discuss the problems faced by the organisation and sketch specific plans including who is responsible for problems and what action should be taken and at what time.



**Exhibit 2.1 : A simplistic model of organisational change**

5. Team Building. During the entire cycle, bunch gatherings are assembled to talk about the program and the advisor in the entire cycle urge the gatherings to look at how they cooperate as a gathering or as a group. The specialist encourages them see the estimation of open correspondence and trust. These are fundamental requirements for improved gathering working. Advisor likewise empowers group working by getting sorted out gatherings with administrators and their prompt subordinates so they can improve the working of the work bunch with the direction of expert. Bigger gatherings including a few groups might be created. Along these lines, it will incorporate the entire association.

6. Appraisal and Follow-up. The specialist further aides the association in creation an examination of the program and discover the lacks assuming any. He can build up extra projects in zones where the first program is felt ineffectual and results are poor and that requires improvement. Along these lines the specialist prompts follow up for better arrangement. Consequently, the above cycle and the means talked about are not the equivalent with each sort of association. They may vary from association to association contingent on the way of life of the association to which it is being applied.



### *Check Your Progress- A*

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#### **Fill in the blanks.**

1. Organisational change is an ..... strategy that uses group processes to focus on the work culture of an organisation in order to bring about planned change Performance
2. Organisational change is ..... oriented.
3. Organisational change is a ..... process.
4. Many people agree that traditional models of organisational performance management are also models for .....

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## **2.5 CONVENTIONAL METHODS: UNDERSTANDING MODELS OF CHANGE MANAGEMENT**

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Many people agree that traditional models of organisational performance management are also models for managing change. By conventional methods, we mean the methods which are often used by the organisations as their conventional practices without considering their merits and demerits. Such methods are: change through discussion, lectures, conferences, and case-study methods and which are being successfully used in organisations since long. Conventional methods are excellent for providing knowledge about behaviour. These conventional methods have contributed much in improving or changing the attitudes and performance and these improvements tend to persist even today.

Several programmes which have recent origins have also proved successful. They have an improvement over the conventional methods. But it does not imply that the conventional methods are useless or ineffective. Conventional methods need some improvement. Conventional methods are also not superfluous.

The chief need of conventional models is to build more reinforcement for betterment. If obstacles on workplace remain in force they will discourage the person concerned. If people feel that their novel idea was turned down or their efforts to make a cautious change are rejected or discouraged they will again shift to their original behaviour that existed prior to change. So a smooth environment is to be provided. What is needed is reinforcement from superiors and peers. Organisational change tends to provide a better reinforcement climate.

- Role Playing

Role playing is a method which can be used rather easily as a supplement to conventional methods in organisational change and development. Under this method two or more persons are assigned different roles (such as role of supervisor, instructor, etc.) to play by creating an artificial conflict situation (as supervisor and subordinate's roles). A specific realistic problem is given and they discuss that problem in their given roles. It is spontaneous acting of a realistic situation under classroom conditions. Dialogues are not given beforehand but they spontaneously grow out of the situation. The trainees play their roles more or less on the principles already taught to them. Other trainees of the group are observers and critics. This method provides an opportunity to trainees to apply their skill to the solution of realistic problem.

- Gaming / Simulation

The gaming and simulation exercises is the another method of organisational change and development. Gaming is a group exercise in sequential decisions making under simulated organisational conditions. Trainees are divided in small groups and these groups are in competition with each other. Groups make decisions within a system model provided to them beforehand and it is partly known to them. Decisions, then are processed through computers according to the model, which serve as a feedback to subsequent decisions.

Games and simulation exercises were originally developed for business and military training such as in areas of inventory control, marketing action and air defence and were, later used for developing organisational behaviour because participants were working in teams in various types of environments. Under these conditions, game shows how the leadership is evolved, what kinds of communication are effective, the disastrous market results of internal group conflict, human factors influencing decisions and the effect of success upon group cohesion. Various organisational systems can be attempted to see the effect on people involved.

- Sensitivity Training

Sensitivity training is a small group interaction under stress in an unstructured encounter groups or training groups generally known as T-groups. In order to develop reasonable group activity members are encouraged to become sensitive to one another's feelings.

Artificial environment is developed so that members are encouraged to examine their own self-concepts and to be more receptive to others feelings and to what others say. In addition, they begin to perceive how a group interacts and how culture affects the group. They also develop skills in working with others.

- This is process oriented and not content-oriented. It is because people learn by doing and by feeling. They discuss the ideas in groups and feel what others say. They need not to be told what is to be discussed rather they develop the process themselves.

- The group is not structured and the responsibility for developing the group process lies on the members of the group.
- Some frustration is necessary because it requires deep examination of self, so criticism of one another results in frustration.
- It is also necessary that the group should be small so that participation may be effective.
- An attempt should also be made to develop a very permissive atmosphere so that members may feel themselves free to discuss even if they feel that comments are impolite, selfish and ridiculous.

It is very difficult to give a model of organisational change which will be applicable to all the organisations. Theorists and practitioners differ about the various steps and their sequences in organisational change. This is because of the reason that most of the ideas in organisational change have generated from practices and these practices have differed from organisation to organisation. Different researchers have given different steps which are to be involved in the process of organisational change.

Any organisational change whether introduced through a new structural design or new technology or new training programme, basically attempts to make employees change their behaviour. It is, because unless the behavioural pattern of the members change the change will have a little impact on the effectiveness of the organisation. Behavioural changes are not expected to be brought about overnight. These are the most difficult and marathon exercises.

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## 2.6 KURT LEWIN'S THREE STEP MODEL

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A commonly accepted model for bringing about changes in people was suggested by Kurt Lewin in terms of three phase process—unfreezing, changing and refreezing. Lewin's model provides a useful vehicle for understanding change process in the organisation.

This model is based on the assumption that before actually introducing a change in the organisation, the organisation needs to:

- Be Prepared for change
- Be Motivated for change
- Be Stabilised for change
- Integrate the change into the behaviour of the organisation



1. Unfreezing. Unfreezing means that old ideas and attitudes are set aside to give place to new ideas. It refers to making people aware that the present behaviour is inappropriate,

irrelevant, inadequate and hence unsuitable for changing demands of the present situation. The management creates an atmosphere wherein the employees have self-motivation for innovative discourses and practices in the organisation.

According to Edgar Schien the following elements are necessary during this unfreezing phase:

- The physical removal of the individuals, being changed, from their accustomed routines, sources of information and social relationships.
- The undermining and destruction of social support.
- Demeaning and humiliating experience to help individuals, being changed, to see their old attitudes or behaviour as unworthy and think to be motivated to change.
- The consistent linking of reward with willingness to change and of punishment with unwillingness to change.

Unfreezing, thus, involves discarding the orthodox and conventional methods and introducing dynamic behaviour, most appropriate to the situation. By discarding the primitive way of doing things, people are made to accept new alternatives.

2. Changing. Unlike unfreezing is not uprooting of the old ideas, rather the old ideas are gradually replaced by the new ideas and practices. It is the phase where new learning occurs. In order to change, it is not enough to sense that the current behaviour is inadequate. The necessary requirement is that various alternatives of behaviour must be made available in order to fill the vacuum created by unfreezing phase. During the phase of changing, individuals learn to behave in new ways, the individuals are provided with alternatives out of which to choose the best one. This changing phase is important terms of the following elements:

- Compliance. Compliance occurs when individuals are forced to change either by rewards or by punishment.
- Internalisation. Internalisation occurs, when individuals are forced to encounter a situation which calls for new behaviour.
- Identification. Identification occurs when individuals recognise one among various models provided in the environment that is most suitable to their personality.

3. Refreezing. Refreezing is on the job practice. The old ideas are totally discarded and new ideas are fully accepted. It is reinforced attitudes, skills and knowledge. During this phase individuals internalise the new beliefs, feelings and behaviour learned in the changing phase. He practices and experiments with the new method of behaviour and sees that it effectively blends with his other behavioural attitudes, It is very important for the manager concerned to visualise that the new behaviour is not extinguished soon.

Forster and Skinner have in this connection introduced the main reinforcement schedules namely—continuous and intermittent reinforcements. Under the continuous reinforcement,

individuals learn the new behaviour within no time. But one major risk of this reinforcement is that the new behaviour ceases very soon. Intermittent reinforcement on the other hand, consumes a long span of time but it has the greatest advantage of ensuring a long lasting change.

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## **2.7 KOTTER'S EIGHT-STEP PLAN FOR IMPLEMENTING CHANGE**

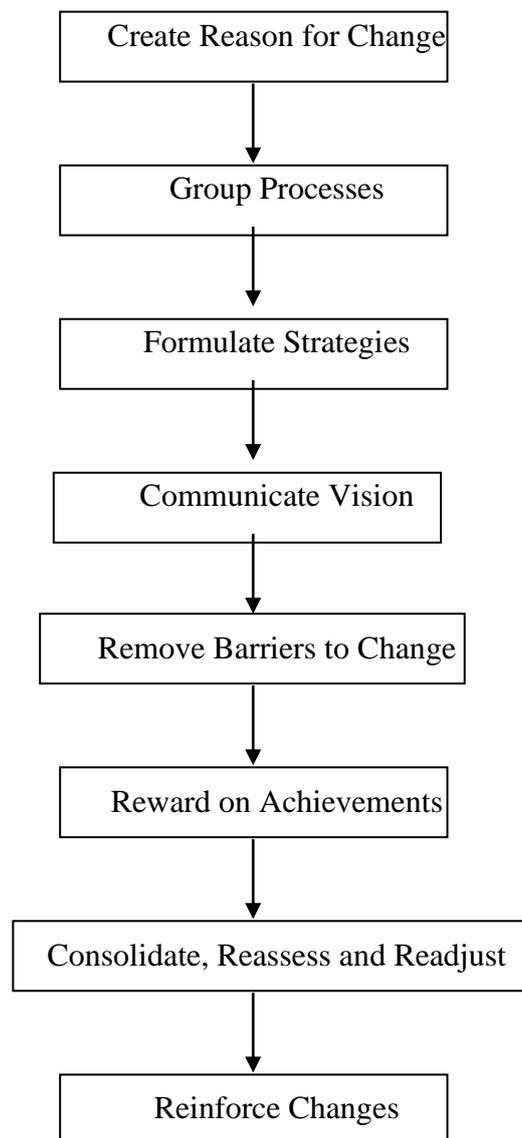
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John Kotter of the Harvard Business School built on Lewin's three-step model to create a more detailed approach for implementing change. Kotter began by listing common mistakes managers make when trying to initiate change. They may fail to create a sense of urgency about the need for change, to create a coalition for managing the change process, to have a vision for change and effectively communicate it, to remove obstacles that could impede the vision's achievement, to provide short-term and achievable goals, and to anchor the changes into the organisation's culture. They may also declare victory too soon.

Kotter established eight sequential steps to overcome these problems. They are listed in Exhibit 2-2.

### Kotter's Eight-Step Plan for Implementing Change

1. Establish a sense of urgency by creating a reason for why change is needed.
2. Form a coalition with enough power to lead the change.
3. Create a new vision to direct the change and strategies for achieving the vision.
4. Communicate the vision throughout the organisation.
5. Empower others to act on the vision by removing barriers to change and encouraging risk taking and creative problem solving.
6. Plan for, create, and reward short-term achievements that move the organisation toward the new vision.
7. Consolidate improvements, reassess changes, and make necessary adjustments in the new programs.
8. Reinforce the changes by demonstrating the relationship between new behaviours and organisational success.

**Diagrammatic Representation**

**Exhibit 2.2 Kotter's Eight-Step Plan for Implementing Change**

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## **2.8 GREINER'S EQUENTIAL MODEL**

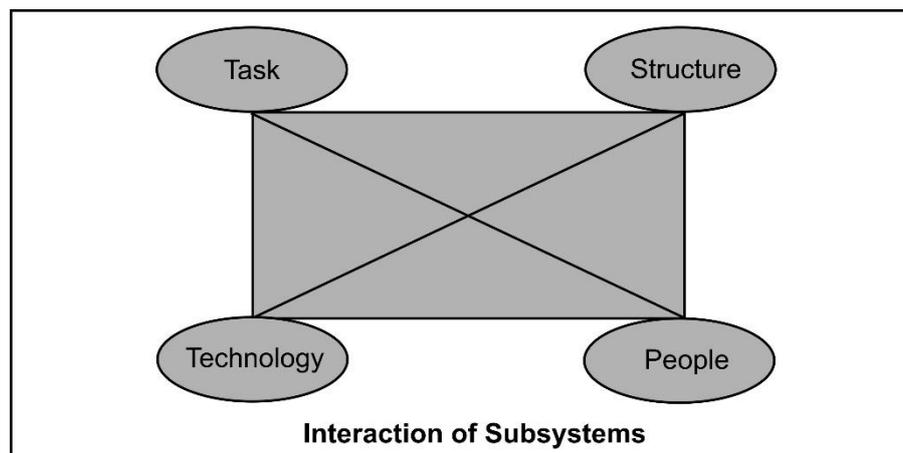
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According to Greiner's model, change occurs in terms of certain sequential stages. Stimulus in the external environment pressurises the management to initiate the change process. The management needs to be motivated to respond to the stimulus. When the management is motivated enough it takes the actions to introduce the change in the organisation. Once the action is taken, various change stages occur in a sequential manner e.g.

- Identification of the problem
- Scrutinizing alternatives as probable solution
- Shortlisting the best solution
- Reinforcing positive results

### Leavitt's System Model

In an organisational system, there are four interactive sub-systems—Task, Structure, People and Technology. Leavitt's model is based on the interactive nature of the various subsystems. Change in any one of the subsystems, tends to have consequences for the other subsystems also. The interaction of the four subsystems is shown in the following figure:



**Exhibit 2.3 Leavitt's System Model**

An organisation at any given time is a dynamic balance of forces supporting and restraining any practice. The system is in a state of equilibrium, so current practices will continue in a steady way until change is introduced.

In a factory operation there are pressures both for and against higher output. Management typically wants higher output. Industrial engineers conduct studies to try to improve it. Supervisors, push for it. Some workers, on the other hand, may feel that they are already working hard enough. More effort would cause feelings of inequity, and they do not want additional strain and tension. The result is that they act as a restraining force, and the current amount of output will tend to continue until some type of change is introduced.

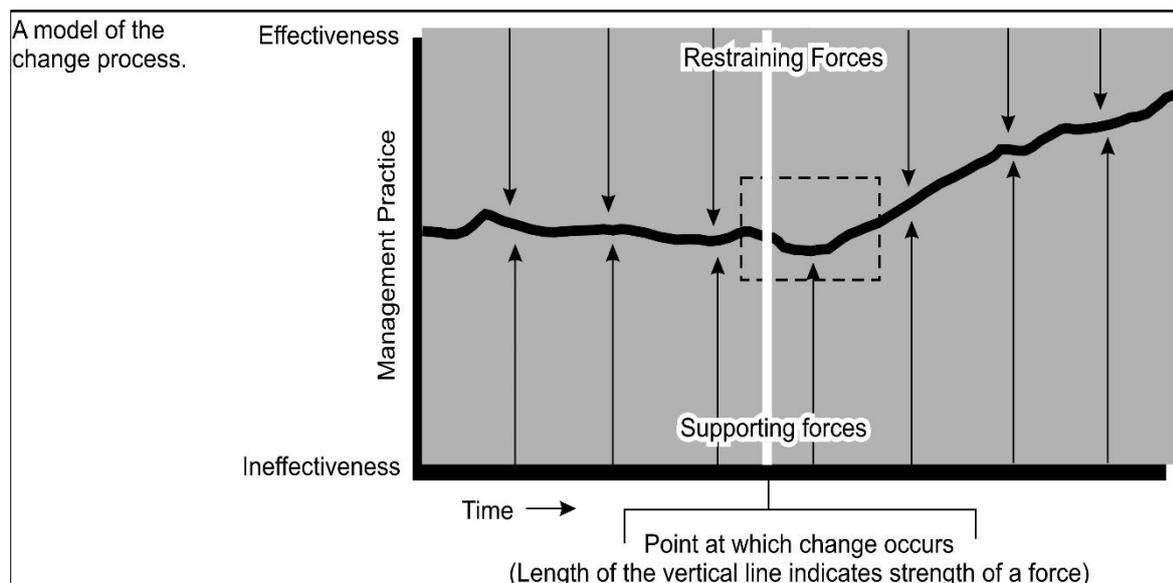
Change is introduced within a group by a variety of methods, as follows:

- Adding new supporting forces
- Removing restraining forces
- Increasing the strength of a supporting force

- Decreasing the strength of a restraining force
- Converting a restraining force into a supporting force

At least one of these approaches must be used to change the equilibrium, with greater success likely when more than one is adopted. The idea is to help change be accepted and integrated into new practices. For example, making people responsible for the quality of the product they produce has been used as a supporting force for higher-quality work. Another supporting force involves implementing programs to increase the employees' pride in their work. In the other direction, restraining forces on quality can be reduced by providing better maintenance of machines, so that better work can be done on them.

## 2.9 THE ORGANIZATIONAL LEARNING CURVE FOR CHANGE



**Exhibit 2.4 Learning Curve for Change**

Exhibit 2.4 shows a small—and often predictable—drop in the line of effectiveness after change occurs. It is the period of adaptation that follows change, and it typically means there will be a temporary decline in effectiveness before a group reaches a new equilibrium. Employees need time to understand and adapt in order to accept change. During this period, they are trying to integrate the change, and they are likely to be less effective than they formerly were. They have to get rid of old habits (unfreeze), accept new methods (change), and apply the new skills (refreeze). There are many problems to be worked out. Procedures are upset, and communication patterns are disrupted. Conflicts develop about the change, and cooperation declines. Problems arise, and time must be taken to resolve them.

During the transition period when people are adjusting to a change, they are likely to become discouraged because of the problems that develop. At this time the change is especially subject to criticism, attack, and even failure, because it appears not to be working. Only after the passage of time, when teamwork and efficiency are restored, is the change likely to produce the favourable results intended. As the saying goes, "things are likely to get worse before they get better."

If we assume that management is following the model of the change process as in Exhibit 2.4, then forces of support need to be built before, during, and after a change. A wide variety of positive activities to build support is necessary. Others, such as manipulation and coercion typically antagonize employees and sabotage the long-term success of the change program.

### Utilisation of Group Strength

Effective change focuses not only on the individuals but also on the group itself. The group is an instrument for bringing strong pressure on its members to change. Since behavior is firmly grounded in the groups to which a person belongs, any changes in group forces will encourage changes in the individual behavior. The idea is to help the group join with management to encourage desired change.

The power of a group to stimulate change in its members depends partly on the strength of their attachment to it. The more attractive the group is to each member, the greater its influence on a group member can be. Influence is further increased if members with high status in the group support a change.

Change should not disrupt the group's social system more than is necessary. Any change that threatens the group will tend to meet with resistance.

### Developing belief that change will be beneficial

It is generally better to provide objective and performance-related reasons for the change. If they are compelling and substantial, they should be made. If not, maybe the intended change needs to be abandoned. Ordinary requests for change should also be in accordance with the objectives and vision of the organisation.

Change is more likely to be successful if the leaders introducing it have high expectations of success. In other words, managerial and employee expectations of change may be as important as the technology of change. Creating positive expectations of change is necessary.

A garment manufacturer had eight almost identical plants. When a job enrichment and rotation program was introduced, managers in four of the plants were given inputs predicting that the program would increase productivity. Managers of the other four plants were told that the program would improve employee relations but not productivity.

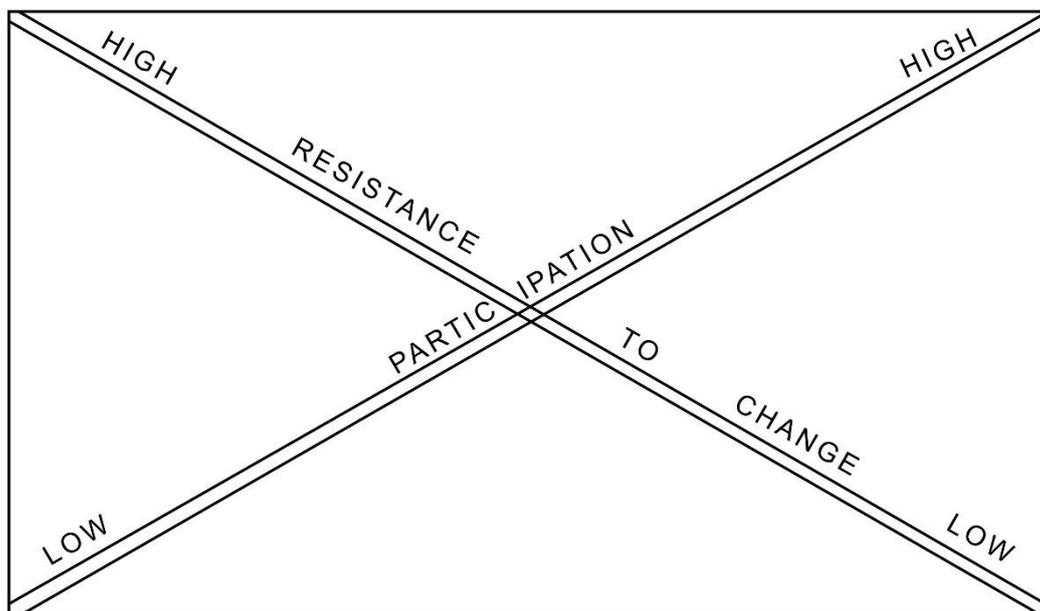
During the next six months, productivity did increase significantly in the four plants where the managers were expecting it. In the four plants where the managers were not expecting it,

it did not increase. The result showed that high leader expectations were the key factor in making the change successful.

By believing that the change will work, the manager acts so as to fulfil that belief. This belief is transferred to employees, who believe in the probability of success and change their behaviours accordingly. This process creates an integrated system of expectations of success and of appropriate behaviours leading up to it.

#### Model of Participation and Resistance to Change

A fundamental way to build support for change is through participation. It encourages employees to discuss, to communicate, to make suggestions, and to become interested in change. Participation encourages commitment rather than mere compliance with change. Commitment implies motivation to support a change and to work to ensure that the change is effective.



**Exhibit 2.5 : Model of Participation and Resistance to Change.**

As shown in Figure 2.2, a general model of participation and change indicates that as participation increases, resistance to change tends to decrease. Resistance declines because employees have less cause to resist. Since their needs are being considered, they feel secure in a changing situation.

Employees need to participate in a change before it occurs, not after. When they can be involved from the beginning, they feel protected and feel that their ideas are wanted. On the other hand, employees are likely to feel that involvement after a change is nothing more than a manipulation by management.

#### Adequate Compensation Under Changed Situation

Another way to build employee support for change is to be sure that there are enough rewards for employees in the change situation. It is only natural for employees to ask, "What's in this for me?" If they see that a change brings them losses and no gains, they can hardly be enthusiastic about it.

Rewards also give employees a sense that progress accompanies a change. Employees appreciate a pay increase or promotion, but they also appreciate emotional support, training in new skills, and recognition from management.

It is desirable for a change to payoff as directly and as soon as possible. From an employee's point of view, reward payment must be within reasonable time and without undue delays.

### Action Research Model

Action research is another view of the organisational change process. In Action research, the change agent is usually an outside person, who is involved in the total change process, from diagnosis to evaluation. The consultant will suggest the strategy for change. He will attempt to transform diagnosis of the problem into a proper action plan involving the overall goals for change, determination of basic approach for attaining these goals and the sequence of detailed scheme for implementing the approach. Action Research provides a scientific methodology for managing planned change.

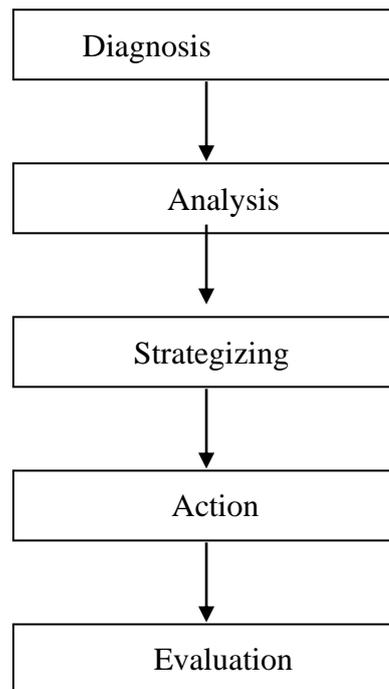
Action research is usually carried out by an outside consultant also called the Change Agent.

The process of action research consists of five steps as explained below:

- (i) **Diagnosis.** In the first step, the change agent gathers information about problems, anxieties and required changes from members of the organisation. The information is gathered by asking questions, interviews, review of records and listening to employees. The diagnosis will help the agent in finding out what is actually ailing the organisation and what problems the organisation is confronting.
- (ii) **Analysis.** The information gathered in the first step is analysed in this step. The deficiencies and patterns of problems are studied. This information is analysed into primary concerns, problem areas and possible actions.
- (iii) **Strategizing.** In this step, the change agent will share with the employees what has been found in steps one and two. Thus, the employees will be actively involved in any change programme. In determining what the problem is and how to create the solution. The change agent, in participation with the employees, develop action plans for bringing about any needed change.
- (iv) **Action.** Action plans decided in the previous step are set in motion in this step. The employees and the change agent carry out the specific actions to correct the problems that have been identified.

(v) Evaluation. As action research provides a scientific methodology for managing the planned change, in the final step, the change agent evaluates the effectiveness of the action plans. Using the initial data as the benchmark, any subsequent changes can be compared and evaluated.

The action research model is portrayed in the following exhibit.



**Exhibit 2.6 Action research model**

Action research is a very important change process. It is a problem focussed method. The change agent looks for problems and on the basis of the problems he decides the change action. Since employees are actively involved in the change process, the resistance to change is reduced. The evaluation of the organisation and any changes taken to improve it over a period of change can provide valuable information to both the organisation and the researcher.

Depending upon the circumstances, the organisations can use any of the above mentioned organisational change techniques for enhancing the opportunities for growth and developing of individuals, groups and the organisational system itself. Organisations should also subscribe to certain values so as to make organisational change effective.

Organisational change is a very long process. So there is a great need for careful monitoring to get precise feedback regarding what is going on after the organisational change programme

starts. This will help in making suitable modifications whenever necessary. For evaluation of organisational change programme, the use of critique sessions, appraisal of change efforts and comparison of pre and post training behavioural patterns are quite effective.



### ***Check Your Progress- B***

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#### **Write True or False.**

1. Organisational change is concerned with problem solving.
2. Action research is another view of the organisational change process.
3. The power of a group to stimulate change in its members depends partly on the strength of their attachment to it.
4. Kotter established seven sequential steps to overcome change.

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## **2.10 SUMMARY**

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- Any Organisational change model has pre-requisites as, focus on whole organization, system oriented, action oriented, problem solving, group process, experimental learning, contingency oriented, use of change agent and feedback.
- Simplistic programme of organizational change includes, initial consultation. Assimilation of information, reviewing, action planning, team building, appraisal and follow-up,
- Kurt Lewin's Three step model includes Unfreezing, Change and Refreezing.
- Kotter has established Eight-Step Plan for implementing change.
- According to Greiner's model, change occurs in terms of certain sequential stages.



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## 2.11 GLOSSARY

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**Organisational Change** is an intervention strategy that uses group processes to focus on the work culture of an organisation in order to bring about planned change. It seeks to change beliefs, attitudes, values, structures, and practices — in fact, the entire culture of the organisation — so that the organisation can better adapt to technology and line with the fast pace of change.

**Leavitt's Model** is based on the interactive nature of the various subsystems. Change in any one of the subsystems, tends to have consequences for the other subsystems also.

**Action Research** is another view of the organizational change process. In Action research, the change agent is usually an outside person, who is involved in the total change process, from diagnosis to evaluation.



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## 2.12 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

1. Intervention
2. Action/ System
3. Continuous
4. Managing Change

### Check Your Progress –B

1. True
2. True
3. True
4. False



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- Warner, W. Burke, "Organization Development", Boston : Little Brown, (1982)
- Warren G. Bennis, "Organization Change: Its Nature, Origins and Prospects", Addison Wesley : Reading Mass, (1989).



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## 2.14 SUGGESTED READINGS

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1. E.H. Schein, "Process Consultation : Its role in Organisational Development", Reading : Addison-Wesley (1988)
2. J.P. Kotter, "Leading Change : Why Transformational Efforts Fail", Harvard Business Review (January 2007).
3. K. Lewin, "Field Theory in Social Science", New York : Harper & Row (1951)
4. Keith Devis, "Human Behaviour at Work" New Delhi Tata McGraw & Hill Co., (1985).
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7. Warner, W. Burke, "Organisation Development", Boston : Little Brown, (1982)

8. Warren G. Bennis, "Organisation Change : Its Nature, Origins and Prospects", Addison Wesley : Reading Mass, (1989)



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## 2.15 TERMINAL QUESTIONS

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- Q1. "Organizational change is an intervention strategy that uses group processes to bring about planned change." Give your views on the given statement.
- Q2. Explain the pre-requisites necessary for understanding models of organizational change.
- Q3. Give a brief account of a simplistic model of organizational change.
- Q4. "To understand models of change management some conventional methods need to be studied". Explain to what extent do you subscribe to this view.
- Q5. Explain Kurt Lewin's three step model for bringing about organizational change. What are the assumptions of this model?
- Q6. Elicit with a diagrammatic representation Kotter's eight sequential step plan for implementing change.
- Q7. Write a note on: –
- a. Greiner's Equential Model
  - b. Leavitt's System Model
- Q8. Explain measures for developing a belief that organizational change will be beneficial. Does proper utilization of group strength inculcate this belief?
- Q9. Explain the following –
- c. Model of Participation and Resistance to change
  - d. Action Research Model

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## **UNIT 3 CHANGE AND ITS IMPACT**

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### **3.1 Introduction**

### **3.2 Objectives**

### **3.3 Considerations while selecting choices for organisational change**

### **3.4 Reactions of people impacted by organisational change**

### **3.5 Change agents and their impact**

### **3.6 Role of change agents**

### **3.7 Planned change**

### **3.8 Change and its impact**

### **3.9 Summary**

### **3.10 Glossary**

### **3.11 References**

### **3.12 Suggested Readings**

### **3.13 Terminal Questions**

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## **3.1 INTRODUCTION**

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Human reaction to a change is not always based on any logic, but on the factors, such as needs and satisfaction and how they are affected in the organisation. Attitude of an employee plays a very significant role in the determination of the resistance to change as his attitude affects his perception of the likely impact of change in the organisation.

Modernisation, introduction of new technology, and updating of technology may result in displacement of certain skills, replacement of certain skills by other skills, displacement of existing machine, expansion of certain activities and decline of others, introduction of new methods, techniques and tools, and the emergence of a new array of workforce. All such aspects may lead to many human problems. Unless such problems are tackled effectively, modernisation programme itself may fail to pick up. Establishing a proper human relations philosophy in dealing with all such problems may facilitate to solve such human problems.

In a nutshell, in order to have a sound human relations climate in an organisation, problems of the people must be tackled properly.

Change can be a variation from the accepted modes of life in the society. According to Gillin and Gillin "Changes are variations from the accepted modes of life; whether due to alteration in geographical conditions, in cultural equipment, composition of the population, or

ideologies and whether brought about by diffusion or inventions within the group." Thus, change results in substantial changes in the accepted modes of life.

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## 3.2 OBJECTIVES

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After reading this unit, you will be able to understand;

- Considerations while selecting choices for organisational change
- Reactions of people impacted by organisational change
- Change agents and their impact
- Role of change agents
- Planned change
- Change and its impact

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## 3.3 CONSIDERATIONS WHILE SELECTING CHOICES FOR ORGANISATIONAL CHANGE

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There are no standard activities that always successfully address certain types of issues in organisations. Many times, the success of a project lies not with having selected the perfect choice of activities, but rather with how honest and participative people were during the project, how much they learned and how open they were to changing their plans for change.

However, there are some basic considerations that most people make when selecting from among the many choices for organisational change, or capacity building, activities. Considerations include:

1. First, does the change-management method suggest what organisational change activities to use now, for example, the method of strategic management might suggest that a SWOT analysis be done, strategic goals be established along with action plans for each goal, and then implementation of the action plans be closely monitored.
2. Is the activity most likely to address the findings from the discovery, that is, to solve the problems or achieve the goals? To find out, review any research about use of the activity, discuss the potential outcomes with experts and also with members of the organisation. Consider posing your questions in online groups of experts about change.
3. Does the nature of the activity match the culture of the organisation? The best way to find out is to discuss the activity with members of the organisation.
4. Does the change agent and key members of the organisation have the ability to conduct the activity? For example, technostructural and strategic interventions sometimes require technical skills that are not common to many people.

5. Does the activity require more time to conduct than the time available in which to address the problem or goal? For example, a cash crisis requires immediate attention, so while a comprehensive strategic planning process might ultimately be useful, the four to five months to do that planning is impractical.
6. Does the client's organisation have the resources that are necessary to conduct the activity, considering resources such as funding, attention and time from people and facilities.

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### 3.4 REACTIONS OF PEOPLE IMPACTED BY ORGANISATIONAL CHANGE

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The following may be the reactions of people impacted by organisational change:

1. **Acceptance**-Contrary to popular belief, employees do not resist to every change. Some changes which they deem are beneficial and favourable to them will be accepted. To give an example, supposing operator of a machine in which significant manual labour or standing or dexterity is required will react favourably when the machine is replaced by another one which is ergonomically designed and the same operation can be done in a sitting position. In this particular case, any resistance in the mind of the operator to change is strongly offset by the inconvenience of standing up and doing the work. Thus, where the change guarantees continuation or betterment of comfort or working conditions will be welcomed in the mind of the employees and they will not be hostile to the change.
2. **Indifference**- In certain cases, instead of having extreme reactions like either acceptance or resistance to the change the employee is indifferent to the change in his working condition or situation. It may be due to the fact that either the employee does not realise the impact of the change on his situation or thinks that he is not going to be affected by the change as it does not involve him.
3. **Forced Acceptance**- Sometimes, people resist the change in the initial stages, but if change forces are stronger than the resistance forces, people have to accept the change. This is called forced acceptance or the situation where people are forced to accept the change.

Opposition to change may be logical and justified in some case. Sometimes people do not resist change but they oppose the changing agent or the mode of implementing change.

4. **Resistance**-In an effort to protect his interest or his comfort, a person may react unfavourably to change and resist it. This may happen even though when the change may not affect him or may even benefit him. Thus, the perception that change will affect him adversely, may make an employee resist change.  
The various forms by which employees resist change are as follows:
5. **Hostility or aggression**- It is the knee jerk reaction to change by most of the people. An individual or an employee suddenly subject to change without any

prior information or mental conditioning in most of the instances react by hostility or aggression. This kind of resistance is very dangerous as it can lead to unfortunate incidents.

6. **Apathy-** This is another form of resistance to change. It is a type of silent protest by employees who may not be able to show their displeasure in verbal forms. In this a worker develops an attitude of apathy towards his work and his organisation and does the bare minimum required. Thus, due to certain grey areas being managed by the workers before now being neglected may cause significant loss of revenue to the organisation resulting by spoiling of raw materials, inefficient use of resources and time. This may also include absenteeism and other kinds of passive protests.
7. **Anxiety and Tension-** In most cases, employees may suffer from increase in anxiety and have tension in their minds related to their welfare in context of the change. This may make an employee lose his working efficiency and adversely affect the organisation. In case the organisation is responsible for the medical benefits of the employees, there may be increase in medical bills due to this form of resistance to change.
8. **Group Resistance-** The above forms of resistance were examples of individuals reacting to change. At the group level, also signs of resistance are exhibited which may take the form of mass absenteeism, strikes, protests and other union related issues. Co-ordinated strategy at group level may result in deliberately slowing output and not performing when a target is to be met. These kind of passive resistances at group level are very difficult to deal with as it is hard to infiltrate and break a group.

Though the above reactions of employees to change may appear to be unusual and sometimes a little high handed, however they are the normal reactions exhibited during the dynamics of change. Thus, in view of the extremities that may occur due to change being implemented in to a well- established organisation, the philosophy of management of change is implemented.

Keith Davis observed that,

"People develop an established set of relations with their environment. They learn how to deal with each other, how to perform their jobs and what to expect next. Equilibrium exists, individuals are adjusted when change comes along, it requires individuals to make new adjustments as the organisation seeks a new equilibrium."

Changes may be implemented at various levels in an organisation for certain operational and efficiency reasons as follows:

1. Individual level
2. Group Level
3. Organisational level

These are explained as below:

**1. Individual level changes:** Individual level changes are those that occur to each individual worker or employee. They may occur to one employee or many employees concurrently. These concern issues like incoming superannuation, superseding, transfers, change of responsibilities, change in job assignment, and other such changes which may impact the employee at his individual level. Due to the localised impact of this change it is generally thought that resistance to change at individual level may not have any significant implications for the organisation or may not impact it adversely. However, this perception is not correct as the individual level changes after certain threshold lead to impacting the group which can quickly escalate and cause problem for the whole organisation. Therefore, it is prudent that manager should treat each case of anxiety at individual level due to change immediately to avoid larger problems later on.

### **2. Group Level Change**

While implementing any change the dynamics of the groups must be taken into consideration. It must be done because, the effect of any major change is observed distinctively at the group level. In any organisation there are various kinds of groups. These may be formal groups like trade unions or clubs or may be informal groups like group of people assembling during the tea and lunch breaks and discussing the policies of the organisation. Though formal groups appear formidable, it is the informal group which actually are to be addressed because of their inherent strength. Changes done by the organisation which have effect at group level can affect the dynamics of the group resulting in social setup, communication patterns, work flows and status systems.

As the informal group hold lot of influence on the individual members, the change implemented must be designed and carried out in such a way that the concerns of the groups are met.

### **3. Organisational Level Change**

Organisational change is a long-range effort to improve an organisation's problem solving and renewal processes, particularly, through a more effective and collaborative management of organisation culture with the assistance of a change agent or catalyst and the use of the theory and technology of applied behaviour science.

The changes done at the organisation level involve considerable planning and major programmes which have effect at individual and group level. As per the need of the organisation and the direction it is supposed to move as planned by the senior management, change is carried out. The change is carried out by professional change agents having experience and expertise in carrying out the change effectively.

Some different types of organisational changes have been explained as follows:

● **Strategic Change:** Strategic change is about making change in the very objective and mission of the organisation in line with a strategy or long-term planning, so bring the organisation to the desired future state. These may be of various types like adaptation, reconstruction and revolution etc. The strategic change is very crucial as it is the means by which the organisation keeps up with the changing technologies, social environments and emerging competition. There are many different examples of strategic changes like changing the top management with one more in line with the future vision, by changing the culture of the organisation, mergers, acquisitions, implementing and adopting new technologies etc. Sometimes when a local company starts trading globally, the culture has to be changed to accommodate the global culture.

● **Structural Change:** Structure in the context of an organisation can be explained as the relationship pattern amongst the various position holders and hierarchy in regards to the sharing of the responsibilities, authorities and their interactions. The existing organisational structure may be of different hierarchical model with different reporting structures and domains of responsibilities. The change in the structure of the organisation may involve change in relationships, change in work assignments, change in reporting and change in the authority. Sometimes the old organisation structure becomes ineffective and invalid due to change in the external environment and because of old relationships becoming obsolete. Thus, for an organisation to remain effective in the face of the changing competition and scenario, structural change needs to be carried.

● **Process Oriented Change:** Sometimes due to change in technology and advancements in information processing and automation, the organisation needs to retrain employees and replace inefficient people who are unable to respond and adapt to the change. The process-oriented change may also involve heavy investment in terms of capital and equipment and sometimes operational change. This change may affect the existing culture of the organisation and may result in a shift in the behaviour pattern of the individual.

● **People Oriented Change:** Sometimes when the organisation is suffering because of behaviour of the individual employees and interactions between groups and management, changes need to be implemented which are people oriented. Trust building exercises including employee welfare can be the starting point. Changes in the form of behavioural training workshops which are directed towards improvement of performance, cohesion in terms of groups, developing dedication and loyalty to the employers as well as developing a sense of self-actualisation which is the highest hierarchy in Maslow's Theory can be carried out.

Closer interaction with employees and the groups by the management and change agents may be required for carrying out this type of change.

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### 3.5 CHANGE AGENTS AND THEIR IMPACT

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For carrying out the change effectively and without having any adverse effects or repercussions and for making the change process smooth, professionals known as the change agents are hired by the organisations. These may be employees or consultants with knowledge and experience in carrying out the change. They act as the catalysts to carry out the change and lower the threshold of resistance faced by the organisation in carrying out the change. These professionals have profound knowledge in behavioural sciences and management and specialise in the theory and practice of managing change. The change agents first help the management in accepting, recognising and defining the problem which is being faced by the organisation and the change which is required to restore the organisation to its previous level of efficiency and also growth. The change agents are also involved in the effort of generating and evaluating the potential change plans.

As stated earlier the change agent may be either an employee of the organisation who is having good knowledge of the setup and working of the organisation or may be an outside consultant who has proficiency and experience in carrying out the change. The decision to employ either an internal member of the organisation or an outside consultant as a change agent may depend on various factors. An internal member of the organisation when employed as a change agent has the distinct advantage of knowing the dynamics of the organisation, actual flow of power, existing problems, political situations, people and other things. Knowledge of these items may be very useful in interpreting the data and arriving at a solution. However, their close proximity to the situation, bonds and affections to the people and similar factors may prove detrimental to their ability to recognise and carry out the change. In contrast to this an external change agent or consultant will be in better position to understand the problem as he is not working there and has not become habitual of working the working problems. Also, being a consultant, he will have easy access to the top management and will not be intimidated by them as the internal member or employee may be due to the hierarchy of the organisation.

He is likely to have easy access to the top management since it is the top management on whose initiative the consultant is engaged. Top managers engage consultants with specialised knowledge in the theory and methods of change. Consultant change agents can offer a more objective perspective than insiders can. But experts outside the organisation are not well versed with the internal environment. So, they may not be in a position to manage the changes effectively. External experts are always considered as outsiders by the employees of the organisation who do not trust their knowledge and intentions. Though, the external change agents or consultants have been engaged by the management based on their expertise, reputation and record, the same is not known or understood by employees not having knowledge in that field. The external experts have to first be accepted by the employees before they can accept and trust their advice and instructions regarding the change to be carried out. Also, rightly said, being outsiders and not aware of the culture of the organisation, they cannot identify the desires and attitude of the employees. This results in the change suggested by them being resisted and discarded by the employees.

On the other hand, the internal change agents, though, lacking the diverse experience of the consultants, have more often insight into the problem being faced by the organisation and the employees. They are more emotionally aware and have empathy towards the employees which sometimes hinders their objectivity and may prove detrimental to their success. Sometimes, outside consultants are hired along with nomination of internal employees to work together as change agents for carrying out the change. In this case, having a good mutual understanding along with interaction and dialogue on the situation of the organisation can lead to the development of a symbiotic relationship between the two which leads to a win-win situation and the constraints of both can be minimised. Sometimes, the consultants initiate and train the internal change agents who then carry out the change as per their strategy.

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## **3.6 ROLE OF CHANGE AGENTS**

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The objective of the change agents is to bring desired change in the organisation. However, for this purpose, a specific role is required to be performed by the change agents, both external and internal. Since relative positions of these change agents may be different in organisational context, their roles may also be different in the change process.

### **3.6.1 ROLE OF EXTERNAL CHANGE AGENT**

The advantage of hiring an external change agent is that he is not emotionally attached to the organisation and can view the organisation from a total system perspective and as an assignment while having the cool isolating objectivity required for careful analysis and identification of the problem. Being an outsider, he is not affected by the norms of the organisation and is not intimidated by ranks and titles. He does not have the fear of offending people who may sabotage his career. The role of consultant may include diagnosis of the situation, planning strategy for change, intervening in the system or change and even the evaluation of the change efforts in the context of various outcomes. From this point of view, the role of consultant may be quite comprehensive. However, the change programme will be successful only when the consultant is given the role of process consultation and the rest of the programme is implemented by the organisation itself with the help of the consultant. Schein observes that "problems will stay solved longer and be solved more effectively, if the organisation solves its own problems. The consultant has a role in teaching diagnostic and problem-solving skills but he should not work on the actual concrete problems himself.

Though there may be variation in the role of external change agent depending on the nature of change to be brought, nonetheless, external change agent may perform the following functions:

1. To diagnose the problems with which the organisation is beset with.
2. To act as catalyst sparking change within the system while remaining somewhat independent of it.
3. To educate top management and other key personnel in the organisation.
4. Process consultation at different levels of the organisation.
5. Evaluate and get a feedback from change efforts.

### **3.6.2 ROLE OF INTERNAL CHANGE AGENTS**

The internal change agents differ from the outside consultants in various means and therefore their roles and methods cannot be interchanged. The internal change agents being from within the system have acceptance to the working and norms of the organisation. Thus, they are more likely to tweak and adjust the change tactics to the need of the organisation. They therefore will normally not be able to take drastic steps which are sometimes required to save the organisation due to their lack of objectivity. By accepting the norms of the organisation, these change agents spend little time in helping the organisation move towards self-renewal, growth, and change.

### **3.6.3 ROLE OF THE CHIEF EXECUTIVE**

The chief executive sponsors the change programme and provides leadership and support for its success. Usually, there is a belief, though erroneous, that the chief executive has no role in planned change. In fact, the change programme has a greater chance of success if it is sponsored by the chief executive. His role as a change agent is of paramount importance specially during the initial phase of the change process. He has to be personally convinced about the change and shows his conviction not only in the things he says but in the things he does. In the early stages of change, he must demonstrate that he believes in change and provide leadership to his management team in the change process. When the change process proceeds smoothly, the role of the chief executive may gradually reduce and other key members of the organisation should act as change agents.

### **3.6.4 SOURCES OF POWER FOR THE CHANGE AGENT**

Unless the change agent is a member of top management, his power to bring about change must emerge from some source other than the hierarchical position and legitimate authority within the organisation. Although, the support of top management is essential, it is not enough. Michael Beer prescribes five sources of power for the change agent:

- (i) High status given by the members of the client organisation, based on their perception that the change agent is similar to them in behaviour, language, values etc.
- (ii) Trust in the change agent based on his consistent handling of information and maintaining a proper role in the organisation.
- (iii) Expertise in the practice of organisational change.
- (iv) Established credibility based on experience with previous clients or previous projects with the client organisation.
- (v) Dissatisfied constituencies inside the organisation who see the change agents as the best opportunity to change the organisation to meet their needs.

What can a change agent change? Organisational change is flexible and pragmatic adapting the actions to fit particular needs. Although some occasional organisational change agent may have to impose a single best way on the group, there is, usually, open discussion of several better alternatives rather than a single best way.

Data are collected from organisational members about individual attitudes, organisational climate and the general health of the enterprise. Questionnaires may be distributed to all the members of the organisation, completed and returned to the change agent for tallying and analysis. These data are then fed back to the top management and other participating groups down through the hierarchy. During the final step of the process, organisational leaders conduct group meetings with the change agent, problems are identified and corrective strategies are developed.

**There are several subject matters which can be changed by the change agents.** They are structure, technology, people and physical setting. These are discussed in detail as follows:

**(i) Structure-** Changing conditions require structural changes. As a result, the change agent might need to modify the organisation's structure. Attitudinal change, change in plant layout and new techniques can succeed only when the structure is changed according to the change in the environment. Authority, responsibility, functions and performance are changed according to the needs of the change. Change agents can alter one or more of the key elements in an organisation's design or they can introduce major modifications in the actual structural design. They might consider redesigning jobs or work schedules. Another option can be to modify the organisation's compensation system.

**(ii) Technology-** Change agents introduce new tools and techniques. Under change management, technological change is also done. The introduction of new equipment and work process is technological innovation. Automation and computerisation have become common change processes. Efficient handling of equipment and machines is invented by technology. Computerisation has changed the work culture in the new century. Thus, major technological changes involve the introduction of new equipment, tools or methods, automation or computerisation.

**(iii) People-** This category involves changing the attitudes and behaviour of organisational members through processes of communication, decision making and problem solving. The change agents help the individuals and groups within the organisation to work more effectively together. They inspire the employees to change to adapt to the environment. The changes can give fruitful results if the employees have developed a positive attitude and behaviour to make the changes a success. Unless the employees accept the change, the change agents cannot ensure the process of change. If there is a lack of agreement with the employees, stress or tension occurs.

**(iv) Physical Setting-** Change agents decide equipment placement, plant layout and tool arrangement under physical setting. Management thoughtfully considers work demands, formal interaction requirements, and social needs while making such changes. The changes made in these settings are helpful for the organisational development. Working conditions are changed, designed and redesigned to mobilise effectiveness of the settings.

The basic objectives of change agents are thus, to increase effectiveness, individual performance and satisfaction, irrespective of whether the change agents are internal or

external. The change agents play the role of a researcher, counsellor, case analyst and professionally qualified friend. Change is implemented by the organisation under the directions of the change agent.

Control and evaluation being the final step of the process, the degree of the success of the change in having the desired effect is accessed by the change agent along with the management which has hired him. The progress being evaluated, the changes in the strategy is made to have full effectiveness.



### ***Check Your Progress-A***

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**Q1. Discuss reactions of people impacted by organizational change.**

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**Q2. Write a note on change agents and their impact.**

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**Q4. Write a note on role of internal change agents**

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## 3.7 PLANNED CHANGE

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Sometimes change is planned as an intervention by the organisation with the objective of attaining the desired effect. These are a series of meticulously planned steps by the change agents which move the organisation towards the direction envisioned by the management. The objectives of this kind of change which is planned in nature are as follows:

- For improving the economic situation of the organisation
- To enhance the profitability
- To increase the output of the employees by encouraging human values
- To improve satisfaction among the employees resulting in a feeling of social-wellbeing and leading to increase in profitability.

Before introducing any change, which is planned by the management in consultation with the change agents, the process consisting of the following steps is to be followed:

1. Planning for change
2. Assessing change forces
3. Implementing the change

### 1. Planning for Change:

Planning for change is the first step in implementing the change. It consists of recognising and identifying the need for change. The areas have to be identified where the change is required. The type of change required is to be identified as to whether it is strategic change, process-oriented change or employee-oriented change. The need, areas and types of change required can be evaluated by the management on the basis of external factors like loss of reputation and business of the company or the internal factors like strife, dissatisfaction and unrest. Once it has been acknowledged there is a need of change to be carried out in the organisation, the following steps are taken:

- **Develop New Goals and Objectives:** After identification of the direction the organisation is planned to move towards, old goals have to be modified and new goals and objectives are designed. These may be in response to the change business environment and other internal and external factors.
- **Select an Agent of Change:** Once the management has acknowledged the need of change and has decided the new goal and objective to make the organisation effective, it must decide who will supervise and plan the change smoothly. They might select one of their trusted managers for this work if they have confidence in his work skills or may hire an external consultant known as the change agents who are experienced and have expertise in these kinds of work.
- **Diagnose the Problem:** Once the change agents have been assigned or appointed for carrying out and implementing the change, they must first diagnose the basic problem being faced by the organisation. The change agent will collect the relevant information and data regarding the problem areas and where the

change might be required. Analysis of this data is done critically to highlight the key areas and pinpoint the problem.

- **Select Methodology:** Once the problem has been identified, the methodology of carrying out the change is selected. Based on the perceived resistance to change, methods acceptable and corresponding to the emotions of the employees and dynamics of the groups will be selected.
  - **Develop a Plan:** After the methodology has been selected for carrying out the change, the next crucial step is to develop a plan of change. To give an example, suppose to make competent persons being selected to senior ranks, the promotion policy needs to be changed, then an analysis must be done of the profile of the employees who will be affected by this change. The reaction of the employees to the change must be thought of.
  - **Strategy for implementation of the Plan:** The next step involves in laying out the strategy for the implementation plan. In it in consultation with the change agents, the timeframe of implementing the change along with methods of communicating the change to the employees are decided to have the least resistance to the change.
2. **Assessing Change Forces:** For carrying out any change the cooperation of the employees is required. Whatever strategies or methods are to be used to gain the trust and acceptance of the employees for the change are to be used, they must create an environment in which change will be accepted amicably. The key for successful implementation of the change is to reduce the resistance to change by any means. At group level, there are some individuals who will be in favour of the change and some who will resist it for whatever reasons. When considering group dynamics, there may be driving forces which help in fulfilling the objective by leaning on a favourable direction as envisioned by the change agents and management. On the other hand, there are restraining forces which are hostile to the change and which resist the momentum of change. When both of these forces balance each other, a state of equilibrium is reached. There may develop three kinds of situation in an organisation to carry out a change which have been described as below:
- i. In the first case, when the driving forces are stronger than the restraining forces, the management can have its way and can implement the change.
  - ii. In the second case, the restraining forces are stronger than the driving forces, then either the management can give up the change programme or modify the parameters to have the situation in their favour.
  - iii. In the third case, when both the driving and restraining forces are almost equal, the management can increase driving forces by input of extra resources and time into the situation.
- Thus, in all the three situations to be successful and make the people accept the change, the driving and restraining forces are to be identified and boosted up and neutralised as required.

3. **Implementing Change:** After the management has been able to create conditions favourable for acceptance of the change, the right timing and the correct methods of communication have to be identified for putting the changed planned plan in to action. The communication methods may be of different kinds which may range from a simple one like a PA system announcement or may be more time consuming and complicated like personal briefing sessions, seminars, etc. identification of all key members who will be directly affected by the change must be done and they must be counselled and their ill-will contained.

**Feedback:**

Once implementation of the plan has been done, feedback must be taken from the key indicators to assess whether the change has been successful and the objectives of the change are being met. It will also identify any deviation which is occurring between the planned goals and the actual situation and relevant corrective action can be taken. This process of feedback must be repeated till the confirmation on the effectiveness of the change is obtained and then carried out at fixed intervals to confirm that the change mechanism is functioning properly.

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## 3.8 CHANGE AND ITS IMPACT

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The following points related to change and its impact are noteworthy:

- If the employees' skills and abilities were always remarkable and not subject to any decline, organisational change would have little or no relevance to managers.
- Management policies and practices determine the extent to which organisation adapts to changing environmental factors.
- Excessive stress due to organisational change can lead to lower performance. Evidence indicates that stress can have negative impact on employee performance.
- If change leads to low amount of stress, this will impact people to perform their job better by increasing their work intensity.
- Organisational change certainly leads to changed stress levels. Low stress level leads to high performance level whereas high stress level affects the performance adversely. (See Exhibit 3.1 and 3.2)

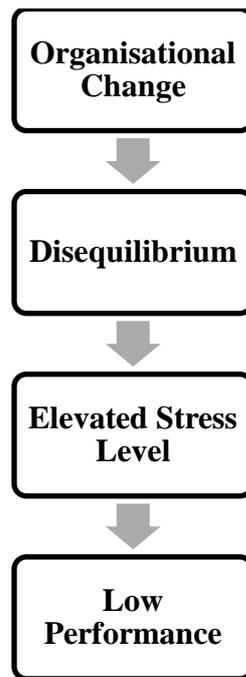


Exhibit 3.1

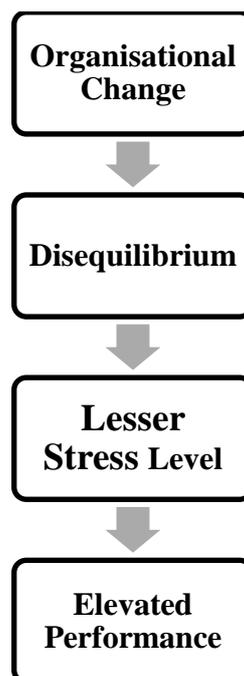


Exhibit 3.2

- People impacted by change will be committed to implement them if they have participated in the decision-making process leading to change.
- Frequent changes, over a short period of time, takes its toll and impacts the performance of the employee.

- A very important issue before every organisation is to ensure that organisational change processes should have a positive impact on employee productivity and attitudes.
- Sometimes dysfunctional behaviour is caused by organisational change. For example, if a larger allocation of resources to one group represents a commensurate loss to the other, conflict due to such change between the two groups is likely to result over the question of resource allocation. This is how the change impacts human behaviour.
- If a work group feels it is unappreciated, overworked and receiving less than a fair reward for the efforts put in, opposition in such a group is likely to develop. From a managerial perspective, there is only one way to confront such a situation and that is to determine the cause of dissatisfaction and to provide remedial measures. This may involve actions such as redesigning specific jobs or re-evaluating the pay scales.
- Organisational change may bring some good for an enterprise which may not be good for work group members. Resultantly, even though the employee may wish to support both the enterprise and the group objectives, but to do so might be impossible. For example, an employee who would like to work hard to support an enterprise objective of higher output might run into opposition from his peers. Group members might legitimately reason that increased productivity on the part of each worker will result in a need for fewer employees. This outcome would obviously conflict with a work group objective of job security for all group members.
- Organisational change activities increase the power of the management by inducing compliance and conformity in organisational members. The basic reason for this is that organisational change initiative create uncertainty in the minds of the employees. They start relying on the management for directing them. However, organisational change is a systematic activity, it requires employee's participation. Thus, one of the challenges before organisational change consultants is to win the support and confidence of those who are reluctant to engage in the process.
- Organisational change techniques of one country generally come into conflict with the cultural values in other countries. Scholars argue that organisational change in one particular country may assume a particular model of changes that may be different from organisational change philosophies held by people in other countries. Thus, the need is that the organisational change field must develop a more contingency oriented perspective towards the cultural values of its various participants.
- Organisational change techniques may threaten the individual's rights. For example, the Action Research model is built on the idea of collecting information from employees. This requires the employees to provide personal information that they may not like to give.

- Organisational change is based on the behavioural sciences concepts. Behavioural sciences themselves have many limitations, which are passed on to and applicable to organisational change also.
- Organisational change requires the use of certain diligent and highly motivated persons who can take initiative to bring about change. But in organisations, people are, generally, complacent, who are not willing to make the required efforts and they are not helpful in implementing organisational change.
- Organisational change cannot be applied without giving due consideration to the circumstances existing within the organisation. The local circumstances may pose a problem in adapting to change. Task of the organisation and the characteristics of its membership also put limitations on the effectiveness of organisational change.
- Some organisational change techniques may undermine the self-esteem of the employees. These techniques may involve direct exposure to criticism by co-employees as well as public disclosure of one's personal limitations and faults.
- Another ethical dilemma faced by organisational change consultants is their role in client relationship. The consultants should be sufficiently detached from the organisation to maintain subjectivity and avoid having the client become too dependent on them. However, this can be a difficult objective to achieve.
- Due to organisational change one impact which is seen is that educated, enlightened and technologically trained workforce replace the traditional unskilled or less skilled workforce. Advancing technology leads to increasing productivity of labour and capital, improving operational efficiency of materials, components, power, equipment's, processes, and methods.

The knowledge worker of today believes in expertise, professional ethics, job satisfaction and conspicuous contribution to the organisational goals so that he makes himself indispensable to the organisation not only by virtue of his capability and expertise but by virtue of his behaviour and commitment. The greater the quality of work life and the quality of life his organisation is able to give him, the greater would be his affiliation and motivation.

Modernisation, introduction of new technology, and updating of technology may result in displacement of certain skills, replacement of certain skills by other skills, displacement of existing machine, expansion of certain activities and decline of others, introduction of new methods, techniques and tools, and the emergence of a new array of workforce. All such aspects may lead to many problems, unless such problems are tackled effectively, modernisation programme itself may fail to pick up.

In a nutshell, in order to have a sound climate for organisational change, problems of the people must also be addressed in a proper perspective.

The greater the shift of manual workers to be knowledge workers, the greater would be the possibility of improving the organisational climate of cordial relations and thereby improving

the human relations in the organisation. In the context of the tremendous technological development and the resultant modernisation programmes in industry, such a shift is indispensable. It may also facilitate the process of social change.

Advancing technology represented by various methods like computer aided design, computer aided manufacturing, modern communication devices, etc., have brought with them new problems of human relations for production people in general, and for people on the assembly line in particular.

A global perspective of production is fast emerging in India also. Indian companies are now expected to compete with global companies in the Indian market itself because Indian market is gradually turning itself to be a global market. Unless the efficiency and quality are maintained global approach to business would become difficult for Indian companies. Humanisation of policies, therefore, is the need of the hour. The relevance of change is pertinent here.

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### **3.9 SUMMARY**

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Modernisation, introduction of new technology, and updating of technology may result in displacement of certain skills, replacement of certain skills by other skills, displacement of existing machine, expansion of certain activities and decline of others, introduction of new methods, techniques and tools, and the emergence of a new array of workforce. All such aspects may lead to many human problems. Unless such problems are tackled effectively, modernisation programme itself may fail to pick up. Establishing a proper human relations philosophy in dealing with all such problems may facilitate to solve such human problems.

You also learnt there are no standard activities that always successfully address certain types of issues in organisations. Many times, the success of a project lies not with having selected the perfect choice of activities, but rather with how honest and participative people were during the project, how much they learned and how open they were to changing their plans for change. For carrying out the change effectively and without having any adverse effects or repercussions and for making the change process smooth, professionals known as the change agents are hired by the organisations. These may be employees or consultants with knowledge and experience in carrying out the change. They act as the catalysts to carry out the change and lower the threshold of resistance faced by the organisation in carrying out the change. The objective of the change agents is to bring desired change in the organisation. However, for this purpose, a specific role is required to be performed by the change agents, both external and internal. Since relative positions of these change agents may be different in organisational context, their roles may also be different in the change process. In a nutshell, in order to have a sound climate for organisational change, problems of the people must also be addressed in a proper perspective.

The greater the shift of manual workers to be knowledge workers, the greater would be the possibility of improving the organisational climate of cordial relations and thereby improving the human relations in the organisation. In the context of the tremendous technological development and the resultant modernisation programmes in industry, such a shift is indispensable. It may also facilitate the process of social change.



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## 3.10 GLOSSARY

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**Forced acceptance-** Sometimes, people resist the change in the initial stages, but if change forces are stronger than the resistance forces, people have to accept the change. This is called forced acceptance or the situation where people are forced to accept the change.

**Apathy-** This is another form of resistance to change. It is a type of silent protest by employees who may not be able to show their displeasure in verbal forms. In this a worker develops an attitude of apathy towards his work and his organisation and does the bare minimum required.



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## 3.11 REFERENCES

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## 3.12 SUGGESTED READINGS

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3. Adrian Thornhill, Phil Lewis, Mike Millmore and Mark Saunders, 'Managing Change: A Human Resource Strategy Approach', Wiley, 2005.
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5. Robert A Paton, James Mc Calman, 'Change Management; A guide to effective implementation', Response books, 2005.



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## 3.13 TERMINAL QUESTIONS

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- Q1. Organisational change may be (i) Individual Level (ii) Group Level (iii) Organisational Level: Give a brief account of how each is impacted by change.
- Q2. Explain the various types of reactions of people impacted by organisational change.
- Q3. "Change Agents are catalysts to manage change." Explain and point out the sources of power for the change agent.
- Q4. Explain how structure, technology, people and physical settings can be changed by change agents?
- Q5. Elicit the basic reasons for planned change. Describe the steps which need to be followed in a planned change process.
- Q6. "The objective of the change agents is to bring desired change in the organisation." Comment and explain the role of External and Internal Change Agents.
- Q7. Are Stress Levels impacted by organisational change? If so, explain the correlation between stress level and employee performance.

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## UNIT 4 DIAGNOSIS AND RESISTANCE TO CHANGE

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### 4.1 Introduction

### 4.2 Objectives

### 4.3 Diagnosis and Resistance to Change

### 4.4 Resistance to Change

### 4.5 Group Dynamics

### 4.6 Overcoming Resistance to Change

### 4.7 Summary

### 4.8 Glossary

### 4.9 References

### 4.10 Suggested Readings

### 4.11 Terminal Questions

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## 4.1 INTRODUCTION

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The central problem of organizational change as far as the management of an organization is concerned, is how to induce people to work because the psychology and the behaviour of people differ from one another. Before planning for organizational change, the manager of the organization must invariably know 'why people work'. For this purpose, manager, should study and try to understand the behaviour of people at work and thus plan to motivate it (behaviour) in the desired direction and only then he should take an effective organizational change decision otherwise all organizational change plans will be sheer wastage of money and will cost much to the organization. To induce people at work to behave in a particular manner, the manager must know motivates of the worker which bring about purposeful behaviour. These motives are drives to work. They have a direct influence on the individual since they determine in part his thoughts and actions.

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## 4.2 OBJECTIVES

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After reading this unit, you will be able to understand;

- Diagnosis and Resistance to Change
- Resistance to Change
- Group Dynamics
- Overcoming resistance to Change

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### 4.3 DIAGNOSIS AND RESISTANCE TO CHANGE

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Organizations are also encountering a wide variety of dramatic changes. Some face greater regulation, while others experience deregulation; some are more splintered, while others consolidate; some find their markets shrinking, while others find themselves thrown headlong into a global marketplace. Many organizations have experienced mergers or hostile takeovers, while others have implemented devastating downsizing programs producing psychological and economic effects on their employees. To survive, organizations need to decide not whether to change, but *when* and *how* to make it occur most successfully.

Organizations are familiar with change. The faster pace of change required by the electronic age, of the shift to a service economy and the growth of global competition, has made the organizational change even more important. Even when managers use their most logical arguments and persuasive skills to support a change, they frequently discover that employees remain unconvinced of the need for it.

A wide variety of forces, however, may bring about more dramatic changes that touch the entire core of an organization. Many of these have become much more common as the economy, competition, and pace of technological change have become more volatile.

Work change is further complicated by the fact that it does not produce a direct adjustment. Instead, it operates through each employee's attitudes to produce a response that is conditioned by feelings towards the change.

People interpret change individually and have a probable response to it. However, they often show their attachment to the group by joining with other group members in some uniform response to the change.

A human being, by nature, does not easily accept a change, especially, when an individual believes that the change is not in his favour. In such a situation he would resist or oppose such a change.

Opposition to change may be logical and justified in some cases. Sometimes people do not resist change but they oppose the changing agent or the mode of implementing change.

Generally, people in an organization consider the pros and cons of a change from their perspective – how will this change impact me? will it increase my work? will it make my work more complex? and so on. The attitude of an individual plays an important role in accepting or resisting a change. Attitude and change are interdependent.

Human reaction to a change does not always depend upon logic. Generally, depends upon how a change will affect one's needs and satisfaction in the organization. We can say that attitudes are very important in determining the resistance to change because an employee's perception of the likely impact of the change will depend upon his attitudes. Attitudes, as we all know,

are not always a matter of logic, but are entirely different from it. Therefore, there is a very close relationship between change and human attitudes.

As change is a necessary phenomenon, it is essential to overcome resistance to change. Education is the best method to overcome resistance. However, the change agents that determine change can visualize with the help of proper planning, that attainable change can be effectively managed, and negative effects of change can be tackled effectively so that its positive effect on human relations and other elements of social organization can be maximized.

Organizational change initiatives can get stuck for a variety of reasons, e.g., if the overall situation changes (there suddenly are new and other priorities in the organization), people succumb to excessive workload, key people leave the organization or people refuse to implement action plans.

There is common thinking that every change in the organization is resisted either by the employees or by the management. It is because psychologically a man is not prepared to change the situation in which he is accustomed to working. But some changes are beneficial to the people and are accepted. Such changes do not create any problem. Other changes are too trivial and routine, that resistance is too small to be evident. But there may be changes which are detrimental to the interests of the party concerned and therefore are strongly opposed.

Employee's reaction to a change in an organization depends upon their perception of how the change is going to impact them. Generally, employees accept a change if the change is in their favour like if the change reduces repetitive work or manual work without any other impact on pay or increase in some other work, they would accept this change. Many organizations encourage employees to come up with suggestions for the improvement of productivity and work conditions. Such changes, when introduced are welcomed by employees.

A change may be accepted by an employee or there may be a resistance to change by an employee and in some cases, the employee may remain neutral to a change assuming change does not impact him. Even if some employees may not be in favour of the change, over a while, they may be forced to accept the change and this is known as forced acceptance of the change.

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## **4.4 RESISTANCE TO CHANGE**

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Well documented findings from research of individual and organizational behaviour reveal that organizational groups and individuals resist changes. The resistance to change is considered positive as this leads to predictable behaviour and some extent stability.

The reasons why change is resisted may be analyzed under two heads: (a) Resistance by employees, and (b) Resistance by employer or management.

**(a) Resistance by Employees**

The resistance to change by employees can be due to one or more of the following reasons:

**1. Changes in the current work environment-**One of the fundamental reasons for the employee's resistance to a change is due to changes in the current ecosystem like an employee being transferred from one department to another as a result of the reorganization plan. Employees are used to working in a specific condition and a change may result to come out of a comfort situation. Depending upon the nature of change and employee's reaction to a change, the resulting situation may or may not be serious.

**2. Technological impact on employment-** The technology-led changes may result in the requirement of a lower number of workers due to automation of repetitive tasks or elimination of waste in a process. Such a change creates uncertainty of future employment and may potentially lead to technological unemployment of workers. Technological change may need employees to upskill themselves, take up additional tasks or even move to a new function and all this creates a sense of uncertainty and future loss of a job with the workers.

**3. Job Security at Stake-**Workers resist any change which may result in insecurity of job or change in job status. Job insecurity with the workers in an organization may have wider disturbing reactions and protests.

**4. Suspicion of Financial Loss-**Most of the changes in an organization are introduced for reducing the cost of operations and improving the quality of the product by introducing process and technology changes. These changes may financially impact on monthly earnings of workers like reduction or elimination of overtime or special allowances or delay in the opportunity of promotion & growth. Such changes have both psychological as well as the financial impact on workers. Workers resist changes when they are required to learn new skills, move to a new function and remain useful for their organization. This situation is challenging in some cases like a worker may have the age of more than 50 years or with existing qualification, he may not be able to learn new skills, etc. In such a situation, the fear of financial loss becomes more serious for this class of workers.

**5. Fear to detachment-**Employees in an organization develop an emotional attachment with their function or department, co-workers, managers and even with the location. Such type of changes has a psychological impact on workers and they are emotionally and sentimentally affected with such changes.

**6. Job Transferability and Social Upeaval-** Change is likely to disturb the social relationship. Some persons are very loyal to their group. Change may affect groups, norms, customs, etc. or even the composition itself. When a group is broken and a new group is to be formed, it is a very frustrating situation. This kind of disturbance occurs when jobs are transferable. Family life of a person, who is transferred to some other location of the same

organization, is disturbed and he is to start afresh in a new echo system. Prima facie, by nature, a person would resist such a change. He would be required to relocate to a new location, shift his household goods, maybe for some time he may have to bear expenses of two houses in old and new location till family relocates completely, look out for school admissions, establish social and work relationship, etc. For a worker, resisting such a change is a natural and easy way out as he and his family would like to remain in his comfort zone.

**7. Impromptu Change may lead to Resistance-** An organisation needs to plan, prepare, communicate and have a wider agreement in place for introducing a change by taking all impacted stakeholders in confidence. Otherwise, a different set of impacted individuals and groups may have own interpretation of the impact of the change creating confusion and opposition to change.

**8. Unrealistic Opposition-** There are circumstances when some individuals or a group oppose a change for the sake of opposition, even if the change may not have any negative impact on them. There are cases when unions or groups prove their supremacy or hold influence on individuals to oppose the change emotionally & sentimentally, even if it benefits them.

**9. Non-Communication-**Change communication plays an important role in understanding and acceptance of the change. This provides an opportunity for workers to understand the change, ask questions and seek clarifications. This helps in addressing the communication gap and less opposition to the change.

**10. Impact of Change-**The changes with no impact or minor impact are expected to have lower resistance as compared to a change with a major impact like re-organization changes, merger or de-merger of businesses, closure sale of part of business, etc.

**11. Psychological Factors-** The emotions and sentiments of workers can be a reason for opposition to a change. The employees are influenced by how similar change in the past affected a section of employees.

**a) Reason for psychological opposition to a change by workers:**

- The criticism of the current method or way of doing the work may be taken positively by workers.
- Workers have a feeling of importance when they possess niche skills and are master in doing such task manually. Workers loose personal pride, when a change is introduced that can eliminate their importance.
- The introduction of new technology may reduce manual tasks carried out by workers and may result in boredom.
- The workers may oppose a change if they are required to learn new skills and adapt to a new way of working.
- In some cases, workers may be incompetent to perform new tasks and may resist the change.

**(b) Reason for opposition to Change by Management and others**

The organizational changes may be initiated by the corporate office or may be proposed as part of reorganization or maybe on the advice of external consultancy, etc. Some organizations, which may be conservative, or legacy organizations, etc. are known for opposing a change. Some of the reasons for opposition to change by the management team in an organization are as follows:

**1. Power Threat-**The proposed change may be perceived as a threat to power by the leadership team because of which there is resistance for a change. A change in the decision making process from top management to participative decision making or de-centralization of decision making to self-managed teams or process by which trade unions participate and become more vocal are resisted by top management.

**2. Group Inertia-**Employees or workers in an organization belong to a department or a function or a group. Group dynamics play an important role and it depends upon the leadership of the group and members loyal to their leader and each other. In such a situation, where groups are very powerful, there may be resistance to change, even if some individuals in a group do not want to resist the change.

**3. Resource Constraints-**In case, a change impacts the wider organization, stakeholders, partners, etc. then the change implementation process would need time, money and resources for ensuring smooth change implementation. It may involve training of employees, support partners, selling partners and in some cases even customers as well. If an organization is not prepared with resources for implementing the change, then there may be a resistance to such a change.

**4. Sunk Costs-**Sometimes post-implementation of the change, capital investment and earlier operating expense say on training may become redundant leaving old investment as a sunk cost. Such change may be opposed by the management.

**5. Enhanced Responsibility-** Any change even though necessary is generally opposed by the employers and management because it brings out a problem of readjustment of equilibrium of situation and environment. Management is to retrain the workers according to proposed changes and this brings increased responsibility of introducing change. Thus, change increases responsibility of the management.

**6. Changes proposed by the government-** There are instances where changes are mandated by the government or regulatory bodies and industries oppose such changes as they need to invest money or need time to plan and implement a change. Take the example of GST implementation mandated by the government of India, and this change was postponed a few times as industry was not ready for this change.

**7. Change on Convenience Basis-**Some changes are implemented over gradually over a period of time. Depending upon the outcome of the change, the change may be rolled back or it may continue forever. Such experimental changes may be opposed by managers as this may be temporary and may disrupt business as usual.

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## 4.5 GROUP DYNAMICS

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Every organization has a formal and informal group of workers and these groups play an important role in influencing group members. The members of the group have bonding and understanding with each other. Many organizations understand this group dynamics and discuss and align with groups on an upcoming change. This ensures all individuals in a group are aligned and have agreed to a change. This reduces resistance to a change.

**Darwin Cartwright** has identified key group attributes for minimizing the resistance to change:

- (1) The group dynamics may have less opposition to a change when the target set of workers of upcoming change are part of the same group.
- (2) When workers in a group have good bonding and understanding with each other
- (3) The influence of the group to resist or accept a change depends upon the leadership of the group and its control over its member. If group leadership is strong, and members trust group, then members obey the group directive.
- (4) A group is seen to be more cohesive because of attitude, value and behaviour. Such a group can leverage these attributes which bring members together.
- (5) The influence of the group on its members depends upon the pride of individual members for being part of a group. This plays the role of the group in influencing its members.
- (6) In case, the change impacts group dynamics by saying the transfer of some group members from one department to another or from one location to another, then such a change is opposed by the group.

The group dynamics can influence the acceptance or opposition to a change. The leadership team should engage with the group at an early stage, take them into confidence, consider their opinion & inputs at the planning stage and should have regular communication with them to ensure acceptance and smooth implementation of the change.



### *Check Your Progress- A*

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**Q1. Write a note on diagnosis and resistance to change.**

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**Q2. What are the various reasons of Resistance of Change by Employees?**

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**Q3. What you mean by Group Dynamics? Discuss its important role in influencing group members.**

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## **4.6 OVERCOMING RESISTANCE TO CHANGE**

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Management can plan the following actions to ensure minimum opposition and smooth implementation of a change:

**1. Gaining Trust of Employees-** Early communication of a change with employees, groups and unions through floor meetings, formal & informal discussions and in writing helps in aligning with them. Management should consider their suggestions for planning, training, implementation, etc. All stakeholders should be made aware of the advantage of the proposed change to the organization and individuals. The transparency in the explanation of the impact of change on employees shall help in gaining their trust.

**2. Participation and Involvement-** As a good practice, the change should be discussed and agreed upon during the decision-making process with all the concerned departments and Individuals, who may get impacted or are important for the success of the change. This process ensures feedback from individuals. This may be a time-consuming process, especially when the number of individuals may be higher, however is a good practice.

**3. Effective Communication-**Communication with complete information about the change, the impact of change, the outcome of change, do's and don'ts during change cycle, the tentative time for carrying out change and periodic update before, during and after change implementation is an important aspect of the change management process. Over-communication is better than under communication. Communication should include status on pre-requisites for change like training to workers or supplies needed from vendors, etc. The feedback or suggestions from workers should be looped back, analyzed and if required should include as part of the change. The two-way communication and update on feedbacks &

suggestions ensure workers voice is being heard and they are part of the process. The change communication should be to the wider organization, and should not be limited to a few employees or managers.

**4. Changes must be gradual** -Instead of a big bang approach of implementing a change, the changes should be carried out in a controlled environment. This helps in testing the change without impacting major production, incorporating feedbacks and then as far as possible gradually implementing the change. This reduces the risk of large-scale failures, revenue loss and in some cases brand image loss where the change may impact customers directly eg. a change in online banking portal, wherein change can be implemented say for geography, tested and then slowly all other geographies can be covered.

**5. Facilitation and Support**-Employees may need logistics support for carrying out a change like arranging transport for pick up and drop during non-office hours, organizing tea and snacks during late working for carrying out change or any other facilitation or support required for ensuring the success of the change. This support has an associated cost, however, should be part of the budget planned for the change. There may be a need for special training for upgrading skills, new tools required post-implementation of the change and should be considered within the scope of facilitation needed for change implementation.

Workers may need support before, during and after the implementation of change and necessary support should be extended including time off and emotional support due to stress and long working for supporting change.

**6. Timing of Change**- The timing of change should be planned well in advance, discussed and agreed with all the major stakeholders including workers group. This ensures acceptance and good participation by all concerned. It is a good practice to plan such an event when the organizational environment is a positive change, which ensures the least resistance to implement a change. For example, such a change can be planned when a bonus is planned to be distributed and unions have happily agreed to bonus payout criteria.

**7. Leadership**- Role of leader or a manager, who is overall heading the change, is important for the acceptance of change as well as the successful implementation of change. The leader's trust and transparency in the organization and his record of handling a change build confidence in the workers. An effective manager, with good interpersonal skills & communication skills and one, who is approachable, can make a lot of difference in the overall change process. A leader can create a conducive environment for least resistance to change, hold regular all meeting at all levels, clear doubts or suspicion of workers and at the same time acknowledge and accept good suggestions or feedback. This helps in creating a climate of psychological support for the change. A good leader can ensure support from unions for acceptance and support to change.

**8. Creating a conducive environment for Change.** The resistance to change can be managed by creating a conducive environment for change. Employees should be convinced of the technical and financial purpose of the change by showing them case studies, data sheets etc. A change may have Logical dimension, Psychological dimension and sociological

dimension. Logical dimension needs reasoning and scientific evidence to prove technical and economic benefits. Psychological dimension is related to the emotional or mental state of an individual. An example would be a worker's current group or function may change or he may need to get trained and acquire new skills as part of the new change. In such a situation worker experiences emotional feelings. The training program can be organized to manage the psychological dimension of employees. The sociological dimension is related to changes which can alter social dynamics of an individual like a change of location. An organization can create a conducive environment for a change and ensure all these dimensions are taken care of by organizing knowledge sharing sessions, training programs and information sharing on policies like transfer policy to address social aspect of a change.

**9. Negotiation and Agreement-** This technique is needed in the situation where workers may lose some benefits due to new change like overtime and unions are powerful. Management can plan for negotiations with the unions to strike balance between cost and benefits.

**10. Manipulation and Cooptation-** The manipulation refers to changing or distorting the information so that change may seem to be favourable to workers and workers may not resist a change. Similarly, under cooptation, management can offer a position or co-opt a strong individual to have his acceptance for the change. These are unethical practices and are not recommended. This method has an associated risk of creating distrust amongst workers and society when in future they come to know of such a method was followed for a change.

**11. Stimulate Groups to Accept Change-** Organizations have many formal and informal groups of individuals. Such groups depending upon influence and hold of their leaders and the negotiating power that they have within the organization can have an impact on a change. The leadership team can get into discussions and negotiations with the group to influence them to accept a change. Once a group in principal accepts a change, then the workers may have the least resistance to the change.

**12. Coercion-** Coercion is a practice of persuading someone to accept by using force or threat like termination of individual, transfer of individual, stopping promotion etc. This technique is used by managers as the last method when all other means of accepting a change have not worked out in favour. Ultimately, employees' emotions and feeling are affected by coercion and managers lose the trust of workers.

**13. Other Initiatives to Augment Change-**There can be several other ways of winning workers confidence and getting acceptance for a change. Some of these steps are as follows:

- (i) The economic interest of workers should not be affected by the change. This related to bread and butter of employees and if management takes care of financial security of employees by assurances and by writing, then the major concern of employees is taken care of.

- (ii) Managers should ensure the training of workers is planned and conducted well in time and at the cost of the organization. Similarly, the surplus employees should be re-planned in the new function in time, without layoff in between.
- (iii) Workers should be assured that the growth opportunities of individuals would be protected along with the seniority and any other benefits that they enjoy.
- (iv) A grievance system should be setup to provide an opportunity for employees to raise their concerns and address them systematically.
- (v) Managers should avoid insignificant changes which can lead to harassment of the workers.
- (vi) Planning is an important aspect of change. A well-planned change ensures half the work done. The plan should include defining new job description arising from the change and during an initial period the job description should be carefully monitored and if required suitable changes should be incorporated and agree upon with the workers and the union.
- (vii) Finally, if agreement cannot be reached on a specific aspect of the change, the unresolved dispute should be referred to arbitration like any other dispute with the clear understanding that both parties will be abiding by the arbitration decision.

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## 4.7 SUMMARY

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To summarize, a change may get initiated due to an external requirement like regulatory compliance, adherence to new changes or change may be initiated internally to increase automation, reduce cost, improve quality of the product, introduce or modify a product line, etc. The change needs to be planned, communicated and agreed with the workers and unions. There is a need to listen to feedback, comments and criticisms and respond or address them appropriately over a period of time. Management should assure workers of safeguarding economic interests and training them for re-deployment.

A change can be a minor change with almost no impact or can be a very complex change needing resources and time for implementation. One of the survey findings on understanding changes across major organisations across the globe has revealed that to be successful organisations must continuously communicate with stakeholders and be flexible in changing policy, strategy and process. Change is an important aspect and is inevitable in the life of an organisation. Successful organizations learn, embrace and keep pace with change and flourish and while others who do not follow this are unsuccessful and get wiped out.

- Organisations cannot change the external environment but must change themselves to align with the environment.
- Follow the strategy of aligning on a change at the group level, to avoid resistance at the individual.

- The major changes may require organizational level change and impacts both the workers and the groups. Such changes are infrequent changes, maybe once in 10 to 15 years and need good planning and execution.
- For acceptance and success of a change by individuals and groups, management must create a conducive environment.
- The timing and favourable condition for change are important for its success and once these are met, the plan should be considered for execution.
- For success and effectiveness of a change, employees must change their behaviour else there will be the minimal impact of the change.
- The change agent can change the organisational structure, technology, people and physical settings.
- One of the scientific methods for managing change is an action research methodology.
- The worker's point of view or attitude has a direct relationship with the change.
- Opposition to change provides a degree of stability and predictability to behaviour.
- The resistance from groups is due to their perception that they may lose control and cohesiveness of workers.
- The managers should communicate, discuss and align on a change with the group, as a basic unit rather than individual workers.
- Conservative organisations generally resist changes.
- Management should deal with the resistance to change to a change both at an individual level and as well as at group level. This sometimes compliments the acceptance process despite being overlapping in nature.
- Third-party mediation as the name suggests focuses on the interventions by a third party to resolve the conflicting situations. It is aimed at the analysis of involved processes, diagnoses the conflict's causes and with the assistance of a third party consultant resolves the conflict effectively. In third party mediation, the fundamental concept is that the consultant will make the two disagreeing parties to confront or to face up to the fact that a conflict does exist and it is impairing the effectiveness of both. The consultant will use the right intervention techniques for resolving the problem.
- The management must implement change when the organisational climate is highly favourable to change.

As Eileen Wolfe aptly describes "Effective change management is a long journey and in many respects, we have just begun. Each change we face presents new circumstances, challenges and opportunities. As change leaders, we have not only the responsibility but the privilege of encouraging and guiding others through change journeys. As we learn to initiate and embrace change, we will do much to forward our organisations and the people within them."




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## 4.8 GLOSSARY

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**Power Threat**-The proposed change may be perceived as a threat to power by the leadership team because of which there is resistance for a change. A change in the decision making process from top management to participative decision making or de-centralization of decision making to self-managed teams or process by which trade unions participate and become more vocal are resisted by top management.

**Group Inertia**-Employees or workers in an organization belong to a department or a function or a group. Group dynamics play an important role and it depends upon the leadership of the group and members loyal to their leader and each other. In such a situation, where groups are very powerful, there may be resistance to change, even if some individuals in a group do not want to resist the change.




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- **Warren G. Bennis**, "Organisation Change : Its Nature, Origins and Prospects", Addison Wesley : Reading Mass, (1989)




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## 4.10 SUGGESTED READINGS

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3. Adrian Thornhill, Phil Lewis, Mike Millmore and Mark Saunders, 'Managing Change: A Human Resource Strategy Approach', Wiley, 2005.
4. Robbins Organisation Theory; 'Structure Design & Applications', Prentice Hall of India, 2005.
5. Robert A Paton, James Mc Calman, 'Change Management; A guide to effective implementation', Response books, 2005.




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## 4.11 TERMINAL QUESTIONS

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- Q1. "Dislocation in the existing work environment is a basic reason for resistance to change by the employees". Give your views on the given statement.
- Q2. "Change creates an imbalance which the employees detest." In light of this statement analyse the reasons why change is resisted by the employees?
- Q3. Does change enhances the responsibility of the management? Point out the factors which lead to resistance to change by the employers/management.
- Q4. Highlight the initiatives which may be taken to gain the support of the employees for the proposed change.
- Q5. If the change is beneficial for the employees, can the groups within the organisation be stimulated to accept change ? Give reasons to substantiate your answer.

Q6. "One of the major reasons for resistance to change can be emotional turmoil and social upheaval." In the context of this statement explain how change disturbs social relationships.

Q7. What measures should be taken by the organisation to overcome opposition to a change by the impacted individuals?

Q8. What role can effective communication play in overcoming resistance to change? Explain.

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## **UNIT 5 IMPLEMENTING CHANGE**

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### **5.1 Introduction**

### **5.2 Objectives**

### **5.3. Sequential Process**

### **5.4 The Delta Technique**

### **5.5 Effective Implementation**

### **5.6 Main Roles in the Effective Implementation of Change**

### **5.7 Significance of Human Resource Development in Implementing Change**

### **5.8 Common Drawbacks in Implementing Change**

### **5.9 Summary**

### **5.10 Glossary**

### **5.11 Answers to Check Your Progress**

### **5.12 References**

### **5.13 Suggested Readings**

### **5.14 Terminal Questions**

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## **5.1 INTRODUCTION**

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In the previous unit you learnt about resistance to change and overcoming the same. In this unit you will learn about the process of implementing change. Any change is incomplete without appropriate implementation of the same. Various management concepts such as change management, strategic planning, business process reengineering, total quality management etc demands successful implementation. Literature of change shows that majority of change initiatives fail because of lack of appropriate implementation. It is important to mention that irrespective of the approach adopted by management for implementation of change, an understanding of WHAT, WHY and HOW must be an integral part of it.

The WHY of change includes understanding about the reasons and goals of change programme. It also clarifies the departmental and organizational benefits of change.

The WHAT of change includes the tangible and intangible factors that are expected to be changed.

The HOW of change includes the sequence of change activities, the processes and organizational members' competencies that will be utilised to move from current state to desired state.

Various researchers have proposed models/frameworks describing implementation aspect of change. Most popular are discussed in this unit in the following sections.

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## **5.2 OBJECTIVES**

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After reading this unit, you will be able to:

- Explain Sequential Process of change
- Enumerate the Delta technique used to describe the phases of change.
- Explain main roles and functions to be performed at various levels for successful implementation.
- Discuss the process of effective implementation of change.
- Describe the significance of HRD in implementation of change.
- List common drawbacks in implementing change.

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## **5.3 SEQUENTIAL PROCESS**

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There are various models of change which suggest that change is a continuous process which involve several stages. Primarily there are eight stages involved in this process. These stages are discussed as below:

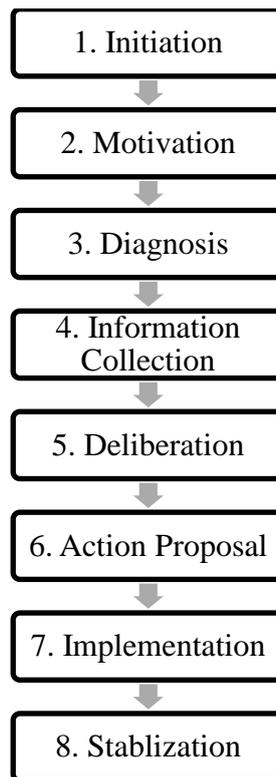


Exhibit- 5.1 Stages of Sequential Process

- 1) **Initiation:** The process of organizational change starts when someone initiates the proposal of change. It usually happens when the top management feels the need that something in the organisation needs to be changed. This idea is discussed at the corporate level either on the basis of some observations or recommendations given by some other department of the organization. With this, a consultant is hired to proceed with the process of change.
- 2) **Motivation:** This stage involves engaging all key persons in the process of change. At this stage, both top level management and the outside expert take necessary action to involve all relevant people in thinking about various dimensions of change.
- 3) **Diagnosis:** This stage deals with identification of root cause of the symptoms underlying change.
- 4) **Information collection:** After diagnosis, the information regarding causes of the problems in hand and the alternatives available to overcome the problems is collected in detail.
- 5) **Deliberation:** This stage includes evaluation of various alternatives which are generated for addressing the problems identified.
- 6) **Action Proposal:** At this stage, a detailed proposal entailing the action plan to implement the change is documented.
- 7) **Implementation:** This stage is concerned with execution of proposed action plans and ideas into action.
- 8) **Stabilization:** This stage deals with internalizing the change and make the changed events a permanent feature of organization's working and culture.

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## 5.4 THE DELTA TECHNIQUE

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The delta technique proposed by Armstrong (1982) is based on Lewin's three stage model of change. The delta technique emphasizes that during unfreezing stage, efforts are made to help the individual unfreeze the old beliefs. According to this technique, a change agent takes following steps to bring about desired change:

1. Define the problem: A change agent helps the individual define his problem. After defining the problem, the agent may ask questions to the individual to seek clarifications regarding the definition. By doing so, the change agent helps the individual in gaining more clarity about own problem. He may also give his own opinion while defining the problem.
2. Finding alternative solutions to the problem: The change agent helps the client to identify possible alternatives for solving the problem. There are chances that client may feel comfortable with the present behaviour and shows unwillingness to find out more alternatives. In such cases, the agent must encourage the client to find other alternative solutions to the problems.
3. Experimentation with participation: The change agent must ensure participation of the individual in the process of change. The expertise of change agent is reflected in his ability to design the change programme in such a way that it makes sense for participants and provides them the opportunity to assess the possible solutions rationally.
4. Feedback: Client provides the feedback to the client regarding change process. Such feedback enables the client to monitor the experimental efforts. The feedback is given in the form of success or failure of each alternative solution which under delta technique is being experimented.

The delta technique helps in identifying potential change areas and also in implementing useful changes.



- a. five
- b. six
- c. seven
- d. eight

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## 5.5 EFFECTIVE IMPLEMENTATION

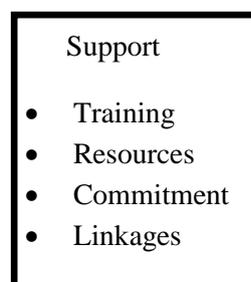
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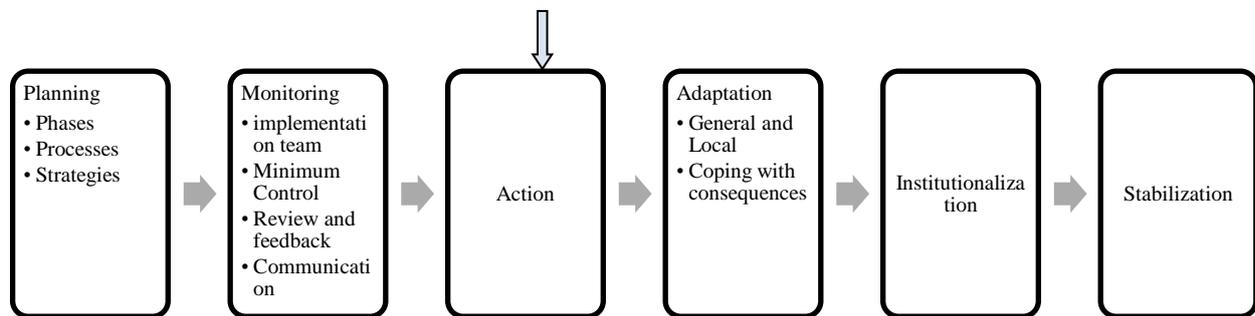
Implementation can be defined as “Institutionalization and Internalization of a change after it has been accepted by an organization. And a decision has been taken to accept and make it an ongoing activity”. Implementation starts after a decision has been taken to plan a programme of change. There are many contextual factors which are found to be significant in the process of change.

Fullan and Pomfret have suggested four different dimensions of implementation. These are:

- Characteristics of Innovation such as Degree and difficulty of change, explicitness and complexity of change.
- Strategies and tactics such as Resource support, feedback mechanisms and participation required.
- Characteristics of the adopting unit such as organizational climate, adoption process, environmental support and other demographic factors.
- Characteristics of the macro socio-political units such as incentive system, evaluation and political complexity.

The result of implementation is institutionalizing of change which means to make the change permanent part of the organization. It reflects stabilization of the change. In order to get better end results, one must start with better planning of whole process of implementation. The process of implementation is given in the following figure:





### Exhibit 5.3 Effective Implementation

#### 5.5.1 PLANNING

The main objective of planning is to understand the nature of implementation. Here, planning is more focused on the process of implementation after a decision about making a change has been taken. Planning involves following three dimensions:

- 1) **Phasing:** It is concerned with phasing of implementation. Depending upon the nature of change, implementation can be divided into various phases. Phasing can be done either on the basis of time (temporal phasing) or on the basis of location (spatial phasing) of the organization. In temporal phasing some elements of change are introduced initially. After, the initial changes are stabilized, the new elements are introduced at later stages. In spatial phasing, change programme is implemented in some parts of the organization. After the successful implementation of change in those parts, feedback is collected regarding if any modification is required in the programme and then it is implemented in rest of the organization.
- 2) **Processes:** Planning should also be focused on various processes involved in planning. Attention must be paid to the planning of processes of collaboration, building capabilities of the organization to cope up with problems, establishing necessary relationships, self-reliance etc. Usually these processes are neglected by the policy makers and hence lead to several difficulties. It is worth mentioning that human processes are very critical and therefore need special efforts to ensure effective planning.
- 3) **Strategies:** During the planning phase, a full proof strategy of implementation needs to be drafted. Strategy pertaining to following decisions should be made:
  - Will any outside agency be involved in implementation?
  - Who will be overall in-charge of entire implementation programme?

- Which parts of the organizations will be selected for implementation?
- How will the support of various groups involved in change be ensured?
- What inter linkages need to be established for effective implementation?

Havelock and Huberman<sup>2</sup> suggested five factors for effective strategy formulation:

- a) Participative problem solving: There should be participation of local people who are responsive enough to generate local resources.
- b) Open Input: Process of innovation should be flexible enough to invite ideas and resources from inside and outside the organization.
- c) Power: Innovations should be directed from laws, formal procedures, chain of command and change agents.
- d) Diffusion: There should be wide spread of innovation through informal networks and media.
- e) Planned linkage: innovation should always be planned on the basis of clear objectives and open dialogues between relevant people.

### 5.5.2 MONITORING

The term monitoring is referred to the process of periodic measurement of planned inputs, activities and outputs undertaken during implementation programme. Monitoring is usually done to ensure procurement, distribution and optimum utilization of resources, adherence to work schedules and review of progress. Hence, monitoring is more focused on identifying early pitfall or shortcomings in inputs or outputs so that corrective measures may be taken timely. It is to check that everything proceeds as per the design of the programme. The following dimensions of monitoring needs attention:

- 1) Implementation Team: A task group or implementation team having representatives from various parts of the organization is set up to monitor the programme effectively. The team should include the people who are creative, important, cooperative and ready to provide support in the implementation of new ideas. The chairman of the team should be of higher status in the organization so that he may be able to get support from other departments and the groups involved in the implementation.
- 2) Minimum Control: Monitoring will be most effective if it is able to keep track of what is happening at various levels in the organization and make necessary changes in the programme. It is a controlling function as on the one hand, it takes feedback from time to time to take important decisions and reminds people to meet and on the other hand it also attempts to develop new norms of innovation and creativity. It is possible only when, implementation team uses minimum formal control.
- 3) Review and Feedback: For successful implementation, it is very important to gather data about the change being implemented. Periodic feedbacks must be taken from the staff involved regarding difficulties faced by them so that necessary support can be provided to them.

- 4) **Dissemination of information:** On the basis of feedback gathered, the implementation team can develop their own strategies to collect and disseminate the information. Information dissemination is very critical for reinforcing confidence and optimism in the people therefore, the information that is needed in implementation of change must be disseminated from time to time. It can be in the form of written orders, instructions or it may be disseminated in special seminars and meetings that are organized to discuss the problems.

### 5.5.3 ACTION

Programme of change necessitates many steps to be undertaken. 'Action' covers all the activities and steps planned for actual implementation.

### 5.5.4 ADAPTATION

Adaptations have two dimensions:

- **Fidelity:** It means actual usage corresponding to the planned usage.
- **Mutual Adaptation:** It includes flexibility so that change programme is developed and changed during implementation

Adaptation is considered as the main criteria of effectiveness of implementation of change because a programme in which no modifications are introduced at later stages does not indicate the effectiveness of the same. The experiences of the people who are involved in implementation must be explored and efforts should be made to learn out of their experiences. Such learning should be reflected in the change programme in the form of modifications.

Adaptation can be *General or Local*. General adaptation includes modifications in the original plan whereas local adaptation includes modifications in the plan as per the needs or requirements of the department or unit where it is being implemented.

#### **Dealing with consequences of change:**

Change always lead to disturbances and may produce threat for some people. More often, these threats are imaginary and may produce negative results in short term. The organization must deal with such disturbances and threats effectively because if they are not handled properly these negative consequences will accumulate and will lead to rejection of change.

### 5.5.5 SUPPORT

Various kinds of support is required in implementation of a change programme. Administrative and managerial groups are main sources of support. Primary dimensions of support are mentioned below:

- 1) **Training:** During implementation, it is necessary to provide training of important skills needed for implementation. These skills are problem solving skills, decision

making skills, collaboration skills, openness, work oriented skills, technical skills, planning skills, information collection skills etc.

- 2) Resources: Support is also required in terms of various resources. Financial resources, human resources and material resources etc are needed at different points of time. Such needs should be regularly identified and adequate resources should be provided to avoid any delay. All the phases of implementation viz. planning, monitoring, action and adaptation need one or another types of resources.
- 3) Top management's commitment: Getting support from top management is very critical for implementation of change programme. The commitment from top management indicates that they consider change as important, they are interested in it's implementation and they themselves are involved in change.
- 4) Linkages: Support in the form of linkages with internal and external agencies which may provide necessary support for implementation is also important dimension to be focused. Though, implementation programme is the responsibility of implementation team but successful implementation is not possible without the support from other departments. Therefore, linkages of implementation team with top management, line management, finance department and other key departments must be established. Besides, that linkages between implementation team and various outside agencies and external consultants should also be established to get necessary support.

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## 5.6 MAIN ROLES IN THE EFFECTIVE IMPLEMENTATION OF CHANGE

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Organizational change is a complex process which involves collaborative efforts for smooth and effective implementation. In order to implement the change, various roles are needed to be performed. Such roles perform various functions to facilitate the design and implementation of change. Majorly there are six roles. These are discussed as follows:

### 5.6.1 CORPORATE MANAGEMENT

Corporate management includes all key persons of top management such as CEO and executives who are involved in the process of change. Main functions of corporate management are given as below:

- 1) *Legitimizing function*: The main function of corporate management is legitimizing the change. It means that corporate management approves the change which is being planned and implemented. The more corporate management promotes the change, the more legitimate it will become and more will be the acceptance.
- 2) *Energizing function*: Corporate management also energizes and activates the whole organization towards the goal of change. Many times the process of change is slowed down because of the difficulties faced by the people involved in the process. This may lead to disappointment and discouragement for employees involved. The role of

corporate management therefore is to revive the lost interest of employees by taking up the discussion sessions.

- 3) *Communicating function*: It is the top management which communicates the proposed change to the rest of members of the organization so that full cooperation and commitment from them can be obtained. While doing so, corporate management must convey to the members the need and urgency of the change. There are few suggestions that should be followed while communicating change:
  - Only facts should be communicated
  - Communication should always be face to face
  - Corporate management should always communicate with front line supervisors directly.
- 4) *Gate keeping function*: Corporate management helps in establishing the relationship between change agents and other groups of the organization. To make it possible, various meetings are conducted in which the purpose of change is explained. Change agents are also invited in such meetings.

### 5.6.2 CONSULTANT

A consultant or team of consultant is usually outside party which does not belong to the organization but it is called to help the organization in the process of change. Consultant plays the role of an expert who has the knowledge and experience in the area of implementing the change. It is always better to hire consultant from outside because they remain indifferent and chances of them being biased are very low. However, if internal members of the organization are appointed as consultant, they may become biased with their own perceptions towards the problem. The following functions are performed by the consultant:

- 1) *Implanting function*: The consultant always facilitate the internal experts and implant the experience necessary to implement change. He does not replace the internal expertise available in the organization with his own expertise. It is always desirable that consultant takes everybody in the organization along during all phases of change.
- 2) *Transcending function*: The consultant always visualizes the organization as a whole not just few departments or units of it. He thinks about the future of organization too, not just what it is at present. This transcending function makes his role more creative and gives a wider perspective to organizational change.
- 3) *Generating alternatives*: The consultant aims to help members of the organization develop the capabilities of generating solutions. In wake of this, he does not offer a specific solution but generate many possible alternatives, out of which organization can choose the one which suits its needs.
- 4) *Shock-absorbing function*: During the process of change, sometimes unpleasant events may occur. Being the external party, the consultant may not hesitate to give the feedback of such events to the organization. He can take such risk. He provides the cushion to absorb the shock created by change and also help the system to face reality.

- 5) *Resource-sharing function*: The consultant is an expert in the area of implementing change. He uses such expertise to make the organizational change effective.
- 6) *Resource-building function*: As the consultant works in the organization, he makes necessary efforts to build resources and capabilities in the organization which are required to make people independent.
- 7) *Self-liquidating function*: Consultant shares his resources/expertise, build the capabilities and make people independent in the organization so that he may withdraw himself from the organization. Liquidating role is very necessary because if consultant fails to do so, he will make the organization incapable of handling the problems themselves.

### 5.6.3 COUNTERPART

It is already discussed above that consultant is usually hired from outside. Though, he is an outside party, some people from within the organization must associate with him. These people may represent the same expertise the consultant has. This role is called counterpart role. Counterparts of the consultant play important role in getting the desired policies implemented, activities worked out and accepted by the members of the system. It is only the counterparts which can ensure that the change become permanent part of the system.

### 5.6.4 IMPLEMENTATION TEAM

Implementation team consists of the group of people from different departments or units of the organization. This team is entrusted with the task of monitoring, discussing and making necessary recommendations regarding the change as and when required. The main functions of this team are given below:

- 1) *Collaborating function*: Implementation team helps to achieve collaboration among various departments of the organization. The team itself must be cohesive. The members of the team must have respect for other members as well as other departments of the organization. The team must always be ready to listen to others' opinion and take unanimous decisions.
- 2) *Gate-keeping function*: This team plays the liaison role between those who plan and implement the change and rest of the organization. This team always tries to keep the communication channels open. Since the team is composed of members from different departments, it becomes quite easy to convey necessary information to other departments and handle their queries.
- 3) *Reviewing function*: This team reviews the progress of the change from time to time and also proposes necessary changes so that necessary adjustments can be made to make the implementation more effective.
- 4) *Policy formulating function*: In light of the review undertaken, the implementation team formulates necessary policies to ensure that implementation of change is smooth and effective.

### 5.6.5 CHIEF IMPLEMENTER

Chief Implementer is the chairman of the implementation team. He does not only make recommendations and discuss the problems related to change but also takes the responsibility of monitoring the whole change programme. The implementation team helps him in doing so. The main functions of chief implementer are given as follows:

- 1) *Monitoring function*: The chief implementer monitors the change. He ensures that programme is being implemented as planned and time schedules are being met. He tries avoid undue cost overruns and delays in the change programme.
- 2) *Diagnostic function*: The chief implementer always keeps an eye on if anything is hampering the effective implementation of the change. This function is called diagnostic function. To take the feedback, he collects the necessary information with the help of well structured questionnaires, schedules and one to one interviews. He does so to identify if there is any need to modify or improve the change programme.
- 3) *Executive function*: The chief implementer is entrusted with responsibility of implementing change. He takes necessary actions to ensure whatever was decided has been executed. He also mobilizes the resources required for effective implementation. In doing so, he should adopt the flexible and systematic approach. Besides that, he needs to be imaginative and creative so that he may identify the solutions to the problems encountered in the way of change. He should be able to think about unconventional methods of solving the problems.

### 5.6.6 TASK FORCES

The main role task forces is to prepare the material, collect the information, generate ideas and take the responsibility of executing the change in time bound manner.

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## 5.7 SIGNIFICANCE OF HUMAN RESOURCE DEVELOPMENT IN IMPLEMENTING CHANGE

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The dynamic and fast changing business environment necessitates every business organization to adopt systematic and planned changes in order to survive. Human resource development plays a crucial role in this process. Training, retraining and redeployment of employees have become very important functions of human resource management as advent of new technology, cut throat competition has resulted into obsolescence of traditional knowledge and skills. therefore, to withstand this scenario HRD activities are gaining more importance.

Significance of HRD can also highlighted due to various sub systems of HRD like performance appraisal, career planning and development, manpower planning, quality of work life, Organizational development etc. HRD department focuses on following important areas:

1. Increasing the capabilities of employees, organizational health, team spirit, motivation and productivity of employees.
2. conducting regular surveys, workshops, discussions and meetings to foster creativity, trust, delegation, collaboration, autonomy etc and thereby balancing organizational culture.
3. periodic review of HRD system for improvement of performance appraisal, reward system, career planning, training and development programs.
4. conducting various HRD functions by involving line managers into HRD aspects like training of employees, performance appraisal, selection, placement, promotion, career planning and etc.
5. taking unions along in the process of change by achieving their confidence because unions also play a positive role in the advancement of the organizations.

From the above discussion, it is clear that role of HRD is to increase workers' productivity and efficiency of the organization. According to Pace et al. (1991), to help in these roles, HRD managers play four major categories of roles. The categories are described as follows:

<b>Roles of HRD Manager</b>			
<b>Analytic</b>	<b>Developmental</b>	<b>Instrumental</b>	<b>Mediational</b>
Need Analyst	Programme Designer	Facilitator	HRD Manager
Researcher	Materials Developer	Organizational Change agent	Individual Career development advisor
Evaluator		Marketer	Administrator

The eleven roles as given in the above table are enumerated as below:

1. Need Analyst: Reviewing actual performance of the employees, comparing it with the ideal one and indentifying the discrepancies.
2. Researcher: Developing and testing new information and on the basis of that establishing implications for improved organizational performance.
3. Evaluator: Identifying the impact of various change interventions on the effectiveness of organization.
4. Programme designer: Finalising the objectives of change interventions, preparing the content, selecting and sequencing the activities for interventions to be implemented.
5. Materials developer: Arranging and disseminating the material required for implementing the change.
6. Facilitator: directing and managing group discussions, structured learning in the organization and presenting the written or electronic information desired for this purpose.
7. Change agent: stimulating change in the organizational setting.
8. Marketer: Marketing the change programmes form the perspective of HRD.
9. HRD Manager: Linking the work of implementation team to the total organization.

- 10. Individual career development advisor: Helping the employees to explore their competencies and to formulate the plan for career development.
- 11. Administrator: providing support services to various department for implementation of HRD programmes.



***Check Your Progress- B***

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**Q1. Explain the functions of corporate management in implementation of change?**

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**Q2. Write a short note on significance of HRD in implementing change.**

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**Q3. Explain the role of implementation team in the implementation of change.**

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**Q4. Name the eleven roles of HRD manager in implementation of change**

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**Q5. Multiple Choice Questions-**

- i. The three dimensions of planning are: Phases, Processes and \_\_\_\_\_.

- a. Structure  
c. Skills
- b. Strategies  
d. Systems
- ii. \_\_\_\_\_ role of HRD managers calls for arranging and disseminating the material required for implementing the change.
- a. Facilitator  
c. Material Developer
- b. Analyst  
d. Change agent
- iii. \_\_\_\_\_ role of HRD manager calls for identifying the impact of various change interventions on the effectiveness of organization.
- a. Marketer  
c. Researcher
- b. Evaluator  
d. Program designer
- iv. \_\_\_\_\_ function means that corporate management approves the change which is being planned and implemented.
- a. Legitimizing  
c. Reviewing
- b. Gate keeping  
d. Monitoring

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## 5.8 COMMON DRAWBACKS IN IMPLEMENTING CHANGE

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All organizational changes are not always successful. Common reasons for failure of change are mentioned are as follows:

- Lack of top management's commitment to implement change.
- lack of support system.
- Inappropriateness between objectives of change and actual behaviour of implementation team.
- Inappropriateness of the approach being used by the management for implementing organizational change.
- Unrealistic expectations from the change.
- Lack of continuity in implementing the change over a period of time.
- poor understanding and knowledge about organizational change.

Addressing all the drawbacks carefully can smoothen the process organizational change. this may also result into the successful implementation of th change programme.

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## 5.9 SUMMARY

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In this unit you have learn about the process of implementing change. Any change is incomplete without appropriate implementation of the same. Various management concepts such as change management, strategic planning, business process reengineering, total quality management etc demands successful implementation. Literature of change shows that majority of change initiatives fail because of lack of appropriate implementation. It is important to mention that irrespective of the approach adopted by management for

implementation of change, an understanding of WHAT, WHY and HOW must be an integral part of it.

The WHY of change includes understanding about the reasons and goals of change programme. It also clarifies the departmental and organizational benefits of change.

The WHAT of change includes the tangible and intangible factors that are expected to be changed.

The HOW of change includes the sequence of change activities, the processes and organizational members' competencies that will be utilised to move from current state to desired state.

Various researchers have proposed models/frameworks describing implementation aspect of change. Most popular are sequential process and delta technique. Sequential process includes eight stages of change viz. initiation, motivation, diagnosis, information collection, deliberation, action proposal, implementation, stabilizing. Delta technique of change also suggest four steps of change viz. problem definition, alternative solutions, participation and feedback. Apart from this, a model of effective implementation is discussed in the unit.

The unit also includes main roles and functions which are important for effective implementation.



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## 5.10 GLOSSARY

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**Initiation:** The process of organizational change starts when someone initiates the proposal of change. .

**Motivation:** It involves engaging all key persons in the process of change. At this stage, both top level management and the outside expert take necessary action to involve all relevant people in thinking about various dimensions of change.

**Diagnosis:** This stage deals with identification of root cause of the symptoms underlying change.

**Information collection:** After diagnosis, the information regarding causes of the problems in hand and the alternatives available to overcome the problems is collected in detail.

**Deliberation:** This stage includes evaluation of various alternatives which are generated for addressing the problems identified.

**Action Proposal:** At this stage, a detailed proposal entailing the action plan to implement the change is documented.

**Implementation:** This stage is concerned with execution of proposed action plans and ideas into action.

**Stabilization:** This stage deals with internalizing the change and make the changed events a permanent feature of organization's working and culture.

**Need Analyst:** Reviewing actual performance of the employees, comparing it with the ideal one and indentifying the discrepancies.

**Researcher:** Developing and testing new information and on the basis of that establishing implications for improved organizational performance.

**Evaluator:** Identifying the impact of various change interventions on the effectiveness of organization.

**Programme designer:** Finalising the objectives of change interventions, preparing the content, selecting and sequencing the activities for interventions to be implemented.

**Materials developer:** Arranging and disseminating the material required for implementing the change.

**Facilitator:** directing and managing group discussions, structured learning in the organization and presenting the written or electronic information desired for this purpose.

**Change agent:** stimulating change in the organizational setting.

**Marketer:** Marketing the change programmes form the perspective of HRD.

**HRD Manager:** Linking the work of implementation team to the total organization.

**Individual career development advisor:** Helping the employees to explore their competencies and to formulate the plan for career development.

**Administrator:** providing support services to various department for implementation of HRD programmes.



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## 5.11 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

#### Q3. MCQs

- i. Armstrong
- ii. Eight

## **Check Your Progress –B**

### **Q5. MCQs**

- i. Strategies
- ii. Material Developer
- iii. Evaluator
- iv. Legitimizing



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## **5.12 REFERENCES**

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## **5.13 SUGGESTED READINGS**

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1. Pareek, Udai and Khanna, Sushma (2014), Understanding Organizational Behaviour, Oxford University Press
2. Bhattacharya, Deepak (2015), Organizational Change and Development, Oxford University Press.
3. Sharma, Radha (2012), Change Management and Organisational Transformation, Mc Graw Hill Education.
4. Pathak, Harsh (2011), Organisational Change, Pearson Education



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## 5.14 TERMINAL QUESTIONS

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- Q1. Discuss in detail the stages of Delta technique of Implementing change.
- Q2. Outline the stages involved in sequential process of change.
- Q3. List the functions of external consultants and implementation team in managing organizational change.
- Q4. What are the main aspects of process of implementing change?
- Q5. Who are involved in monitoring an effort to make a change and how can it be made more effective?
- Q6. Explain the significance of HRD in implementing change.
- Q7. List various common drawbacks in implementing change.

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## **UNIT 6 STRATEGIES AND SKILLS FOR COMMUNICATING CHANGE**

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- 6.1 Introduction**
- 6.2 Objectives**
- 6.3 Change Management: Skills Requirement**
- 6.4 Change Management Iceberg**
- 6.5 Qualities of a Change Agent**
- 6.6 Approaches to Change Management**
- 6.7 Principles of Change**
- 6.8 Strategies of Change Management**
- 6.9 Formulating Strategy for Change**
- 6.10 Summary**
- 6.11 Glossary**
- 6.12 Answers to Check Your Progress**
- 6.13 References**
- 6.14 Suggested Readings**
- 6.15 Terminal Questions**

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### **6.1 INTRODUCTION**

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Change management can be defined from three different perspectives- the task of managing change, professional practice and a body of knowledge. tasks involved in any change are usually systematic and planned and also involve effective implementation of new systems. Many forces in the external environment such as legislation, social, political, economic and competitive situation trigger the process. In order to handle such triggers, organizations need to adopt both proactive and reactive strategies of change.

The process of change management in any organization requires various skills and strategies to motivate people to adopt new processes, technologies, systems, structures and values. It involves thoughtful planning and implementation following participative approach. Involvement of employees in the process is change is very important as they are the ones who are going to be affected by change. Hence, it is very important to gain their confidence by explaining them the reasons and rationale behind the change. Organizations should try to

adopt a change strategy for smooth implementation of change. Strategy of change should be such that people are most likely to accept that. In addition to this, organizations must arrange workshops and training sessions to enhance level of awareness about the process of change.

In this unit, we will discuss about various skills required for the process of change management as well as strategies for change management.

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## **6.2 OBJECTIVES**

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After reading this unit, you will be able to:

- Explain the skills requirements for change management.
- List the qualities of a change agent.
- Discuss approaches to change management.
- Enumerate Principles of change.
- Describe the types of strategies for change management.
- Discuss the elements of strategy formulation.

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## **6.3 CHANGE MANAGEMENT: SKILLS REQUIREMENTS**

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Managing the change being faced by organizations is a complex task and therefore needs specialized skill set. Primary skills needed for managing the change are given as follows:

### **6.3.1 POLITICAL SKILLS**

Like any other social systems, organisations too are social systems. Organisations by virtue of their nature involve many political issues which become more intense during change process. The change agents must understand the strategy and game plan of change so that political issues involved in the change must be dealt with appropriately. All levels of management are usually affected by power and politics. Particularly, such issues are more evident at top level and trade unions. Many organizations attempt to weaken the bargaining power of workers shifting them to other production units or sometimes by outsourcing their entire functions.

### **6.3.2 ANALYTICAL SKILLS**

A change agent must have analytical skills as such skills help the change agent in taking rational decisions. Consolidating business plans as per market requirements and mobilising resources to execute such plans are common practices in today's business environment. Analytical skills are required to understand flow of work, interaction between systems and subsystems and financial analysis.

### **6.3.3 PEOPLE SKILLS**

The third important skill set needed for effective implementation of change is people skills. Human resources are diverse in the form of their age, gender, skills, abilities, culture,

personality, intelligence, beliefs etc. Primarily people skills constitute interpersonal skills. Where functional skills make the managers more versatile, people skills enable them get the work done from others.

### **6.3.4 SYSTEM SKILLS**

Any organization is viewed as a system which is made up of various subsystems. System skills are therefore necessary for efficient computer operations, information processing and other functions such as performance appraisal, reward management etc.

In this globally competitive and changing environment, one important way to survive is to identify, cultivate and leverage competencies of people in the organization for the purpose of adapting the change. Scanning the environment, diagnosing organizational capabilities, adopting the strategies, leveraging the structure, systems and people have become imperative for successful implementation of change.

#### **Scanning the Environment**

Managing change is an integral part of manager's job. All managers need to have a thorough understanding of business environment. They also need to keep a regular check on any change occurring in the environment as well as forces behind the change. The external forces of change could be social trends, market trends, customers, economy, technology and share holders. In order to survive, the managers need to be very sensitive towards these forces responsible for change.

#### **Diagnosing the Organization's capability**

After identifying the external forces that may lead to change, the next step is to diagnose organization's own capabilities to cope up with change and to respond to the needs of markets and customers. Some managers understand that in order to make the organization move fast and break the inertia, a lot of struggle is needed. Whereas, some managers push the change through symbolic variations only. But this does not give desired results. In the dynamic environment, a complete restructuring and extensive change encompassing people, structures, systems and processes is required. It is worth mentioning that any change in one aspect of the organization will certainly affect other domains of the organization too. For example, change in technology affects tasks, structure, style and people. It has been usually seen that many organizations continue with the process of change without due diligence and then end up with a chaotic environment, structural issues, employees' issues and loss of time and money invested.

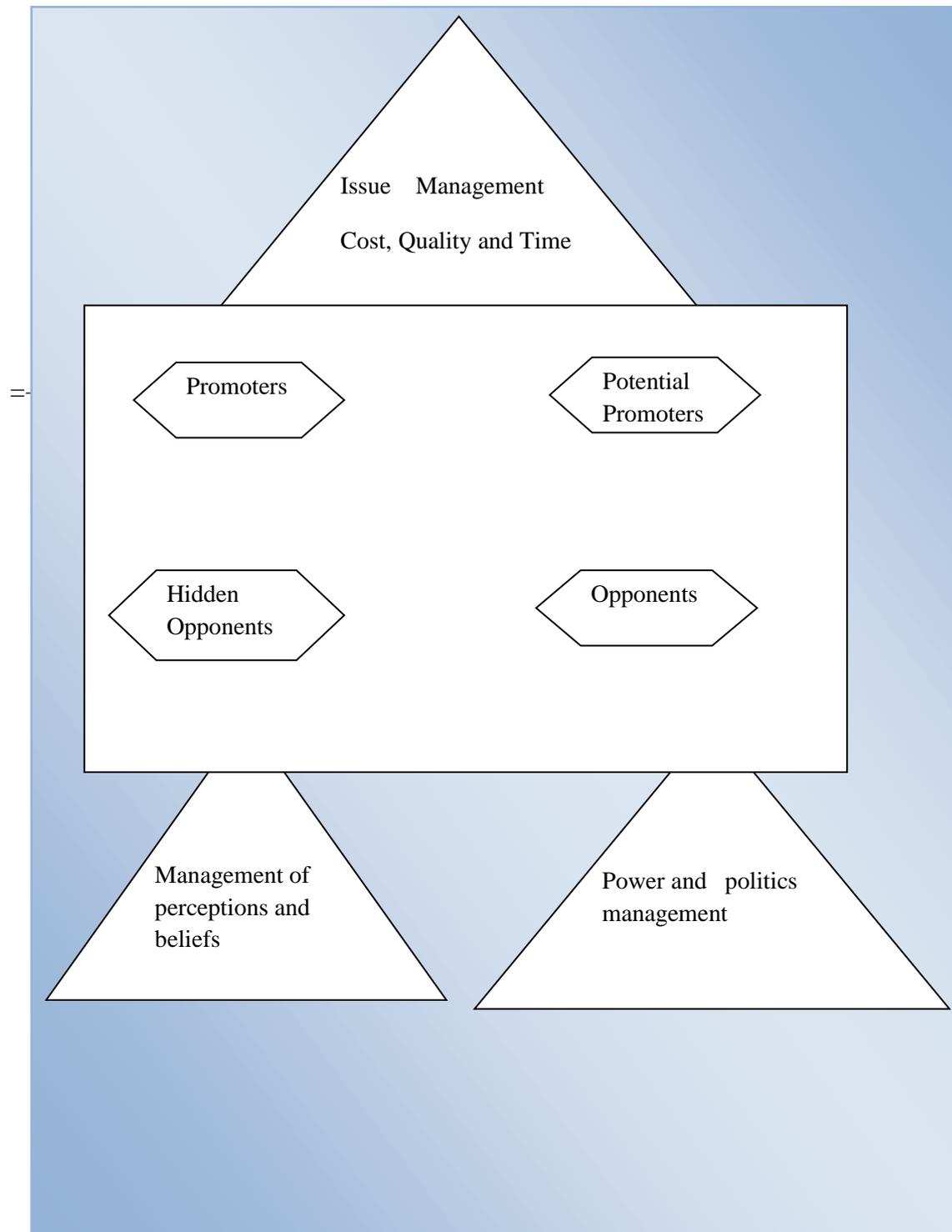
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## **6.4 CHANGE MANAGEMENT ICEBERG**

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The concept of change management was pioneered by Kruger (2004). According to this concept the three things that are on the top of change iceberg are time, cost and quality. During any change process the top of the iceberg is generally considered by the management on priority. However, the bottom of the iceberg which includes the vital issues is most

important to consider. 'Management of perceptions and beliefs' and 'power and politics' are on bottom of iceberg. The submerged part of the iceberg shows interpersonal and behavioural dimensions of the change. The figure of change management iceberg shown below represents various dimensions of change iceberg.



**Exhibit 6.1 Change Management Iceberg**



### Check Your Progress- A

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**Q1. State the meaning of change iceberg?**

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**Q2. Name various skills required for change management?**

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**Q3. State whether True or False**

- i. Analytical skills help change agents in taking rational decisions. ( )
- ii. The process of change management is not affected by the power and politics. ( )
- iii. System skills are therefore necessary for efficient computer operations, information processing and other functions such as performance appraisal, reward management etc. ( )
- iv. Issues at bottom of the change management iceberg are not important and therefore not worth considering. ( )

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## 6.5 QUALITIES OF A CHANGE AGENT

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Change agents play a very important and crucial role in managing organizational change. Change agents must possess a few qualities to implement the change and mould behaviour of the people. Such qualities are necessary to make the process of change easy to implement and overcome the disagreements. These qualities are mentioned below:

- Ability to give unbiased opinions and actions.
- Ability of attentive listening and positive assertion.
- Propensity to accept the advice.

- Ability to control emotions.
- Effective time management.
- Ability to solve problems.

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## 6.6 APPROACHES TO CHANGE MANAGEMENT

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All organizations do not adopt same approaches of change. The approach being followed by the organizations for implementation of change varies with the nature of organization, nature of change itself and leadership style. Some of the change approaches are discussed as follows:

- a) Collaborative Approach: Collaborative approach requires successive meetings, discussions and workshops to make the people aware of change. If the people who are going to be affected by change are involved in the process of change, better results can be obtained.
- b) Consultative: Such approach requires sharing of necessary information and opinions with relevant employees. Such sharing gives confidence to employees that their issues are being dealt with and considered before implementing change.
- c) Directive: Directive approach needs that employees must be persuaded about the change. To do so, people are informed about the change and reasons behind the change are explained to them. However, their opinion is not sought and management continues the process of implementation.
- d) Coercive: Coercive approach involves the use of coercive power to implement the change. Here employees are not allowed to question the change and are told to comply the orders strictly.

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## 6.7 PRINCIPLES OF CHANGE

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Managers should follow certain principles while managing the process of change:

- 1) Involve people and gain their support.
- 2) Understand where the organization wants to go and when. What measures are needed to be taken up in achieving the plans.
- 3) Formulate the plan of change with realistic, measurable and achievable terms.
- 4) Communicate the plan of change to the people involved in it effectively and make efforts to involve them as much as possible.
- 5) Implement the change plan with the help of organizational restructuring, rightsizing, voluntary retirement schemes etc. The activities of the organization during the change depend upon the plan formulated and therefore vary from organization to organization.
- 6) Managing thought processes and relationship dynamics are fundamental requirements of change.
- 7) Give freedom to people, they will bring creativity and quality to their outputs.

- 8) Traditional systems treat employees like children and direct them, whereas expect them to behave like adults.
- 9) Truth is very important during period of change.
- 10) A clear definition of the end results enable the people to define their path for accomplishment of results.
- 11) Commitment of top management and participation of people are the key to the success of change management.



***Check Your Progress- B***

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**Q1. List the qualities of a change agent.**

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**Q2. Write a short note on significance of HRD in implementing change.**

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**Q3. Discuss the basic principles of change.**

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**Q4. Describe different approaches of change management.**

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**Q5. Fill in the Blanks**

- i. \_\_\_\_\_ approach involves the use of coercive power to implement the change.
- ii. \_\_\_\_\_ approach needs that employees must be persuaded about the change and reasons behind the change are explained to them.
- iii. \_\_\_\_\_ approach requires sharing of necessary information and opinions with relevant employees.
- iv. \_\_\_\_\_ approach requires successive meetings, discussions and workshops to make the people aware of change.

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**6.8 STRATEGIES OF CHANGE MANAGEMENT**

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In a general environment, different strategies and procedures are used to categorize the environment of change. The change strategies are based on the basic assumption that people will come forward to engage in the process of change. Primarily there are four types of change strategies:

**Normative Re-educative Strategy:** This strategy believes that by changing norms, values and attitude of people, their behaviour can be changed. This strategy considers that human beings are social beings and culture and norms form the basis of their behaviour. Change includes redefining the existing values and norms.

**Rational-Empirical Strategy:** This strategy of change management considers human being as a rational being who follow self-interest. Organizations must provide incentives to the people for adopting change and offer a safe guard against the risk involved. The basic assumption behind is that if people find the change beneficial only then they favour the change otherwise they resist the same. therefore, before selecting the strategy, the organization must address the following questions:

- Are the people rational?
- Do they follow self interest?
- can they be reasoned logically?
- Can they be persuaded with valid reasons?

**Power-Coercive Strategy:** This strategy believes that people are generally compliant and do what they are told to do. Therefore, exercising the power and authority is necessary for successful implementation of change. The aim of this strategy is to decrease options for people. People generally accept such strategy when they are threatened and don't know what

to do? Two important factors that influence choice of this strategy are time and seriousness of the threat.

**Action-Centred Strategy:** These strategies focus on problem solving. Not only problem solving but these strategies also effectively manage implications of change. It is also known as 'Self-Cannibalization' or 'die-on-the-vine' strategy. It exploits adaptive nature of people to make the process of change easy and smooth.

There is no thumb rule that which strategy is to be used by what type of organizations and in what type of situations. Sometimes one grand strategy serves the purpose and sometimes mix of more than one strategy gives better results. However, selection of change procedure and strategies is based on following factors:

- 1) Degree of change: When change is radical, environmental adaptive strategy should be used.
- 2) Degree of resistance: If change is strongly resisted by the people, a combination of power coercive strategy and environmental adaptive strategy is better. If resistance is weak, normative re-educative strategy can be combined with rational empirical strategy.
- 3) Population: When the size of population is large and it is of diverse nature, all four strategies work. It means that some strategy will definitely work for one or another.
- 4) Stakes: When stakes are high, combination of all the four strategies is used. This is because organization does not want to leave anything to chance.
- 5) Time frame: For shorter period of time, power coercive strategy should be used and for longer period of time mix of rational-empirical and normative re-educative strategy is used.
- 6) Expertise: If change agent is expert in implementing change, combination of four strategies may be used but if the agent is not expert, power coercive strategy should be used.
- 7) Dependency: When management is dependent on its people, their ability to command decreases but if employees are dependent on the management, ability of management to command increases.

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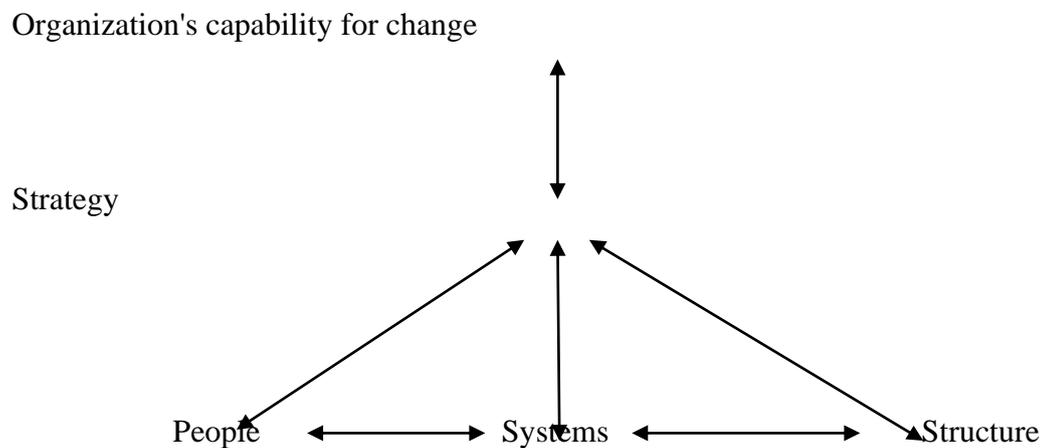
## 6.9 FORMULATING STRATEGY FOR CHANGE

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Literature of change indicates that both continuous and discontinuous change are integral part of the organizational life. In the early stages of establishment of organization, change is continuous and incremental but slow. After that rapid and transformational change start happening in the organizations.

Organizations usually go through two phases of change. One stage is characterized by inertia. Inertia indicates a very slow or no progress. After inertia, stage of transformation starts when new insights are developed and challenge the patterns of inertia. This stage is marked by discarding conventional ways and adopting new perspectives. Again after transition, a second round of inertia begins. This phase is marked by a newly developed equilibrium when

implementers of change attempt to continue their efforts and try to complete the task started during transition phase. If managers get succeeded in sustaining their energy during transition phase, the process of change will be expedited. Formulating adequate strategy for change includes following elements:



Formulating strategy for change necessitates identifying its compatibility with the environment as well as people, systems and structure.

### 6.9.1 FORMULATING A STRATEGY

Organizational strategy is always devised in light of the organizational vision. Though, the vision of organizational is relatively constant but strategy needs to be aligned with market forces and changes taking place in the environment. This is possible only if the strategy is pragmatic. CEO of the organization is responsible for making strategy of change. Usually various people involved in the process of change seek strategic directions from top management, whenever they face any ambiguous situation. However, all leaders who are involved in the process of change should be encouraged to manage local issues and provide inputs for strategic thinking as and when required.

### 6.9.2 LEVERAGING STRUCTURE

Generally organizational structure is viewed as diagrammatical representation of hierarchical levels but it includes the relationship between people involved, the ways things happen, flow of work, power distribution and etc. The organizational structure also reflects how politics can be used to bring about change and how momentum for the same can be created. Both formal and informal structures of the organization are involved in the process of change.

Structure can be leveraged for change by bringing about re-organization in the organization. Re-organization or restructuring involves reallocation of the resources where they are needed. In today's competitive era, companies restructure their processes to become more responsive towards customers, reduce their cycle time, service time and etc. Some desirable forms of structure are given as below:

**Flat Structure:** The traditional vertical and hierarchical structures of the organizations are no more relevant in the dynamic business environment. Such structures are replaced with flat structures which are characterized by fewer levels where customers are the top of the hierarchy and management is at the bottom.

**Network Organization:** The focus of organizations on total quality improvement and customer satisfaction has given rise to horizontal processes in the organizations which link various elements of customer and supplier chain for the benefit of customers. In such an organization everyone is the customer of someone else which means that output of one process/department/team/individual is used as input by another process/department/team/individual. Networking amongst various teams and departments is created with the help of information technology. People sitting at one place are connected to their teams with the help of IT. Besides this, some small scale companies also provide informal systems of networking like sharing ideas over a cup of tea, in a meeting, informal discussions etc. Such platforms foster creativity in the organizations.

**Cellular Organizations:** Another method of leveraging structure is to create different cells within the organization. Actually Cellular organization is a collection of various small teams having high degree of autonomy to take decisions. Usually, when a group reaches the size of 50 people, it becomes a cell which is responsible for handling all functions of the organization except payroll function.

### 6.9.3 LEVERAGING SYSTEMS

It is often seen that various systems, subsystems and business processes adopted by the organizations become obsolete and outdated when environment surrounding the business changes. Such old systems necessitates replacement with new systems and signal the perusal of change. These systems are generally related to operational aspect, human resource aspect or organizational communications. No doubt systems are changed in the organizations but the pace of such change is very slow and gradual. Some important systems which need change are discussed below:

**Appraisal Systems:** Appraisal systems include the methods and mechanism to monitor, control and change behaviour as well as performance of employees in the organizations. Traditionally, almost 30% of the Indian organizations were using Annual Confidential Report (ACR) as a method of appraisal to control the behaviour of employees, as a means to give them rewards, threats or punishments, taking the decision of promoting them or offering any salary increase. But the context in which

ACR was designed and implemented as a means of appraisal has been changed and inappropriate. Now organizations are expected to treat their employees as human resources that have full potential to contribute in the achievement of organizational goals and competitive advantage. Such a scenario desires the appraisal systems which involve feedback, mentoring and counseling of employees. ACRs are replaced by performance management systems like 360 degree feedback systems. It is believed that appraisal systems should be regularly modified and updated since they are linked to the career advancement of employees.

*Strategic Considerations for change in appraisal systems*

While changing appraisal systems, considerable thoughts must be given before changing the system. Following approaches may be followed for the said purpose:

- a) Strategy of step by step change: This strategy involve gradual implementation of change step by step. The performance based appraisal systems may consider key performance areas. After successful implementation of this, self appraisal may be added to it. Furthermore, different elements can be added to make it performance management systems.
- b) Strategy of level by level change: This strategy involves introduction of new appraisal system at one level in the initial stages of change and then extending it to other levels of organizational hierarchy step by step. It will be better to start it at higher levels of hierarchy and proceed downwards as the number of managers at higher levels is relatively smaller. It is also beneficial because once, senior managers develop a thorough understanding of the system, they may assist the implementation of such systems at lower levels of hierarchy.
- c) Strategy of change department by department: The implementation of this strategy requires division of the organization on the basis of geographical location, departments or functions. Under such strategy, new appraisal systems are introduced in one region/department over a specific period. After successful implementation of system in the selected department/region, the experience thus gained is used to extend the new appraisal system in the other regions/departments of the organization. The advantage of this approach is that the people involved in implementation of new appraisal systems in one department will act as resource to other departments/region.
- d) A Mixed approach: Based on the conditions prevailing in the organization and the nature of the organization, any of the above mentioned three approaches or a combination of two or three approaches is used. This is also called Mixed approach.

**Reward Systems:** Reward systems are implemented in the organizations to give positive reinforcement for the performance of the employees. According to the principle of reinforcement, people tend to repeat what is rewarded. Therefore, reward systems play important role in any organization. For deciding about rewards, accurate measurement of performance is very important. Reward systems can also be leveraged for change. Following criteria can be adopted for this purpose:

- a) For rewards, whether to consider individual performance or group performance.
- b) Whether rewards should be for soft skills or hard skills.
- c) Whether only performance is to be rewarded or risk taking and other efforts should also be counted for rewards.
- d) Designing cafeteria approach to offer choices to employees.

**Systems for Career Development** : People join organizations to advance their careers. In the past people used to join the organizations for lifetime with the intention to grow in the same organization. But in the present scenario, neither employers nor employees wish to continue a committed and a longer relationship. Therefore, organizations must develop such systems of career development which provide enough motivation to the employees to stay in the organization. To do so, following challenges need to be addressed in such a changing environment:

- a) How to keep track of and manage expectations of young employees entering in the organizations?
- b) How to develop attractive career opportunities for career growth of employees?
- c) How to maintain motivational level of employees, particularly in flat structures where levels of hierarchy are very few?
- d) How to make the employee understand the responsibility of individual career development?

**Communication Systems:** With the evolution of new technologies, organizations too have evolved revolutionary processes of communication. Such processes rely highly on communication through e-mail, video conferencing, messengers etc. The main challenge beforehand is to educate people about the use of such technologies and master them. In doing so, change agent play a significant role. He is the one, who persuades and motivates people to discard conventional modes and adopt modern methods of communication.

#### **6.9.4 CULTURAL CHANGE AS A LEVER**

Organizational culture is instrumental in implementing the process of change in any organization. It may be observed in formal as well as informal forms. Vision, mission, goals, norms, beliefs, rituals and customs of the organization constitute formal culture. Culture is the driver of various organizational functions, processes, philosophies and ideologies. Change in organizational culture can act as positive force for change. The change which is supported by organizational culture is relatively easy to implement. The commitment gained from top management are necessary to leverage culture for change.

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## 6.10 SUMMARY

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Change management can be defined from three different perspectives- the task of managing change, professional practice and a body of knowledge. Tasks involved in any change are usually systematic and planned and also involve effective implementation of new systems. Many forces in the external environment such as legislation, social, political, economic and competitive situation trigger the process. In order to handle such triggers, organizations need to adopt both proactive and reactive strategies of change.

The process of change management in any organization requires various skills and strategies to motivate people to adopt new processes, technologies, systems, structures and values. It involves thoughtful planning and implementation following a participative approach. Involvement of employees in the process of change is very important as they are the ones who are going to be affected by change. Hence, it is very important to gain their confidence by explaining them the reasons and rationale behind the change. Organizations should try to adopt a change strategy for smooth implementation of change. Strategy of change should be such that people are most likely to accept that. In addition to this, organizations must arrange workshops and training sessions to enhance level of awareness about the process of change.

In this unit, various skills required for the process of change management as well as strategies for change management have been discussed.

Managing the change being faced by organizations is a complex task and therefore needs a specialized skill set. Primary skills needed for managing the change are Political Skills, Analytical Skills, People Skills, System Skills and Business Skills. In this globally competitive and changing environment, one important way to survive is to identify, cultivate and leverage competencies of people in the organization for the purpose of adapting the change. Scanning the environment, diagnosing organizational capabilities, adopting the strategies, leveraging the structure, systems and people have become imperative for successful implementation of change.

In a general environment, different strategies and procedures are used to categorize the environment of change. The change strategies are based on the basic assumption that people will come forward to engage in the process of change. Primarily there are four types of change strategies: Normative re-educative strategy, Empirical-rational strategy, power coercive strategy and action centered strategy.

Organizations usually go through two phases of change. One stage is characterized by inertia. Inertia indicates a very slow or no progress. After inertia, a stage of transformation starts when new insights are developed and challenge the patterns of inertia. This stage is marked by discarding conventional ways and adopting new perspectives. Again after transition, a second round of inertia begins. This phase is marked by a newly developed equilibrium when implementers of change attempt to continue their efforts and try to complete the task started during transition phase. If managers get succeeded in sustaining their energy during transition

phase, the process of change will be expedited. Formulating adequate strategy for change includes 4 elements viz. Strategy, structures, systems and people.




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## 6.11 GLOSSARY

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**Normative Re-educative Strategy:** This strategy believes that by changing norms, values and attitude of people, their behaviour can be changed. Change includes redefining the existing values and norms.

**Rational-Empirical Strategy:** This strategy of change management considers human being as a rational being who follow self-interest. Organizations must provide incentives to the people for adopting change and offer a safe guard against the risk involved.

**Power-Coercive Strategy:** This strategy believes that people are generally compliant and do what they are told to do. Therefore, exercising the power and authority is necessary for successful implementation of change.

**Action-Centred Strategy:** These strategies focus on problem solving. Not only problem solving but these strategies also effectively manage implications of change. It is also known as 'Self-Cannibalization' or 'die-on-the-vine' strategy. It exploits adaptive nature of people to make the process of change easy and smooth.

**Flat Structure:** structures are characterized by fewer levels where customers are the top of the hierarchy and management is at the bottom.

**Network Organization:** The focus of organizations on total quality improvement and customer satisfaction has given rise to horizontal processes in the organizations which link various elements of customer and supplier chain for the benefit of customers.

**Cellular Organizations:** Another method of leveraging structure is to create different cells within the organization. Actually, Cellular organization is a collection of various small teams having high degree of autonomy to take decisions. Usually, when a group reaches the size of 50 people, it becomes a cell which is responsible for handling all functions of the organization except payroll function.

**Appraisal Systems:** Appraisal systems include the methods and mechanism to monitor, control and change behaviour as well as performance of employees in the organizations



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## 6.12 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

#### 3. True/False

- i. True
- ii. False
- iii. True
- iv. False

### Check Your Progress –B

#### Q5. Fill in the blanks

- i. Coercive
- ii. Directive
- iii. Consultative
- iv. Collaborative



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## 6.13 REFERENCES

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## 6.14 SUGGESTED READINGS

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## 6.15 TERMINAL QUESTIONS

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- Q1. Explain the Principles of Change Management.
- Q2. Explain the nature of skills requirements for managing change in the organizations.
- Q3. What are the various approaches to change management?
- Q4. Explain the four strategies for change with suitable illustrations. What factors must be considered while selection of a change strategy?
- Q5. Explain in detail the elements involved in formulating strategy for change.
- Q6. Write short note on following:
- (i) Change management iceberg
  - (ii) Qualities of a change agent

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## **UNIT 7 CONSOLIDATING CHANGE**

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### **7.1 Introduction**

### **7.2 Objectives**

### **7.3 SWOT Analysis and the change process**

### **7.4 Scenario planning for effective organizational change process**

### **7.5 Management of Change**

### **7.6 Emerging Horizons of a Changing Environment**

### **7.7 New Trends Affecting Management of Organizations in the Future**

### **7.8 New Challenges for Managers**

### **7.9 Summary**

### **7.10 Glossary**

### **7.11 Answers to Check Your Progress**

### **7.12 References**

### **7.13 Suggested Readings**

### **7.14 Terminal Questions**

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## **7.1 INTRODUCTION**

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An organization is a man-made system. It works through individuals to achieve objectives. They interact with each other and form informal groups. This informal group are formed by them create variation which takes place due to internal and external forces. It is known as organizational change. The change is inevitable. It is necessary to change for the organization for its successful growth and development. It requires a lot of efforts on the part of managers. In this lesson we will learn about SWOT analysis, action research and environmental changes.

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## **7.2 OBJECTIVES**

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After reading this unit, you will be able to:

- Explain the change process

- Discuss about application of SWOT analysis in Change management.
- Describe about emerging horizons of changing environment and challenges for managers.
- Explain the concept of action research.

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## 7.3 SWOT ANALYSIS AND THE CHANGE PROCESS

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SWOT analysis is the method of analyzing strengths, weakness, opportunities and threats. This method is very effective in identifying and examining these in the change process of an organization. Strength and weakness is internal to the organization while opportunities and threats are external to the organization. The feasibility of a change process is determined by SWOT analysis to make the change process smooth by taking decision to minimize the risk.

### 7.3.1 PERFORMING SWOT ANALYSIS

SWOT analysis is an effective method of identifying organizational strengths and weaknesses and framing strategies to face opportunities and threats. Albert Humphrey of Stanford University in 1960s and 1970s used SWOT analysis for strategy planning. A framework for conducting SWOT Analysis is given below and it requires some answer to the questions presented against each component of the analysis.

**Strengths:** Strengths are the internal advantages which can be analyzed by asking following question:

1. What does the organization do well?
2. What are the organizational advantages?

Answers of the above questions need to be real in the context of competitors because benchmarking with competitors helps to draw the relative advantages of the organization.

**Weaknesses:** Weaknesses are the disadvantages. The answer to the following questions helps to determine organizational weaknesses:

1. What are the areas of improvement?
2. What areas of dysfunctional could have been avoided?
3. What are the areas in which the organization fared badly?

Weaknesses are unpleasant truth, people hesitate to document it but it is required to analyze.

**Opportunities:** These are favorable environmental factors which organization can exploit to strengthen its business position. Answer to the following questions helps in identifying opportunities:

1. Where are the favorable environmental factors encompassing the organization?
2. What are the favorable trends which the organization can exploit to achieve stability and growth?

**Threats:** These are unfavorable environmental factors that encompass an organization. They weaken the competitive strength of the organization. Answering the following questions helps in determining threats:

1. What are the obstacles faced by the organization?
2. What is the changing technology that may threaten the organization?
3. What are the new initiatives of competitors that can weaken the organization's position?
4. What are the changes in the product and services offerings of the organization, including change in the technical specifications, if any?
5. What are the bad debt position and the cash flow problem of the organization?

Threats are external to the organization and it is beyond the control of the organization.

SWOT analysis is very effective tool for change management as it helps in solving problem, brain storming meetings, strategic and general planning, competitor evaluation, and decision making. GAIL's organizational change programme, IBM's change in business focus , Videocon's business integration programme in acquired Philips units have all used SWOT analysis to draw action plans for organizational change.

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## 7.4 SCENARIO PLANNING FOR EFFECTIVE ORGANIZATIONAL CHANGE PROCESS

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Alternative views of future, the scenario primarily based on some events or changes which are likely to occur or have occurred. It helps to identify the strategic fit for some future developments with some frame of references. Scenarios are plotted using some set of stories and using scenarios, manager can forecast their proposed change initiatives reflecting on future situations. At the time of planning scenarios, managers or decision makers need to question the broadest assumption on world functions in general and the way the organization functions in that particular area so that decisions can be made on time and in advance. Managers need to think about uncertain aspect that may harm the organization.

It is imperative for organization to understand the global business environment at this time of economic globalization. Business environment is affected by political changes and new emerging technologies. In order to sustain in the changing environment, planning scenario help to explore the eventualities and develop a commitment to strategic interventions, to change the organization and accordingly respond to the changes with adequate contingency plans and program. Literally a scenario is like a script for play. It is like a tool to consolidate one's perception to track alternative future environments to make decision at the right time.

Thus we can say scenario planning is a creative foresight of managers and decision- makers to keep pace with changing environment uncertainty. Scenario planning is a strategic planning method. The key driving forces for this are changing social, technical, economic, environment, educational, political and aesthetic (STEEPA) trends.

### 7.4.1 FORCES OF SCENARIO PLANNING

There are four major driving forces of scenario planning:

**Economic issues:** Macro as well as micro economic trends influences the scenario planning. Macro-economic trends affect the whole economy as failure of one major transnational organization or multinational organization such as Lehman Brothers results into failures in many organizations and also in the economy. In the similar vein micro-economic issues such as modus operandi of competing organization also leads to occur changes in organization and it could be serving as a base for scenario planning.

**Political issues** Political issues like beliefs and ideologies of ruling parties, its strong oppositions, legislative and regulative changes etc could be the basis for scenario planning.

**Social dynamics** It is a demographic trend such as age, income, education, lifestyle and even the change in value system. Customers are now more informed and change in the lifestyle also changes the perception of customer to more value added products and services. They can question the company's product and services if they fail to meet standard.

**Technological issues** change in the technology leads to change in the product or service mix for example with the development of Plasma and LCD technology, conventional CTVs have become obsolete. Organization that understands such changes beforehand are able to develop appropriate action plans.

### 7.4.2 STEPS FOR SCENARIO PLANNING

There are sequences of steps to be followed while planning for scenario given by Shell. These steps are as follows:

1. Identify the drivers for change/assumptions.
2. Draw a framework of drivers
3. Develop some mini-scenarios, preferably seven to nine.
4. Reduce the scenarios to a manageable number preferably two to three.
5. Prepare the draft of the scenario
6. List the issues arising in each scenario

The importance of each drivers explained above depends on the circumstances under which the organization operates. Various techniques are available to help managers in identifying more informed assumption in scenario planning such as brain-storming, focus group interview and Delphi techniques.

### 7.4.3 APPLICATION OF DELPHI TECHNIQUE IN SCENARIO PLANNING

Delphi technique is a group process to achieve common consensus forecast and helps in minimizing forecasting errors. It involves consensus opinion of cross functional experts. The selection of panel of experts either from within or outside the organization. A series of questionnaires is prepared from the responses and then used as a basis of forecast. At every stage the information obtained from previous questionnaire is shared among the participating

members without disclosing the majority opinion to avoid any possibility of peer group influence.

The process of the application of Delphi technique is as follows:

1. To begin with, it requires selection of a coordinator and a panel of experts both within and outside the organizations.
2. The coordinator circulates questions in writing to each such expert.
3. The experts write their observation.
4. The coordinator edits those observations and summarizes them without disclosing the majority opinion in summary.
5. On the basis of summary, the coordinator develops a new set of questionnaires and circulates among the experts
6. Experts answer the new set of questions
7. The coordinator repeats the process until he/she is able to synthesize from the opinion of the experts.

#### 7.4.4 NOMINAL GROUP METHOD

Like the Delphi technique, this method also involves the panels of expert; the difference is the involvement of experts in discussing questions. In this method coordinator assumes the role of a facilitator allowing experts to sit together to discuss their ideas. The experts are then asked to rank their ideas according to their perceived priority. A group consensus is then derived mathematically in terms of individual ranking. This process is creative.



#### *Check Your Progress- A*

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**Q1. Write a note on SWOT analysis.**

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**Q2. Discuss various driving forces for scenario planning?**

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**Q3. Fill in the blanks**

- i. -----is the method of analyzing strengths, weakness, opportunities and threats.
- ii. ----- is a group process to achieve common consensus forecast and helps in minimizing forecasting errors.
- iii. -----are favorable environmental factors which organization can exploit to strengthen its business position
- iv. The key driving forces for scenario planning are changing -----.

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## 7.5 MANAGEMENT OF CHANGE

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Organization can incorporate change in the organization through planned change for its successful growth and development. The process of management of change is very difficult. It requires lot of resources and efforts on the part of the manager. The following steps are involved in the process of management of change:

1. **To identify need for change:** Firstly managers need to identify need for change. The need is identify the need for change. Needs can be identified in terms of internal as well as external factors. The manger may get information through feedback process in the control process. In addition to this the manager has also to ascertain that changes is 'strategic' or 'process oriented' or 'people oriented' or 'very minor one'.
2. **To develop new objectives and goals:** The changed process may demand a review of set organizational goal. This requires the modification in the light of internal and external environment. Changes in the external environment may force the organization for strategic change.
3. **To determine type of change:** After identified need and objectives of change, it is necessary to determine types of change to be introduced and implemented in the organization. Changes should be implemented in the relation to the objectives and organization structure.
4. **To prepare a detailed plan for change:** This step is answer to the question such as when, how, and by whom the change is to be introduced. Whether a manager of the organization or the outside specialist or management consultant. First of all appropriate time frame should be chosen then detailed methodology is also to be decided for introducing change in the organization. The purpose of preparing such a plan is to facilitate the proper and smooth implementation of change with least resistance of employees.

5. **To implement the change:** Once the change plan has prepared its communication to all within the organization is very important for convincing the members about need, objectives and possible benefits of the proposed change. Along with the communication, resources may be allocated and all other administrative arrangements are to be made to execute the plan for change. Commitment, devotion and leadership qualities of the manager or specialist can be a great tool for successful implementation of the plan.
6. **Review and feedback:** Review and evaluation of the progress of the implementation of change is necessary for the change process. This may provide necessary information to the manager to enable him to take action to speed up the change implementation process.

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## 7.6 EMERGING HORIZONS OF MANAGEMENT IN A CHANGING ENVIRONMENT

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Management is a dynamic process. It becomes more interesting and challenging when a situation changes. The change in the external environment may pose threats and bring new opportunities. Manager has to take action according to the changes that take place as changes are not within the control of managers. He has to monitor and analyze them to facilitate its growth and development. Changes make the job of managers more challenging.

### ACTION RESEARCH

It is a systematic way of studying change and collecting data on the various aspects to take suitable action, this is a scientific method also called action research. It has following steps:

1. **Diagnosis:** At the start of the process management consultant would diagnose the problem within the organization. He would collect information by interviewing employees through questionnaires, review past records. Diagnosis of the problem is very critical step so it should be precisely identified and defined.
2. **Analysis:** After obtaining the information, it is to be studied and analyzed. Analysis helps in gaining insights of the every aspects of the problem. In the process of analysis, the problem situation may be broken into components and the relationship of each component may be studied to discover the pattern of the problem situation.
3. **Feedback:** Feedback of the problem is very necessary to make action research effective. In this process management consultant shares information and exchanges it with employees from whom it is gathered. Through feedback the consultant tells the employees what he has discovered from the information provided by them.
4. **Action:** The action part is very important because at this stage management consultant chooses and prepares a suitable action plan. The action plan developed by the consultant may be in the form of new policies, plan and other management practices, it may also take up the form of an altogether new approach in the

organization such as management by objective programme, quality circle, team approach flextime approach.

5. **Evaluation:** Evaluation of action plan in terms of cost effectiveness and other relevant factors should be done by management consultant. The main idea behind this is to revise it as per the requirement of the situation and make it more effective. The action plan should be consistent with the other plan of the organization.

To keep high degree of objectivity and independence this action research process generally be conducted by a management consultant outside the organization. This requires active participation and cooperation on the part of the employees. It helps in reducing resistance for the change.

Thus successful manager always works actively while keeping in mind the environmental changes. The real test of knowledge lays how effectively they adapt the changes and how efficiently they works in the difficult situation.

Due to changes in the legal, economic, socio-cultural, political and technological environment all around the world, knowledge of management is highly affected. These changes are as follows:

- **Environmental changes:** There are so many changes which have taken place in the external environment.
  - i) **Socio-cultural changes:** Society always remains in the transition phase as social values, population dynamics, objectives, immigration to cities etc. They all created challenges for managers that are as follows:
    - a) **Higher rate of literacy:** The emphasis on the level of education on the one hand creates awareness among customer so managers need to give priority to consumer relationship and consumer orientation. On the other hand higher literacy rate along with professional skills among people who join the organization also force the manager to make some changes in the internal environment of the organization.
    - b) **Emerging strong middle income group:** This group consists of mostly salaried people and self employed professional having enough buying capacity. So it requires having better quality of products, demand for semi-luxury goods, better working condition and more salary.
    - c) **Interface of Industry with Educational Institutions:** In order to make better utilization for business purposes, Industry has to interface with educational institutes by sharing cost of education and making it more meaningful.
    - d) **Changes in the Life-Styles:** The factors mentioned above including unitary family system, equal opportunities for men and women have changed the working behavior in the organization. Higher buying capacity are posing difficulties for managers developing a suitable motivation mechanism.

➤ **Economic Changes**

Economic liberalization during 1991 created a drastic change in the economic environment of the country. This shifted the organization from an inward approach to an outward approach, disinvestment in the public sector, entry of multinationals, changing credit policy, more operational autonomy to banking institutions etc. These economic changes have added a new dimension to management for example environmental changes and growing competition from multinational organizations. Now Indian managers are forced to think and act upon strategic management and control.

➤ **Technological Changes**

Technology is a key to social and economic progress. The development of sophisticated modern technology has extended the reach of the human beings naturally, mentally and physically. Now this time is an information age, organization having access to require information develops and enjoys competitive advantages over rivalry. Managerial ability depends on how successfully managers generate the required relevant and reliable information and how he takes his decision and performs managerial functions. Innovation process is the generator of technology; it is a systematic process of product development. Thus managers need to keep updated with the latest technology to combat in the market. Latest technology helps in translating ideas into goods and services.

➤ **Globalization OSF Business Operations**

Every country needs global economy. Intentions of making optimal utilization of local resources and expanding market boundaries have also created new challenges for managers. These challenges are of cross-cultural in nature. Meeting world standards, pressure of free trade, working for foreign owned companies etc. are giving new exposure to managers.

➤ **Political and legal changes**

Political commitment of regulating and controlling business operations in the larger interest of the nation is increasing day by day. The relationship between the government and business is changing rapidly. Managers who are custodians of socially, economically and politically powerful organizations are greatly influenced by changing political situation. The orderly political process contributes to business growth and development and it is adversely affected by political instability.

➤ **Ecological and environmental changes**

Environment friendly business resources and ecological balance has become major concern of the 21<sup>st</sup> century. Every country faces the problem of ecological imbalances. More industrialization and growing environmental degradation have forced the government to make necessary legislation for protecting the environment. Thus, to restore the ecological balance, the manager has to cooperate

with the government to use natural resources in a cautious manner and to prevent all types of the pollution.

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## 7.7 NEW TRENDS AFFECTING MANAGEMENT OF ORGANIZATIONS IN THE FUTURE

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On the above discussion of environmental changes, the one fact is true that managers have to keep pace with changes to survive and grow. At the most on the basis of the changes in the environment, one can have some idea about the upcoming changes, an analysis of the changes indicates the following trends to follow in the coming days:

- **Growth of international business:** With the tremendous growth of international business, many new opportunities emerge for the organization to further expansion and diversification of the activities. Earlier it is used to be the monopoly of a few developed countries like USA & UK but trend has changed. On one hand these multinationals are having their subsidiaries in less developed countries. On the other hand many organizations from developing countries like Brazil, Taiwan, South Korea, Singapore and India are making their presence felt in international market. Thus managers have become global players.
- **Information explosion:** The development of communication technology has reduced the world to a global village by information explosion. It has reduced the physical distance and ignorance of the knowledge as it helps in dissemination of all the information to the world in no time. Thus more efficient managers have to learn more and more about the world, if managers know how to understand, manage and measure the knowledge. Thus managers have to develop a global vision.
- **Growing Relevance of Research and development work:** Organization must spend a part of its earnings on research and development to get a competitive edge over others. Proper R&D and technological advancement be translated into products and services that are more useful for customers. One of the major reasons for the domination of the U.S.A, Japan, Germany and other European countries in the international business is their strong R&D base. Now it is the prime need for developing nations.
- **Reawakening of ethical and moral values:** In many countries, suitable legislation has been made to raise the ethical and moral values of business organization. India is no exception. Managers have been made accountable not only to customers and employees but also to the whole nation through such legislation. Managers are now realized the importance of high ethical and moral values in the long run of business in

terms of profitability. In this regards ethical training is to be provided to managers and they are expected to make the business operation transparent.

- **Theme of customer satisfaction:** Customer satisfaction is not a new concept in management. The organization those are committed to the customers only can face competition and survive. Customer satisfaction is widely acknowledged concept and to increase customer satisfaction, managers have to formulate various plans and course of action to produce and distribute goods and services that are customer friendly. Relationship with the customers is very important in the 21<sup>st</sup> century.
- **Productivity improvement:** Productivity has become an issue now as managers are required to produce more from less input. By increasing productivity, prices are reduced , salary and wages are increased. The statement “Productivity of an organization is a matter of survival” given by John .F. Welch, CEO of General Electric Company rightly signifies the importance of productivity. It is considered as a threat to the global competitiveness, so it is required on the part of managers that they redefine the relationship with subordinates and discover new ways to tap their potential.



### *Check Your Progress- B*

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**Q1. State the meaning of Action Research.**

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**Q2. Write a short note on process of change management.**

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**Q3. Discuss about challenges for managers in the changing scenario.**

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#### Q4. Fill in the Blanks

- i. \_\_\_\_\_ step of change management helps in gaining insights of the every aspects of the problem.
- ii. During \_\_\_\_\_, consultant shares information and exchanges it with employees from whom it is gathered.
- iii. \_\_\_\_\_ is a systematic way of studying change and collecting data on the various aspects to take suitable action.
- iv. \_\_\_\_\_ is a key to social and economic progress

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## 7.8 NEW CHALLENGES FOR MANAGERS

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In the light of the environmental changes and new trends, jobs of managers have become more challenging and they have to face the following challenges to survive and grow:

- **Strategic Management:** In the global operations, a new dimension has been added to management that is “strategic management”. In the fast changing environment and growing competition no organization can survive without relating its strength and weaknesses to opportunities and threats. Managers have to act strategically. It helps in mobilizing resources and efforts of the organization in the direction of profitability. Managers who mainly emphasize on how an organization should act and react to newly emerging opportunities and threats.
- **Creative decision making :** Managers have forced by rapid, random, unpredicted and unstructured changes in the environment to switch over to creative decision making because no set procedures, rules and techniques may be applicable to solve such problems moreover management theory may prove inadequate in dealing with such problem. Managers reformulate, redefine and apply their experience and talent to such a problem situation.
- **Restructuring and Re-engineering of the organization:** To meet the future challenges managers have to focus on modern form that are more flexible, open, transparent and adaptive. It should be totally based on knowledge and information. In order to make improvements in the existing level of performance, organizations are restructured and re-engineered according to the situation. The care of customer, spirit of team work, auto-management, total quality management (TQM) and application of various human resource development processes are to be made a part of organizational functioning.

- **Seeking strategic alliances and to manage them:** One step ahead of globalization, multinational organizations are seeking strategic alliances to get the benefits of complementary competences of organizations in different countries. For example Indian organizations are making such strategic alliances through equity arrangement and joint ventures in developed countries. This had added a new aspect to existing knowledge of management. In this way managers need to develop the required competence to understand the mutual interest of both partners and to manage it in the long run profitably.
- **Using the power of people by empowering them:** The one of the important asset of the organization is the human resources. To get their full contribution in achieving organizational objectives, employees should be fully involved in their work, this can be done by providing an opportunity to them to work in self managed teams along with proper training and development. It may create a situation of empowerment. The process of empowerment can be promoted by simplifying the organization, re-defining the role of managers, ensuring autonomy, using prompt action and eliminating bureaucratic procedures.
- **Managing relationship:** Many parties like employees, customers, society, government, financiers etc have their stake in the organization. When these parties do business the transaction creates some kind of relationship between them. Therefore there is a need for a manager to maintain better relationship and improve them regularly. To improve the relationship, smooth functioning of an organization should be maintained. For this quality of goods and services is to be updated. Mutual rapport is to be established and required information should be supplied to them properly.
- **Visionary Leadership:** Managers have to clear vision of the organization and mobilize resources in that direction. Visionary leadership demands more authority to be given to lower level employees to improve the quality of product and productivity. He has to put people first to generate a congenial work environment.

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## 7.9 SUMMARY

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In the light of the environmental changes and new trends, jobs of managers have become more challenging. SWOT analysis is the method of analyzing strengths, weakness, opportunities and threats, is very effective in identifying and examining these in the change process of an organization. Strength and weakness is internal to the organization while opportunities and threats are external to the organization. The feasibility of a change process is determined by SWOT analysis to make the change process smooth by taking decision to minimize the risk. Managers have to analyze all the changes that take place in the external or internal environment of the organization through action research.



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## 7.10 GLOSSARY

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**SWOT analysis:** It is the method of analyzing strengths, weakness, opportunities and threats.

**Delphi technique:** It is a group process to achieve common consensus forecast and helps in minimizing forecasting errors.

**Nominal group method** this method also involves the panels of experts, the difference is the involvement of experts in discussing questions. In this method coordinator assumes the role of a facilitator allowing experts to sit together to discuss their ideas.

**Action Research:** It is a systematic way of studying change and collecting data on the various aspects to take suitable action



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## 7.11 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

Q3. Fill in the blanks

- i. SWOT
- ii. Delphi Technique
- iii. Opportunities
- iv. STEEEPA

### Check Your Progress –B

Q4. Fill in the blanks

- i. Analysis
- ii. Feedback
- iii. Action Research
- iv. Technology



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## 7.13 SUGGESTED READINGS

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## 7.14 TERMINAL QUESTIONS

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- Q1. Describe the various element of action research.
- Q2. Give the detail account of challenges faced by managers.
- Q3. Explain the Delphi technique.
- Q4. Elaborate the process of management of change.
- Q5. What socio-cultural changes affect functions of a manager.
- Q6. What is the role of theme of customer satisfaction?
- Q7. Managing relationship is very important while implementing changes. Comment?
- Q8. Write the importance of empowering people.
- Q9. How political changes affect functioning of managers?

**Block II**  
**Organisational Development**

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## **UNIT 8 INTRODUCTION TO ORGANIZATIONAL DEVELOPMENT**

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### **8.1 Introduction**

### **8.2 Objectives**

### **8.3 Concept of Organization Development**

### **8.4 Definitions of organization development**

### **8.5 Values, assumptions and beliefs of organization development,**

### **8.6 Implications of organization development values and assumptions.**

### **8.7 Summary**

### **8.8 Glossary**

### **8.9 References**

### **8.10 Suggested Readings**

### **8.11 Terminal Questions**

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## **8.1 INTRODUCTION**

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In this unit, you will study about the concept and definitions of organization development, values, assumptions and beliefs of organization development, implications of organization development values and assumptions.

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## **8.2 OBJECTIVES**

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After reading this unit, you will be able to;

- Understand Concept of Organization Development
- Assess Values, assumptions and beliefs of organization development,

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## 8.3 CONCEPT OF ORGANIZATION DEVELOPMENT

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Organizational development is the applied behavioural science discipline dedicated to improving organizations and the people in them through the use of the theory and practice of planned change. Organizations face multiple challenges and threats today—threats to effectiveness, efficiency and profitability; challenges from turbulent environments, increased competition, changing customer demands; and the constant challenge to maintain congruence among organizational dimensions such as technology, strategy, culture, and processes. Keeping organizations healthy and viable in present world is a daunting task. Individuals in organizations likewise face multiple challenges—finding satisfaction in and through work, fighting obsolescence of one's knowledge and skills, maintaining dignity and purpose in pursuit of organizational goals, and achieving human connectedness and community in the workplace. Simple survival—continuing to have an adequate job—is a major challenge now a days also in light of constant lay-offs and cut-backs. Although, new jobs are being created at record rates, old jobs are being destroyed at an accelerating pace. 'Knowledge' work is replacing 'muscle' work. In summary, organizations and the individuals in them face an enormously demanding present and future. In these situations, 'Organizational Development' is one of the few strategies available to help people and organizations cope, adapt, survive and even prosper. Basically, organization development is a process for teaching people how to solve problems, take advantage of opportunities, and learn how to do that better and better over time. In other words, it is a systematic process for applying behavioural science principles and practices in organizations to increase individual and organizational effectiveness. Organization development focuses on issues related to the 'human side' of organizations by finding ways to increase the effectiveness of individuals, teams and the organization's human and social process.

As the term suggests, organization development is about improving organizations. But it is also about developing individuals. This dual focus is a unique strength of organization development. Organizational development programmes energize the talents of organization members in the pursuit of their own self-interests in making the organization more successful and making their equality of working life more satisfying. Organizational development channels the intelligence, experience and creativity of organization members in systematic, participative programmes in which the members themselves find solutions to their most pressing challenges— a powerful formula for change. Ingredients for the formula came from behavioural science theory and practice and were applied in a trial-and-error fashion until a coherent improvement strategy called organizational development evolved.

Organizational development is a relatively recent invention. In the late 1950s and early 1960s, it merged out insights from group dynamics and from the theory and practice of planned change. Presently the field offers an integrated framework capable of solving most of the important problems confronting the human side of organizations. Organizational development is a field that is based on knowledge from behavioural science disciplines such as psychology, social psychology, sociology, anthropology, systems theory, organizational

behaviour, organization theory and management. Organization development practitioners are consultants trained in the theory and practice of organization development, with knowledge from the underlying behavioural sciences.

Organizational development programmes are long-term, planned, sustained efforts. Such efforts begin when a leader identifies an undesirable situation and seeks to change it. The leader contacts an organization development professional and together they explore whether organization development suits the task at hand. If the answer is yes, they enlist others in the organization to help design and implement the change programme. The participants develop an outcome that moves the organization towards its goals. The two major goals of organization development programmes are to improve the functioning of individuals, teams and the total organization and to teach organization members how to continuously improve their own functioning. Organization development deals with the gamut of ‘people problems’ and ‘work system problems’ in organizations: poor morale, low productivity, poor quality, inter-personal conflict, intergroup conflict, unclear or inappropriate goals, inappropriate leadership styles, poor team performance, inappropriate organization structure, poorly designed tasks, inadequate response to environmental demands, poor customer relations, inadequate alignment among the organization’s strategy, structure, culture and process, and the like. In short, where individuals, teams, and organizations are not realizing their potential, organizational development can improve the situation.

Organization development emerged largely from applied behavioural sciences and has four major stems: (1) the invention of the T-group and innovations in the application of laboratory training insights to complex organizations, (2) the invention of survey feedback technology, (3) the emergence of action research and (4) the evolution of the Tavistock socio-technical and socio-clinical approaches. Key figures in this early history interacted with each other across these stems and were influenced by concepts and experiences from a wide variety of disciplines and settings. These disciplines included social social psychology, clinical psychology, family group therapy, ethnography, military psychology and psychiatry, the theater, general semantics, social work, systems theory, mathematics and physics, philosophy, psychodrama, client-centred therapy, survey methodology, experimental and action research, human resources management, organizational behaviour, general management theory and large conference management.

The context for applying organization development approaches has changed to an increasingly turbulent environment. While organization development practitioners still rely on OD basics, they are giving considerable attention to new concepts, interventions, and areas of application. Among the directions of interest in second generation organization development are organizational transformation, organizational culture, the learning organization, high performance teams, total quality management, ‘getting the whole system in the room’, future search, and the role organization development practitioners should play in reengineering.

The field of organization development is emergent in that a rapidly increasing number of behavioural scientists and practitioners are building on the research and insights of the past as well as rediscovering the utility of some of the earlier insights. These efforts, often under different terminology, are now expanding and include a wide range of organizations, types of institutions, occupational categories and geographical locations.

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## **8.4 DEFINITIONS OF ORGANIZATION DEVELOPMENT**

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The literature consists numerous definitions of organization development. Several definitions will be examined and a comprehensive one will be presented. Though it has been found that no such single accepted definition of organization development exists, yet there is general agreement on the nature of the field and its major characteristics.

### Definitions of organization development

Early definitions      Beckhard (1969), Bennis (1969), Schmuck and Miles (1971), Burke and Hornstein (1972)

Recent definitions      Beer (1980), Vaill (1989), Porras and Robertson (1992), Cummings and Worley (1993), Burke (1994).

As per the definition given by Beckhard (1969), organization development has been defined as a planned, organization wide, managed from the top effort to increase organization effectiveness and health through planned interventions in the organization's 'processes, using behavioural-science knowledge. Whereas, Benis (1969), defined organization development as a response to change, a complex educational strategy intended to change the beliefs, attitudes, values and structure of organizations so that they can better adapt to new technologies, markets and challenges and the dizzying rate of change itself. In 1971, Schmuck and Miles defined the concept of organization development as a planned and sustained effort to apply behavioural science for system improvement, using reflexive, self-analysis methods. Another earlier significant definitions was given by Burke and Hornstein (1972), where it has been explained as a process of planned change-change of an organization's culture from one which avoids an examination of social processes (especially decision making, planning and communication) to one which institutionalizes and legitimizes this examination.

More recent significant definitions of organization development has been found to be presented by Beer (1980), Vaill (1989), Porras and Robertson (1992), Cummings and Worley (1993), Burke (1994). According to Beer (1980), organization development is the process for enhancing congruence between organizational structure, processes, strategy, people and culture; for developing new and creative organizational solutions and developing the organization's self-renewing capacity. Whereas, the same has been identified as an organizational process for understanding and improving any and all substantive processes an

organization may develop for performing any task and pursuing any objectives by Vaill (1989). Porras and Robertson (1992), have defined organization development as a set of behavioural science-based theories, values, strategies and techniques aimed at the planned change of the organizational work setting for the purpose of enhancing individual development and improving organizational performance, through the alteration of organizational members' on the job behaviours. A more recent definition of organization development can be found in the work of Cummings and Worley (1993). According to them, organization development is a systematic application of behavioural science knowledge to the planned development and reinforcement of organizational strategies, structures and processes for improving an organization's effectiveness. Finally, the definition by Burke (1994) has explained organization development as a planned process of change in an organization's culture through the utilization of behavioural science technologies, research and history.

It is found these definitions overlap a great deal and contain several unique insights. All the authors have agreed that organization development applies behavioural science to achieve planned change. Likewise, they have agreed that the target of change is the total organization or system and that the goals are increased organizational effectiveness and individual development. Schmuck and Miles (1971) provide an important insight with the words 'reflexive, self-analytic methods'. Burke and Hornstein's (1972) idea of 'legitimizing' an 'examination of social processes' speaks to the same issue of becoming more analytical. However, several definitions have emphasized the importance of organization processes (Beckhard, Burke and Hornstein and Vaill). Vaill (1989) depicts organization development as a 'process for improving processes'-a key observation. Likewise, several definitions emphasize the crucial role of organization culture [Burke and Hornstein (1972) and Burke 1994]. Organization culture and processes are high-priority targets in most organization development programmes. Beer (1980) and Cummings and Worley (1993) emphasize achieving congruence among the components of the organization such as strategy, structure, culture and processes. Cummings and Worley have however suggested getting the components right (planned development), and keeping them right (reinforcement). Porras and Robinson however, have suggested that organization development is a 'package' of theories, values, strategies and techniques. This package gives organization development its distinct character compared to other improvement strategies.

Bennis (1969) calls organization development both a response to change and an educational strategy intended to change beliefs, attitudes, values and organization structure-all directed toward making the organization better able to respond to changing environmental demands. His definition is as relevant today as when it was first written. Porras and Robertson (1992) state that the aim of organization development is to alter people's behaviours by changing organizational work settings. Beer's (1980) definition is the only one to mention 'developing the organization's self renewing capacity-a central goal in all organization development programmes-but all these authors have agreed with the desirability of creating self-renewing, learning organizations.

Collectively, all the major definitions of organization development convey a sense of what organization development is and does. These definitions have described in broad outline the nature and methods of organization development.

After evaluating and analyzing the above significant definitions, those have highlighted different dimensions of organization development, a standard definition can be developed. French and Bell (1999) have developed, which has attempted to cover different aspects and commonalities of the definitions given by the scholars, as mentioned above. According to the definition by French and Bell (1999), ‘organization development is a long term effort, led and supported by top management, to improve an organization’s visioning, empowerment, learning and problem solving processes, through an ongoing, collaborative management of organization culture- with special emphasis on the culture of intact work teams and other team configurations-using the consultant-facilitator role and the theory and technology of applied behavioural science, including action research’.

The components of the definition can be explained as follows:

- By long term effect, it is meant that organizational change and development take time-several years in most cases. In fact, it is more accurate to describe ‘improvement’ as a never-ending journey of continuous change. For example, one programme or initiative moves the organization to a higher plateau, then another moves it to yet a higher plateau of effectiveness.
- The phrase led and supported by the top management states an imperative such as top management must lead and actively encourage the change effort. It is being told that top management must initiate the improvement ‘journey’ and be committed to see it through. Most organization development programmes that fail do so because top management was ambivalent, lost its commitment, or became distracted with other duties.
- Visioning processes, it is meant that those processes through which organization members develop a viable, coherent and shared picture of the nature of the products and services the organization offers, the ways those goods will be produced and delivered to customers, and what the organization and its members can expect from each other.
- Empowerment processes means those leadership behaviours and human resource practices that enable organization members to develop and use their talents as fully as possible toward individual growth and organizational success.
- Learning processes means those interacting, listening and self-examining processes that facilitate individual team, team and organizational learning.
- Problem solving processes refers to the ways organization members diagnose situations, solve problems, make decisions and take actions on problems, opportunities and challenges in the organization’s environment and its internal functioning.
- Ongoing collaborative management of the organization’s culture means one of the most important things to manage in the organizations, i.e., culture, which indicates the

prevailing pattern of values, attitudes, beliefs, assumptions, expectations, activities, interactions, norms, sentiments and artifacts. Moreover, managing the culture should be a collaborative business, one of the widespread participation in creating and managing a culture that satisfies the wants and needs of individuals at the same time that it fosters the organization's purposes. Collaborative management of the culture means that everyone, not just a small group, has a stake in making the organization work. Just as visioning, empowerment, learning and problem solving processes are opportunities for collaboration in organization development, so is managing the culture.

- By intact work teams and other configurations, it can be said that teams are central to accomplish work in the organizations. It can also be said in this context that, when teams function well, individuals and total organization function well. Further, team culture can be collaboratively managed to ensure effectiveness.
- The phrase using the consultant-facilitator role conveys the belief that leaders can benefit from seeking professional assistance in planning and implementing organization development initiatives. In the early phases, at least, the services of a third party consultant-facilitator are desirable. Because, the person is typically seen as bringing objectivity, neutrality and the expertise to the situation.
- By the theory and technology of applied behavioural science, we mean insights from the sciences dedicated to understand people in organizations, how they function, and how they can function better. Organization development applies knowledge and theory. Therefore, in addition to the behavioural sciences such as psychology, social psychology, sociology and so on, applied disciplines such as adult education, psychotherapy, social work, economics and political science make contributions to the practice of organization development.
- And finally, by action research, we mean the participative model of collaborative and iterative diagnosis and taking action in which the leader, organization members, and organization development practitioner work together to define and resolve problems and opportunities. Because of the extensive applicability of this model in organization development, scholars also define organization development as the organization improvement through participant action research.

To summarize, here are the primary distinguishing characteristics of organization development, as can be identified through the definition are:

- Organization development focuses on culture and procedures
- Specifically, organization development facilitates continuous mutuality between organization leaders and members in managing the culture and processes.
- Teams of all kinds are particularly important for accomplishing tasks and are targets for organizational development activities.
- Organization development focuses on the human and social side of the organization and in so doing also interventions in the technological and structural sides.

- Participation and involvement in problem solving and decision making by all levels of the organization are hallmarks of organization development.
- Organization development focuses on total system change and views organizations as complex social systems.
- Organization development practitioners are facilitators, collaborators and co-learners with the client system.
- An overarching goal of the organization development is to make the client system able to solve its problems on its way by teaching the skills and knowledge of continuous learning through self-analytical methods. Organization development views organization improvement as an ongoing process in the context of a constantly changing environment.
- Organization development relies on an action research model with extensive participation by client system members.
- Organization development takes a developmental view that seeks the betterment of both individuals and the organization. Attempting to create ‘win-win’ solutions is standard practice in organization development programmes.



### *Check Your Progress- A*

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#### **Q1. What do you mean by Organizational Development?**

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#### **Q2. Discuss the relevance of Organizational Development in the present scenario?**

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**Q3. What is the role of Organization development?**

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## **8.5 VALUES, ASSUMPTIONS AND BELIEFS OF ORGANIZATION DEVELOPMENT**

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Organization development is practiced and has evolved through a standard set of values, assumptions and beliefs. Such practices remain the foundation of organization development, , those continuously shape and mould the fundamental goals and methods of organization development. These unique sets of values, assumptions and beliefs have made organizational behavior distinctive from other improvement strategies. As it is well known that the values of organization development have been originally integrated from the disciplines from industrial and social psychology and have been immensely contributed by behavioural scientists and practicing managers. Based on different value systems, an unique belief system has also been developed, which also play a significant role in the growth of organizational development. Therefore, the values, beliefs and many assumptions, which have been developed in the forms of theories and recommended models of organization development by the behavioural scientists and from the experience of practicing managers have always remained the cornerstone of the discipline, called organization development. A belief is a cognitive phenomenon regarding the perception of an individual about the ways everything around, works and the way the individual accepts the same. Values can also be considered as beliefs and can be understood as the practical acceptance of something desirable, undesirable or good or bad. Assumptions are also beliefs that are regarded important in shaping individual or group understanding of an phenomenon. Assumptions are evaluated always adjudged as correct or incorrect based on final outcomes. Intuition also plays an important role in shaping assumptions. Thus, values, assumptions and beliefs are all cognitive facts, propositions, strongly integrated with each other to prepare a mindset and orientation towards certain developments happening around. Organizational development and change management have always remained centred around human factors in the organizations and the values, beliefs and assumptions always play important roles in the process.

Humanism, optimism and democratic engagements have always been the pillars of values of the process of organization development. It is always believed that every individual in unique in all senses and acceptance of such uniqueness of every individual remains the cornerstone of humanistic values of organizational development. The fundamental proposition of humanistic values, those are widely considered as essential for effective implementation of organizational development are respecting an individual as a whole person, treating the people with respect and dignity, assuming that everyone has intrinsic worth and finally

viewing all people as having the potential for growth and development. Optimistic values are also based on certain propositions, which are not very different from the essence of humanistic values. Optimistic values propagates that every individual lives and works on certain basic goodness, they can progress with appropriate encouragement and support, they are rational and can contribute to their well-beings. The optimistic values have always believed that individuals play important role in bringing small to large scale changes in their environment based on proper guidance, support and encouragement. . Democratic values assert the sanctity of the individual. The democratic values propagate the values of individual rights and freedoms. Democratic values care for freedom from arbitrary misuse of power by a few against the individuals, the importance compulsory and equitable treatment for all, including the so called most marginalized in society and system and the need for justice through the rule of law and due process. Findings from the evolutionary Hawthorne studies have shown that all these values, beliefs and assumptions are widely valid in the context of industries and business organizations. Subsequent human relations movements, the laboratory training movement, the conflict between fascism and democracy in World War II., growing developments on the dysfunctions of bureaucracies, large scale researches on the effects of different leadership styles, dynamic researches on individual motivation and group dynamics etc. have all contributed to the growth of such beliefs and values. However, in these historical backgrounds, a trend of collective values and assumptions have also been found to grow at a phenomenal level, those not only influenced the individual mind and perception, but also shaped the social beliefs, collective values etc. In modern day management, such collective social beliefs and values have become an essential component of success and effectiveness.

The values and assumptions of the organization development have witnessed gradual evolution over the period of time. One of the initial researches on organizational development can be found in the work of Warren Bennis. In 1969, he categorically developed a specific roadmap and the roadmap for first time in the history of organizational development proposed that organization development practitioners (change agents) share a set of normative goals based on their humanistic/ democratic philosophy. He explained normative goals such normative goals as continuous improvement in interpersonal competence, growing emphasis on the shift in values, where human factors and feelings become legitimate. He has also identified the outcomes of such development, where understanding between individuals and between different working groups increases and such developments can reduce tensions in the organization, and can make effective 'team management'. Bennis work was one of the earlier significant proponents of developing of effective functional and cross functional groups, enhancing group competency, development of better methods of conflict resolution, establishing organic rather than mechanical systems etc. In the research, it was also emphasized that through focused attention and through the collection and feedback of relevant data to relevant people, more choices become available and better decisions could be made in the organization. Such opinion clearly shows the democratic value orientation of organizational development. In 1969, another major contribution in the field of organizational development was done by Richard Beckhard. According to his study, organizations have

been explained as nothing but the composition of groups or teams and each of the teams are comprised of individuals. So, according to his study, the basic units of organizational development in the view of change were identified as groups and individuals. He further emphasized that to ensure effective change in the organization, the reduction of inappropriate competition between parts of the organization through better collaboration and integration is essential. It is also highlighted in the study that decision making in a healthy organization depends on mutuality, collaboration, team-decisions and team-functioning rather than resorting to the practices of restrictive decision making, excessive individualistic orientation, hierarchical decision making etc. Beckhard has also proposed in his work that centers of decision making must be located at the sources of information, working on higher organizational goals rather than the unit level objectives, maintaining healthy and open communication, developing mutual trust and confidence etc. Finally, he observed that people support what they help create and therefore, the people affected by change must be allowed to participate actively by encouraging the growth of sense of ownership among them. Another significant study on organizational development has been done by Robert Tannenbaum and Sheldon Sheldon Davis in 1969. The study has proposed a 'value of transition', wherein understanding people behavior, involving the individuals in the process of change, encouraging individual initiatives through risk taking, promoting flexibility than rigidity etc. have been identified. In other words, Tannenbaum and Davis, have identified the values and assumptions, those are mainly positive and wholesome in nature.

If we consider these proposals and shifts today, such observations might not be found that revolutionary and transformational. However, during 1950s and 1960s, such proposals, observations etc. were no less that truly transformational. Such organizational development values, beliefs and assumptions by the earlier scholars were found to be clearly a 'paradigm shift' from most of the fundamental management principles of the earlier times. For the first time in the history of management theories, the concepts like respects for individuals, prioritizing humanism over gains, legitimacy of human feelings in management decisions, open communication, hierarchy-less decisions, decentralization of power, better interpersonal relations, promoting collaboration rather than competition etc. have been emphasized as essentialities.

It is commonly observed that most organization development practitioners held these humanistic and democratic values with their implications for different and 'better' ways to run organizations and deal with people. The democratic values prompted a critique of authoritarian, autocratic and arbitrary management practices as well as the dysfunctions of bureaucracies. The humanistic values prompted a search for better ways to run organizations and develop the people in them.

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## 8.6 IMPLICATIONS OF ORGANIZATION DEVELOPMENT VALUES AND ASSUMPTIONS

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Implications of organization development values and assumptions can be found, while dealing with individuals, groups and organizations.

- Implications for dealing with individuals

Two basic assumptions about individuals in organizations pervade organization development. The first assumption is that most individuals have drives toward individual growth, achievement and continuous fulfillment. However, for such accomplishments, a supportive and challenging environment needs to be kept in place. Most people want to develop their potential. The second assumption is that most people are sincere in making appropriate attempts to contribute towards overall organizational goals. However, the environment permitted by the organizations play significant role in this regard. According to several studies on organizational development have identified these components of the organizational environment such as fundamental positive assumptions about people's ability, sense of responsibility etc.. The implications of these two assumptions are straightforward-asking, listening, supporting, challenging, encouraging risk taking, permitting failure, removing obstacles and barriers, giving autonomy, giving responsibility, setting high standards and rewarding success.

- Implications for dealing with groups

Different scholarly researches have identified different assumptions on the importance of work teams. Many other studies have also identified the aspects of management of collaboration in the team environment. One of the foremost areas of research emphasis has remained understanding the psychology of group working. The studies on psychology of work group have also covered formation of formal and informal groups, group motivation, group cohesiveness etc. Another aspect of research emphasis has remained the size of the group, where individuals can accommodate easily and perform better and the psychology behind multi-group associations. Third, most people are capable of making greater contributions to a group's effectiveness and development. Implications of these assumptions are several. Implications of these assumptions are several. For example, the assumption regarding team based performance has the implication of getting the works done in the best possible way, which also satisfies social and emotional needs at work. Assumption on leadership priority on group formation and development has found the implications on creative positive climate in the organization. Implication of another major assumption regarding adoption of team leadership style can be found in developing leadership priorities for teams, not individuals.

- Implications for designing and running organization

Implications of organization development values and assumptions can be found in organization structures, reporting relationships, chain of command, cross-functional communications etc. As organization development mainly deals with the change in the

organization and structural transformation remains a big challenge in the process.. Therefore, experimenting with new organization structures and new forms of authority has become an area of challenging abilities, all psychological. In addition, a growing awareness that ‘win-lose’ organizational over the long-run and highlight the need for a ‘win-win’ attitude. In such a situation, the biggest challenge of the leaders have been eliminating competitive element by encouraging cooperative elements to grow in the organizational environment.

A key assumption in organization development is that the needs and aspirations of human beings are the reasons for organized effort in society. This notion suggests it is good to have a developmental outlook and seek opportunities in which people can experience personal and professional growth. Such an orientation creates a self fulfilling prophecy. The belief that people are important tends to result in their being important. The belief that people can grow and develop in terms of personal and organizational competency tends to produce that result. By implication, an optimistic, developmental set of assumptions about people is likely to reap rewards beneficial to both the organization and its members.

Finally, it is possible to create organizations that on the one hand are humane, developmental and empowering, and on the other hand are high performing in terms of productivity, quality of output and profitability. Evidence for this assumption comes from numerous examples where ‘putting people first’ paid off handsomely in profits and performance. The application is that people are an organization’s most important resource: they are the source of productivity and profits and should be treated with care.

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## 8.7 SUMMARY

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In this unit, we examined the concept of organization development and its central themes to establish a foundation of understanding the field. OD is a strategy for change that intervenes in the human and social processes of organizations. These definitions clarify the distinctive features of OD and suggest why it is such a powerful change strategy. The participative, collaborative, problem-focused nature of OD marshals the experience and expertise of organization members as they work on most important problems and opportunities in ways designed to lead to successful outcomes. The field of organization development rests on a foundation of values and assumptions about people and organizations. These beliefs help to define what OD is and guide its implementation. This discussion was intended to articulate an appreciation of OD values and explain where they came from. These OD values were considered revolutionary when they emerged in the 1950s, but are widely accepted today.



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## 8.8 GLOSSARY

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**Organization development** focuses on issues related to the ‘human side’ of organizations by finding ways to increase the effectiveness of individuals, teams and the organization’s human and social process.

**Belief-** A belief is a cognitive phenomenon regarding the perception of an individual about the ways everything around, works and the way the individual accepts the same.

**Values** can also be considered as beliefs and can be understood as the practical acceptance of something desirable, undesirable or good or bad.

**Assumptions** are also beliefs that are regarded important in shaping individual or group understanding of an phenomenon. Assumptions are evaluated always adjudged as correct or incorrect based on final outcomes.



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2. Cummings, Thomas G.& Worley, Christopher, G. (2014), Organization Development and Change,10th edition, Cengage Learning.



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## 8.11 TERMINAL QUESTIONS

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- Q1. Define Organization Development and identify the key features of organization development as a process.
- Q2. Briefly discuss the objectives of organization development.
- Q3. Explain in brief 'purchase of expertise model', 'doctor-patient model' and 'process consultation model' of organization development.
- Q4. Explain the basic assumptions of Organization Development.
- Q5. Explain the basic values and assumptions of OD in an organization.

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# UNIT 9 PROCESS OF ORGANIZATION DEVELOPMENT

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## 9.1 Introduction

## 9.2 Objectives

## 9.3 Process and components of organization development

## 9.4 Summary

## 9.5 Glossary

## 9.6 References

## 9.7 Suggested Readings

## 9.8 Terminal Questions

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## 9.1 INTRODUCTION

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In the previous unit you learnt that OD is a strategy for change that intervenes in the human and social processes of organizations. These definitions clarify the distinctive features of OD and suggest why it is such a powerful change strategy. The participative, collaborative, problem-focused nature of OD marshals the experience and expertise of organization members as they work on most important problems and opportunities in ways designed to lead to successful outcomes

In this unit, you will study about introduction to the process and components of organization development. To discuss the process of organization development, different steps of organization development and the components, therein have been discussed.

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## 9.2 OBJECTIVES

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On completion of this unit, you will be able to ;

- Identify the process of organization development.
- Assess components of organization development.

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## 9.3 PROCESS AND COMPONENTS OF ORGANIZATION DEVELOPMENT

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All organization development programmes have three basic components: diagnosis, action and programme management. The diagnosis component represents a continuous collection of data about the total system, its sub-units, its processes and its culture. The action component consists of all the activities and interventions designed to improve the organization's functioning. The programme management component encompasses all activities designed to ensure success of the programme. In fact, all three components are interventions into the organization in that all impact organization members.

The first step is to diagnose the state of the system, focusing on the client's major concerns. What are its strengths? What are its problem areas? What are its unrealized opportunities? Is there a discrepancy between the vision of the desired future and the current situation? The diagnosis identifies strengths, opportunities, and problem areas. Action plans are developed in step 2 to correct problems, seize opportunities, and maintain areas of strength. These action plans are organization development interventions specifically tailored to address issues at the individual, group, intergroup, or organizational levels, as well as issues related to selected processes. Step 3 consists of fact-finding about the results of the actions. Did the actions have desired effects? Is the problem solved or the opportunity achieved? If the answer is yes, organization members move on to new action plans and interventions to resolve the issue. When problems remain unsolved after an initial attack, third and fourth steps usually entail redefining the problem areas. Fifth, sixth and seventh steps and so on may be required for some problems and opportunities, but further steps are just iterations of the basic sequence of diagnostic-action-evaluation. Again, this process looks logical and linear, but in practice is more complicated.

During the entire sequence, managing the organization development process itself requires attention. Energy and effort are directed to ensuring that the programme is supported by the organization members, that the programme is relevant of the organization's priorities, and that the programme is making discernible progress. Managing the organization development is a continuous activity (Refer: Figure 9.1).

Step 1 Diagnosis of the 'state of the organization'	Step 2 Actions/Interventions to correct problems and realize opportunities	Step 3 Evaluation of the effects of actions/interventions	Step 4 New actions/interventions as needed
<b>System diagnosis</b> →	<b>Actions/Interventions directed at problem/opportunity No. →</b>	<b>Problem/Opportunity 1 Evaluation of effects of actions</b> →	<b>Problem solved/opportunity realized terminate actions/interventions</b>
<i>Yielding 'strengths' 1,2,3,4</i> →	<i>Actions/Interventions directed at problem/opportunity No.2</i> →	<i>Problem/Opportunity 2 evaluation of effects of actions</i> →	<i>Problem not solved/opportunity not realized/initiate actions/interventions</i>
<i>Yielding opportunities 1,2,3,4</i> →	<i>Actions/Interventions directed at problem/opportunity 3</i> →	<i>Problem/Opportunity 3 evaluation of effects of actions</i> →	<i>Problem not solved/opportunity not realized/ redefine problem; initiate new actions/Interventions</i>
<b>Yielding problems 1,2,3,4</b> →	<b>Actions/Interventions Directed at Problem/Opportunity No.4</b> →	<b>Problem Evaluation</b> → <b>4</b>	<b>Problem 4 solved; but new, related problem 5 develops actions/interventions directed at problem 5</b>
<i>Ongoing programme management</i> → <i>Ongoing programme management</i> → <i>Ongoing programme management</i>			

**Table 9.1: Components of the organization development process: diagnosis, action and programme management**

From the action research perspective, organizational development process is considered as a complex, continuous and time taking process. It is considered as time taking as in many cases very long time is required starting from more than one year to indefinite period to evolve the process. To transform the organization from the present state to a better one, oD process attempts to pass through five major consecutive states. These are:

1. **Data collection:** Determining the organizational climate and related behavioural problem is the first step in action research approach of organizational development. Survey method is widely used for the purpose. In the process the consultant interacts with the work-groups either away from the direct workplace or at the work venue. The surveys attempt to understand the conditions contributing to higher job effectiveness at the workplace, hindrances interfering with such job effectiveness, the suggestions and opinions on the ways to change the ways the organization functions and identifying the key points for initiating organization development process.
2. **Data feedback and confrontation:** Several or few key work groups are formed. Once the data are collected through survey method, the same are reviewed by the work groups. Based on the discussions, agreements and disagreements, the workgroups decide on the priority agenda for changes.
3. **Action planning and problem solving:** Groups use the data to develop specific recommendations for change. Discussion focuses on actual problems in the organization. Plans are specific, including who is responsible and when the action should be completed.
4. **Use of intentions:** Once the action planning is completed, the consultant helps the participants select and use appropriate OD interventions, Depending on the nature of the key problems; the intervention may focus on individuals, teams. Interdepartmental relating or the total organization.
5. **Evaluation and follow-up:** The consultant helps the organization evaluate the results of its OD efforts and develop additional programs in areas where additional results are needed.

**Check Your Progress- A**

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**Q1. 'Diagnostic activities are the most important functions of OD process'. Explain.**

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**Q2. What are the objectives of diagnosis in OD process?**

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**Q3. Identify the key functions and sub-functions of intervention in OD.**

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**Q4. Describe the challenges of programme management in OD.**

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## **9.4 SUMMARY**

Three components-diagnosis, intervention and programme management-critical to all organization development programmes have been explored in the unit. Each is important in its own right; all are vital to success. The more people learn about these three efforts.

Organization development is a complex blend of art, science and craft gained through the study and mastery of these three components.



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## 9.5 GLOSSARY

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**Organization development** focuses on issues related to the ‘human side’ of organizations by finding ways to increase the effectiveness of individuals, teams and the organization’s human and social process.

**Diagnosis component-** The diagnosis component represents a continuous collection of data about the total system, its sub-units, its processes and its culture.

**Action Component-** The action component consists of all the activities and interventions designed to improve the organization’s functioning.

**Programme Management Component-** The programme management component encompasses all activities designed to ensure success of the programme.



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2. Cummings, Thomas G.& Worley, Christopher, G. (2014), Organization Development and Change,10th edition, Cengage Learning.



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## 9.8 TERMINAL QUESTIONS

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- Q1. Explain the standard process of Organization Development.
- Q2. Identify the importance of diagnostic activities of OD process.
- Q3. What are action components in OD intervention?
- Q4. As an OD consultant, what process, you should follow in managing the OD programme?

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## UNIT 10 DIAGNOSIS STRATEGIES AND SKILLS

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### 10.1 Introduction

### 10.2 Objectives

### 10.3 Diagnosis Strategies and Skills

### 10.4 Summary

### 10.5 Glossary

### 10.6 References

### 10.7 Suggested Readings

### 10.8 Terminal Questions

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## 10.1 INTRODUCTION

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In the previous unit you learnt that all organization development programmes have three basic components: diagnosis, action and programme management. The diagnosis component represents a continuous collection of data about the total system, its sub-units, its processes and its culture. The action component consists of all the activities and interventions designed to improve the organization's functioning. The programme management component encompasses all activities designed to ensure success of the programme. In this unit, you will study different diagnostic strategies and skills in organization development.

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## 10.2 OBJECTIVES

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On completion of this unit, you will be able to ;

- Diagnosis Strategies and Skills in context to Organisational Development.

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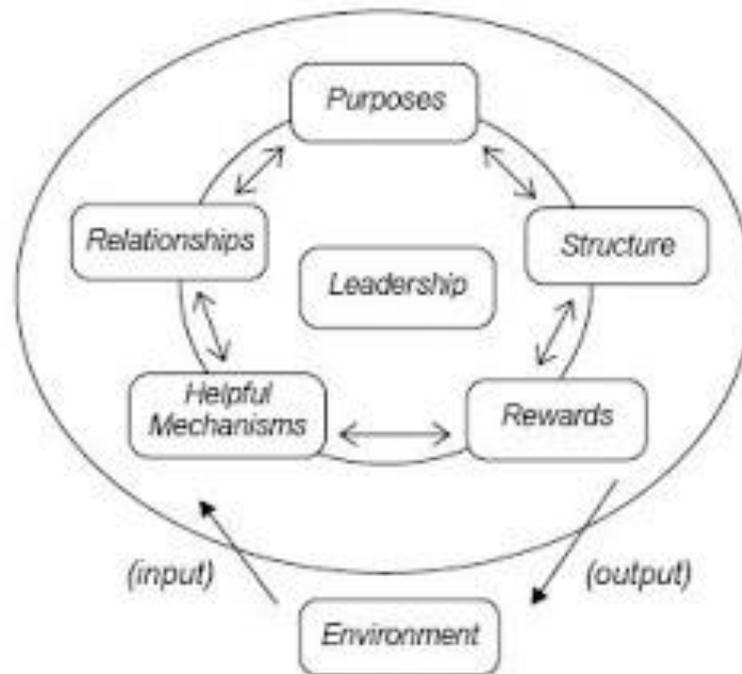
## 10.3 DIAGNOSIS STRATEGIES AND SKILLS

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From the previous unit, it can be understood that organization development is at heart an action programme based on valid information about the status quo, current problems and opportunities, and effects of actions as they relate to achieving goals. An organization development programme thus starts with diagnosis and employs data collecting and data

analyzing throughout. Diagnostic activities-activities designed to provide an accurate account of things as they really are-are needed for two reasons: the first is to know the state of things or 'what is', the second is to know the effects or consequences of actions. However, diagnosis techniques/methods can be of different types based on diagnosis targets and the typical information sought through such diagnosis. For example, in case of the **total organization diagnosis**, the focus remains on understanding a common 'charter' or mission and a common authority structure. This includes the analysis of extra system organizations (environmental), groups, or forces such as customer suppliers and governmental regulations. In the process of total organizational level diagnosis, information on norms, culture, attitudes and feelings towards competition, organizational goals, supervisions etc. are sought. Questionnaire surveys, interviews, examination of organization records, diagnostic meetings etc. are used at this level. The next level of diagnosis happens with large complex and **heterogeneous subsystems**, which can be referred to major units within larger organization, such as division, subsidiary companies, functional departments like marketing, manufacturing, human resource etc. Typical information sought at this level include the ways the subsystem view the whole and the vice versa, unique demands of the specific subsystem, relationship between organization structures and processes to such unique demand of the subsystem, major problems confronted by such subsystem, alignment between the part and the whole. Diagnosis at the **small, simple and relatively homogeneous sub-systems** attempts to question the culture, climate, attitudes and feelings of typically formal work groups, temporary work forces or newly constituted groups, those have been formed as 'start up group, or formed by an acquisition or merger. Examples of such target diagnosis groups are the top management team, managers and key subordinates, task force teams, the workforce in an office, the teachers in a single school etc. Popular techniques used at this diagnosis stage are individual interviews, followed by a group meeting to review the interview data, questionnaires, observation of staff meetings and other day-to-day operations, and a formal group meeting for self-diagnosis. Diagnosis at the **interface or intergroup subsystems** consists of the total system that contain the number of two-subsystems, such as matrix organizational structure requiring an individual or a group to have two reporting lines. Typical information sought at this level are the ways these subsystems watch each other, problems faced by the groups working together, clarity of goals-sub-goals and areas of authority etc. Confrontation meetings between both groups are often the method for data gathering and planning corrective actions, apart from organization mirroring meeting, interviews of each subsystem followed by a 'sharing the data' meeting or observation of interactions or using the flowchart to define the critical process. **Dyads and/or triads** is the another level of organizational diagnosis, where quality of relationship between superior/subordinate pairs, interdependent peers, linking pins (persons, who have multiple group memberships) are evaluated along with the information sought on necessary skills required for task accomplishment, nature of relationship between them like collaborative vs. competitive etc. At this type of diagnosis stage separate interviews are conducted followed by a meeting of the parties to view any discrepancies in the interview data, checking their perceptions of each other through confrontation situations, observations etc. **Individual level**

**diagnosis** attempts to seek the answer on individual's performance as per the organization's expectations, individual's observation on their place and performance, typical types of problems arise at the individual level etc. and such diagnosis is done through interviews, information from diagnostic meetings, problems identified by the human resource department and self-assessment. **Roles specific diagnosis** attempts to seek information on possible change in role behaviours, clarity of the role definition, 'fit' between person and role, requirement of special skills and knowledge etc. through observations, interviews, role analysis technique, team approach to 'management by objectives' etc. Finally, **diagnosis at the level of 'suprasystem' (between organization system)** attempts to seek the information on people of each segment's observation to the suprasystem, possibilities of frictions or incongruities between sub-parts etc. through organizational mirroring, developing lists of each group's observation to the each other, questionnaires and interviews, flowcharting of critical process etc. It has been the regular practice at the diagnosis stage to get the information on some of the following key areas such as communication patterns, styles and flows; goal setting; decision making, problem solving and action planning; conflict resolution and management; managing interface relations; superior-subordinate relations; technological and engineering systems; strategic management and long-term planning, organizational learning etc. Different models are also used at this diagnosis purpose such as 'the six box model', 'third wave consulting' etc. 'Six box model' has been developed by noted scholar Marvin Weisbord. In 1976, he proposed six broad categories in his famous model. The broad categories as identified by Weisbord in the model are purposes, structures, relationships, leadership, rewards, and helpful mechanisms. According to this model, the organizational life passes through these six steps, which have been identified as six different main areas as mentioned above. According to to him, the purposes of an organization can be identified in the mission and goals of the organization. Whereas, the structure has been categorized as the reporting relationships in line with different parameters such as functional, geographical, product/customer based, combined etc. Under the box of relationship, Weisbord highlighted the practice of interaction between different people, between people and units, between people and technology etc. Rewards have been identified as both intrinsic and extrinsic awards, the people associate and perceive with their works. The term leadership has also been explained by Weisbord. According to him, the leadership box refers to typical leadership tasks, including the balance between the other boxes. Finally, the helping mechanisms are the planning, controlling, budgeting, and information systems that serve to meet organizational goals. The external environment is also depicted in Weisbord's model, although it is not represented as a "box" (see figure below).



**Fig 10.1 Weisbord's Model**

According to him, the external environment comprises of inputs and outputs. In his model, money, people, ideas, and machinery have been identified as inputs, which are used to fulfill the organization's mission. Whereas the products and services are labeled as outputs. However, in his model, two premises have not been made that much apparent. However, these premises have always been crucial for organizational growth and sustainability. The first premise refers to formal versus informal systems. Formal systems are those policies and procedures the organization claims to do. In contrast, informal systems are those behaviors which actually occur. The bigger the gap between the formal and informal systems within the organization, the less effective the organization is. The second premise concerns the fit between the organization and the environment, that is, the discrepancy between the existing organization and the way the organization should function to meet external demands. Weisbord defines external demands or pressures as customers, government, and unions.

Weisbord poses diagnostic questions for each box of his model. For example, he suggests that OD consultants determine whether organizational members agree with and support the organization's mission and goals within the purposes box. This question refers to his premise regarding the nature of the formal and informal systems within the organization. A sample of some of the questions he poses are as follows:

- Purposes: Do organizational members agree with and support the organization's mission and goals?

- Structure: Is there a fit between the purpose and the internal structure of the organization?
- Relationships: What type of relations exist between individuals, between departments, and between individuals and the nature of their jobs? Is their interdependence? What is the quality of relations? What are the modes of conflict?
- Rewards: What does the organization formally reward, and for what do organizational members feel they are rewarded and punished? What does the organization need to do to fit with the environment?
- Leadership: Do leaders define purposes? Do they embody purposes in their programs? What is the normative style of leadership?
- Helpful Mechanisms: Do these mechanisms help or hinder the accomplishment of organizational objectives?

In summary, Weisbord's model focuses on internal issues within an organization primarily by posing "diagnostic questions" which have to do with the fit between "what is" and "what should be." The questions he poses are not predicted by the model; rather, they appear to be based on his OD practice. These questions serve to convolute the model because they do not flow from the logic of the model. Moreover, Weisbord omits many interconnections between the boxes of the model. Finally, Weisbord only tangentially addresses the impact of the external environment in the model.

Ten years after the six box model appeared, Weisbord talked about 'third-wave managing and consulting', in which he reconsiders diagnosis and intervention. 'Third wave' refers to the ascertain by futurist Alvin Toffler that the world has progressed through the agricultural revolution (the first wave) and the industrial revolution (the second wave) and is poised on the brink of an information and technological revolution (the third wave), in which the hallmark will be rampant change in virtually all institutions of society. Weisbord believes this requires new paradigms for managing and consulting. He no longer likes a problem-centred, 'sickness' model of organizational diagnosis in which the diagnosis leads to a list of problems and interventions are designed to cure the problems. Instead, he prefers to focus on 'wellness', to help people achieve their desired futures and to create workplaces that have meaning and community. Operationally, this means moving from a view of the consultant as an expert on diagnosis and intervention, to a view of the consultant as a stage manager of events to help people do what they are trying to do. Under this model, four 'useful practices' have been identified for the third wave consultant: assess the potential for action (look for situations with committed leadership, good business opportunities, and energized people), get the whole system in the room, focus on the future and structure tasks that people can do for themselves. This optimistic, goal-oriented view for helping people in organizations is a valuable perspective on diagnosis.

**Check Your Progress- A**

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**Q1. 'Managing the OD process is a continuous activity and diagnosis is an important part of it.' Explain.**

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**Q2. What are the key focus areas of the total organization diagnosis?**

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**Q3. How 'large complex and heterogeneous subsystems' are diagnosed ?**

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## **10.4 SUMMARY**

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The development of a strategy for systematic improvement of an organization demands an examination of the present state of things. Such an analysis usually looks at two broad areas. One is a diagnosis of the various subsystems that make up the total organization. The second area of diagnosis is the organization processes that are occurring. The chapter has also covered the diagnostic models such as six box model etc.



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## 10.5 GLOSSARY

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**Organization development** focuses on issues related to the ‘human side’ of organizations by finding ways to increase the effectiveness of individuals, teams and the organization’s human and social process.

**Diagnosis component-** The diagnosis component represents a continuous collection of data about the total system, its sub-units, its processes and its culture.

**Dyads and/or triads** is the another level of organizational diagnosis, where quality of relationship between superior/subordinate pairs, interdependent peers, linking pins (persons, who have multiple group memberships) are evaluated along with the information sought on necessary skills required for task accomplishment, nature of relationship between them like collaborative vs. competitive etc.



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## 10.8 TERMINAL QUESTIONS

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- Q1. What are the importance of diagnostic activities in OD process?
- Q2. Identify some of the common methods of diagnosis in OD process.
- Q3. Compare the application tools of OD mechanism such as 'the six box model' and 'third wave consulting'.

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## **UNIT 11 POWER, POLITICS AND ETHICS IN OD**

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### **11.1 Introduction**

### **11.2 Objectives**

### **11.3 Overview**

### **11.4 The nature of organization development in relation to power and politics**

### **11.5 Operating in a political environment**

### **11.6 Planned change, power and politics**

### **11.7 Ethics in Organization Development**

### **11.8 Summary**

### **11.9 Glossary**

### **11.10 References**

### **11.11 Suggested Readings**

### **11.12 Terminal Questions**

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## **11.1 INTRODUCTION**

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In this unit, you will study Overview and nature of organization development in relation to power and politics, operating in a political environment, planned change, power and politics and ethics in Organization Development.

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## **11.2 OBJECTIVES**

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On completion of this unit, you will be able to;

- Understand the nature of organization development in relation to power and politics.
- Ethics in Organization Development.

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## 11.3 OVERVIEW

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Power and politics, indispensable facts of organizational life, must be understood if one is to be effective in organizations. The OD practitioner needs both knowledge and skill in the arenas of organizational power and politics. Organization development has been criticized for not taking into account power in organizations. That criticism was essentially correct for many years although it is less valid today. Recent years have seen a sizeable outpouring of theory and research on power and politics from which OD practitioners have derived implications and applications for the field of organization development. But we are still in the early stages of knowing how power and organization development should be related.

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## 11.4 THE NATURE OF ORGANIZATION DEVELOPMENT IN RELATION TO POWER AND POLITICS

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Organization development was founded on the belief that using behavioural 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 the technology. To increase collaborative problem solving is to increase the positive face of power and decrease the negative face of power. Thus, from its inception organization development 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 of organization development in relation to power and politics can be examined from several perspectives-its strategy of change, its interventions, its values and the role of organization development practitioner.

To use the framework of Robert Chin and Kenneth Benne, OD programmes 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. Organization development 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.

Virtually all OD 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. We know of no interventions designed to increase coercion or unilateral power. For example, OD interventions typically generate valid, public data about the organization's culture, processes, strengths and weaknesses. Valid, public data are indispensable for problem solving but anathema for organization politics. OD interventions do not deny or attempt to abolish the reality of power in organizations; rather than, they enhance the positive face of power, thereby making the negative face of power less 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.

Organization development 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 organization competence are part of the foundation of the foundation of organization development. These values are congruent with rational rational problem solving and incongruent with extremely political modes of operating. 'Power equalization' has long been described as one of the values of organization development. Emphasis on power equalizations 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 organization development practitioner is that of a facilitator, a 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: (1) to generate valid useful information, (2) to promote free, informed choice and (3) to promote the client's internal commitment to the choices made. The practitioner works to strengthen skills and knowledge in the organization. But organization members are free to accept or reject the practitioner, his or her programme, 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 political activist role because cooperation requires one set of behaviours and competition requires a different set of behaviours. However, few scholars have however have cautioned that organization development 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 organization development derives from the strategy of change, the technology, the values, and the roles of the organization development practitioners.

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## 11.5 OPERATING IN A POLITICAL ENVIRONMENT

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In this section, some general observations on operating in a political environment will be presented, which will be followed by some thumb rules for the organization development practitioners.

**First**, organization development practitioners operate from a potentially strong power base they can use to advantage. According to the framework of French and Raven, the organization development practitioners or consultants possess power from the following sources: legitimate power (the organization development programme and consultant are authorized by the organization's decision makers); expert power (the consultant possess 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 additional means by which an organization development group can gain and wield power in organizations. These are

- 1) Competence: Demonstrated competence is the most important source of power, acceptability and ability to gain organization support.
- 2) 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.
- 3) 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 programme'.
- 4) Structure 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 programme and its usefulness to key managers of the organization helps promote this reputation.
- 5) 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.
- 6) Group support: If the OD group is strong internally, it will be strong externally. If the OD group is cohesive and free of internal dissention, it will gain more power.

**Second**, the models presented in this discussion suggest ways the OD practitioner can help organization members reduce the negative face of power. Creating slack resources, replacing tight coupling of independent 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. The OD practitioner can help implement these conditions in the organization, thereby modifying the political climate.

**Third**, 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 organization practitioners are likely to be unsuccessful in organizations with high negative faces of politics and power: the organization development programme will 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.

**Fourth**, 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 organization development 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.

**Fifth**, the organization development practitioner realizes that power stems from possessing a commodity valued by others. If the organization development programme indeed improves individual and organizational functioning, if the organization development practitioner has indeed learned his or her credit well, then a valuable commodity has been produced that will be welcomed by the organization power holders.

What advice is available for OD practitioners who want to operate more effectively in a political environment? Several rules of thumb are implied by the fact that power accrues to persons who control valued resources or commodities.

**Role one:** It is advised that every OD practitioner should aspire to become a desired commodity, both as a person and professional. Becoming a desired commodity as a person means being interpersonally competent and trustworthy. OD practitioners are likely to have high interpersonal competence by virtue of their training, experience, and expertise. Skills such as listening, communicating, problem solving, coaching, counseling and showing appreciation for the strengths of others are components of interpersonal competence. Good organization development practitioners will have learned and practiced these skills. Being trustworthy means being reliable, dependable and honest in dealing with others. These skills and traits are highly valued in social exchanges; persons who possess them become desired commodities and accrue power.

Making oneself a desired commodity as a professional is related to the issues of competence, stature and credibility as articulated by many scholars. Good organization development

consultant are experts on people, organizations and change. Such expertise is a rare and valuable commodity. Becoming an expert on people, organizations and change requires hard work, learning the craft of organization development, continuously learning from experience, gaining exposure to a wide variety of problematic situations, and getting lots of practice. OD practitioners who get results, help solve long-standing problems, help create success for organization members, and give credit for success to others become desired commodities and gain power. Such expertise is especially valued in today's rapidly changing world because it is critical for organizational survival.

**Rule two:** Making the organization development itself a desired commodity is the second rule. OD programmes become desired commodities when they are instruments that allow individuals and organizations to reach their goals. OD programmes should be result-oriented. Another way the OD programme becomes a desired commodity is by focusing on important issues, those issues vital to the organization's success. In this regard, Greiner and Schein challenge OD practitioners to become more involved in the strategic management process as they opined in favour of involving strategic management issues and senior management executives for most effective outcomes.

**Rule three:** Making the organization development programme a valued commodity for multiple powerful people in the organization is the third rule for effective OD intervention. When the OD programme serves the needs of top executives, it gains an aura of respect and protection that sets it above most political entanglements. Being of value of multiple power holders rather than a single one both increases support and reduces the likelihood that the programme will become the target of political activities. Although the programme should be of value to persons at all levels, paying special attention to the needs of top executives is a useful rule of thumb. Again, the issue is helping people realize their important goals. The power holders can be expected to reciprocate with endorsement, support and protection of the OD programme.

**Rule four:** Creating a win-win solution is a major requirement of effective OD implementation. The nature of organizations and the nature of organization development suggest this rule. Organizations are social systems in which members have both a history and a future of interacting, and effective conflict management techniques are required to enhance stable, constructive social relationships. Many OD interventions promote win-win solutions for conflict situations. OD professionals, who are skilled in conflict management techniques and OD programmes that encompass conflict resolution activities become valued commodities. 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 other's 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. Sometimes OD practitioners overlook that they are hired by others, usually managers, to help them achieve their goals and solve their problems. The organization

development consultant is successful to the extent that the manager is successful; the OD consultant is competent to the extent that the manager's goals are met through collaboration between consultant and key client. OD consultants are not hired to instill OD values in an organization, to cause this widespread use of participated management, or to 'do good and expunge evil' (as described by the consultant). Instead, OD consultants have a formal or informal contractual agreement with managers to help them do what they are trying to do better. The role of the OD consultant is to help others upon request. The OD programme belongs to the manager, not the OD consultant. A valuable by-product of this fact is that if the programme runs into political turbulence, the manager will vigorously defend it.

**Rule six:** Organizational politics revolve around decisions: Should we seek Goal A or Goal B? Should we use Means X OR Means Y? Should we promote Mary or John? The proper role of OD consultants is to help decision makers by providing them with good decision-making processes, not by getting involved in the answers. Abiding by this rule keeps the consultant from becoming entangled in politics, while at the same time increasing his or her usefulness to the organization's power holders. The principle is simple but powerful: know your legitimate business and stick to it. Therefore, minding the own business, which is to be an expert on process, not content remains the sixth principle.

**Rule seven:** Mind your own business because to do otherwise is to invite political trouble. A subtle phenomenon is involved here, when people engage in illegitimate behaviour, such behaviour is often interpreted as politically motivated. Illegitimate behaviour encroaches on others' 'Legitimate "turf"', which arouses defensive actions. Illegitimate behaviour causes others to try to exert greater control over the situation. It is believed that the legitimate role of the OD practitioner is that of facilitator, catalyst, problem solver, and educator, not power activist or power broker.

We could propose more rules of thumb, but these give the flavor of the issues one must consider when operating in a political environment. Attention to these rules can save OD practitioners time and energy that can be more profitably invested in the OD programme.

The Organization development practitioner is neither power activist nor power broker, but that does not mean practitioners must be naïve or incompetent in the political arena. Earlier, it has been stated that the OD practitioner should learn as much as possible about bargaining, negotiations, the nature of power or politics, the strategy and tactics of influence, and the characteristics and behaviours of power-holders. Larry Greiner and Virginia Schein (1988) in their work, have provided a comprehensive look at power and OD. They have argued that OD values of trust, cooperation and collaboration not only can co-exist with a 'pluralistic/political' model of organizations, but can make those organizations more humane and effective. The pluralistic/political model assumes that organizations contain self-interested groups seeking their own goals. Greiner and Schein have actually broken new ground on the topic of power and Organization Development. In essence, they are saying that OD values and methods should be used to show the power-holders better ways to wield

power for the good of the entire organization. The new insights are valuable for the field of OD.

Individual power derives from knowledge, others support, and personality characteristics. Three successful strategies are 'playing it straight', 'using social networks' and 'good around the formal system'. Organizational Development practitioners have typically pursued a 'playing it straight' strategy as their sole means of exerting power. However, contemporary OD practitioners have greatly expanded their influence by 'using social networks'. One carries out such a strategy by participating in alliances and coalitions, dealing directly with power holders and decision makers, and using contacts for information. Now days, networking is recognized as a potent, viable, yet legitimate means of acquiring power.

Greiner and Schein (1988) have also proposed a four-stage model for using the Organization Development process to help the power elite transformation the organization in beneficial for all concerned. These four phases are:

Phase 1: Consolidating power to prepare for change

Phase 2: Focusing power on strategic consensus

Phase 3: Aligning power with structure and people

Phase 4: Releasing power through leadership and collaboration.

These stages are the means the OD consultants uses to 'take the high road' mentioned in the previous quotation-build a power base, influence key power holders to accept the OD programme, then utilize a facilitative OD process in which the power holders work on strategic business issues using consensus decision making to develop a corporate strategy. The power structure will realize that collaborative power is preferable to manipulation and deception, which in turn will protect the interests of all concerned, even those of little power.

A model of power and influence has been proposed by David Whetten and Kim Cameron. In this model, a person's power comes from two main sources, personal power and position power. Personal power, in turn, arises from expertise, personal attraction, effort and legitimacy. According to the model, position power derives from five sources: Centrality (access to the information in communication network), criticality(how important one's job is), flexibility (the amount of discretion in the job), visibility(how much one's work is seen by influential people; and relevance (how important one's task is in relation to organizational priorities). However, in both personal and positional power, networking is used. However, it is widely accepted among OD practitioners' community that having power is one thing and actually using it to get things done is something different. According to Whetten and Cameron, power in use is called influence. They have further said that influence entails 'actually securing the consent of others to work with them in accomplishing the objectives'. They have further stated that power is converted into influence, when the target individual consents to behave according to the desires of the power holder. This conversion from power

to influence is possible by resisting other people's inappropriate influence attempts, by selecting the proper influence strategy and by empowering others. To implement these processes, the OD practitioners should recommend reason, reciprocity and retribution. Reason refers to persuasion by facts, reciprocity refers to exchange of favours and retribution refers to coercion and threats. However, it has been found that reason remains the preferred strategy and reciprocity becomes successful when reason fails. Organization leadership is found to use retribution, only in unusual cases. Finally, the methods for empowering others have been identified as involving subordinates in assigning work; providing a positive, collaborative work environment; rewarding and encouraging others in visible and personal ways; expressing confidence; fostering initiative and responsibility and building on success.

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## 11.6 PLANNED CHANGE, POWER AND POLITICS

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David Nadler and the Delta Consulting Group had twenty years' experience helping leaders implementing change in more than 130 organizations. Nadler always highlighted that change always has involved power and politics. Nadler observes that power and politics reach their highest pitch during the transition state-that period after the change programme has begun, when people know that old structures, procedures and behaviours are no longer appropriate, but before they know what is appropriate and are confident and competent in new roles and behaviours. Kurt Lewin's three stage model of change; i.e., unfreezing-moving-refreezing; the transition state is synonymous with 'moving'. Managing the transition state is one of the biggest challenges of large-scale change efforts. Transition states always involve three characteristics: instability, uncertainty and stress. Instability arises because people don't know what jobs, authority and roles they will have in the future; they have given up a stable, known past for a mirky, unknown future. Uncertainty arises because no one has 'the answers' when people ask questions about their place in the 'new' organization. The result of instability and uncertainty is stress-for both leaders and followers.

According to Nadler, *instability, uncertainty and stress* invariably lead to three problems that must be resolved and managed: power, anxiety and control. On the problem of power, he expressed the opinion that as each and every organization works on groups, cliques and coalitions and power is concentrated in the portions of such groups, cliques and coalitions; during the process of change, attempts are made them to retain such power deliberately. On the problem of anxiety, he states that people become anxious because they don't know how the change will affect them personally as they don't know whether it will be beneficial or harmful. On the problem of control, Nadler states that at the time of change, management starts losing control. Responses to these three challenges have been mentioned as follows, which have been identified through twelve action steps by Nadler.

Firstly, in response to power, anxiety and control related challenges; Nadler emphasized on the need to shape the political dynamics of change. Four consecutive steps have been recommended in the process such as building the support of key power groups, using leader behaviour to generate support, using symbols and languages deliberately and defining the points of stability.

Secondly, Nadler has identified the need to motivate change and the same can be done by four other subsequent steps such as creating dissatisfaction with the current state, building participation in planning and implementing change, rewarding behaviour in support of change; providing people time and opportunity to disengage from the old.

Thirdly, need to manage transition has also been highlighted. Nadler suggested that steps like developing and communicating a clear image of the future step, using multiple leverage points, developing transition management structures and collecting and analyzing feedback.

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## 11.7 ETHICS IN ORGANIZATION DEVELOPMENT

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The code of ethics are being used by the practitioners so that they would have common reference and to enhance the practitioner's sense of identity as a global professional community. The presence of the code of ethics, values, and beliefs is that to prevent the occurrence of ethical concerns, issues or problems in the helping-consulting process. The code of ethics related to OD has been identified as follows:

- Responsibility of self-ethicality: This indicates acting with integrity and Authenticity; striving for self-knowledge and personal growth; asserting individual interests in ways that are fair and equitable.
- Responsibility for professional development and competence: This denotes accepting responsibility for the consequence of our acts; developing and maintaining individual competence and establishing cooperative relations with other professionals; recognizing the needs and desires, and dealing with the responsibly in the performance of their professional roles.
- Responsibility to clients significant others: Contributing to the continuing professional development of OD practitioners and field of practice; promoting the sharing of professional knowledge and skill; working with other professionals in ways that exemplify what the profession stands for.
- Social responsibility: Acting with sensitivity to the consequences of the recommendations for the client system and the larger systems within they are a subsystem; acting with awareness of the practitioner's cultural filters and with sensitivity to multinational and multicultural differences and their implications; promoting justice and serving the well-being of all life on earth.



**Check Your Progress- A**

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**Q1** Michael Beer has identified additional means by which an organization development group can gain and wield power in organizations'. Explain

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**Q2.** What are the thumb rules for the organization development practitioners?

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**Q3.** Identify the ethical issues in Organizational Development.

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## **11.8 SUMMARY**

Power and politics, indispensable facts of organizational life, must be understood if one is to be effective in organizations. Organization development was founded on the belief that using behavioural science methods to increase collaborative problem solving would increase both organizational effectiveness and individual well-being. The nature of organization development in relation to power and politics can be examined from several perspectives-its strategy of change, its interventions, its values and the role of organization development practitioner.



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## 11.9 GLOSSARY

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**Organization development** focuses on issues related to the ‘human side’ of organizations by finding ways to increase the effectiveness of individuals, teams and the organization’s human and social process.

**Diagnosis component-** The diagnosis component represents a continuous collection of data about the total system, its sub-units, its processes and its culture.

**Dyads and/or triads** is another level of organizational diagnosis, where quality of relationship between superior/subordinate pairs, interdependent peers, linking pins (persons, who have multiple group memberships) are evaluated along with the information sought on necessary skills required for task accomplishment, nature of relationship between them like collaborative vs. competitive etc.



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## 11.10 REFERENCES

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- Tenison, W. and Rulberg, B. (2008), Political and ethical dimensions of practitioners approach to Organization Development, *Journal of Organization*, Vol.9(1), pp.320-339.
- Bricken, M. and Tokeskit, A (2009), Issues of organization engagement through ethicality, *International Management Research Journal*, Vol.70(4), pp.120-139.



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## 11.11 SUGGESTED READINGS

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1. French, Wendell L. & Bell, Jr. Cecil (2009), *Organization Development: Behaviourial Science Interventions for Organization Development’* , 7th Edition, Prentice Hall India

2. Cummings, Thomas G.& Worley, Christopher, G. (2014), Organization Development and Change, 10th edition, Cengage Learning.



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## 11.12 TERMINAL QUESTIONS

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- Q1. What are the ethical standards in OD? Discuss their role in OD?
- Q2. Discuss the ethical dilemma of OD practices in Indian organizations.

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## **UNIT 12 EVALUATING CHANGE AND FUTURE OF ORGANIZATIONAL DEVELOPMENT**

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- 12.1 Introduction**
- 12.2 Objectives**
- 12.3 Concept and Nature of evaluating organisational Change**
- 12.4 Developing an Effective evaluation**
- 12.5 Need for evaluating organisational Change**
- 12.6 Components of Evaluation**
- 12.7 Criteria for evaluation**
- 12.8 Key steps in evaluating Change**
- 12.9 Challenges before sound evaluation**
- 12.10 Future of OD**
- 12.11 Future Trends at Present**
- 12.12 Approach or Perspective towards OD**
- 12.13 Trends within OD**
- 12.14 Issues in Future of OD**
- 12.15 Challenges towards future of OD**
- 12.16 Summary**
- 12.17 Glossary**
- 12.18 Reference/ Bibliography**
- 12.19 Suggested Readings**
- 12.20 Terminal & Model Questions**

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### **12.1 INTRODUCTION**

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When change takes place, it is important to know the change initiative through monitoring and evaluating its results. In other words, to ensure how good change management processed, it is important to evaluate changes relating to the original strategy and objectives.

This step is crucial to ensure that change efforts which was implemented in the organisation to produce successful results into achieving goals, are on the track. In Short an evaluation is needed to measure success.

To ensure whether further improvement is required or not, monitoring and evaluation will make you to understand. Even in case of poorly implemented Change process, evaluation will help managers to understand why change process failed.

Evaluation is an important tool for monitoring change. Through organizational assessment - commonly known as evaluation - the effectiveness of any program or process is measured in terms of its functioning, pace and effectiveness to achieve the organizational goal.

In present scenario the techniques or approaches are being developed continuously in application of OD technology. So, it is important for a successful OD practitioner to see the latest trends or areas like work trends, global trends, and technology trends etc. It's a challenge for the OD practitioner and the organisation also to assess the current business issues, identify emerging trends and prepare to stay ahead of these trends. In short the role of the OD practitioners has to adjust to the changing forces and trends that affect them.

In this unit, you will study about evaluating changes and future of organisational development in details.

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## 12.2 OBJECTIVES

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After reading this unit you will be able to:

- Explain the meaning and concept of Evaluation
- Identify the need for evaluation.
- Describe the criteria and key steps involved in evaluation.
- Identify and discuss the future trends in the area of change.
- Outline the major trends of change in the organisation of future.
- Illustrate the future challenges towards OD.

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## 12.3 CONCEPT AND NATURE OF EVALUATING ORGANISATIONAL CHANGE

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Evaluation is a process that critically examines a program or change process. It comprises of collecting and analysing facts and data about any process, its features, and outcomes. Its purpose is to make decisions about any change, to improve its effectiveness, and to inform changing decisions. The main objective of evaluation is to provide a framework and information, to create feedback system which guide operations so that the implementers and policy-makers know whether they are moving in the required direction or not. During any deficit or shortfalls, evaluation should support in understanding.

An effective evaluation:

- Provides a framework and system to guide efforts for change and planning.
- Confirms the actions being taken are proving effective or are in need of modification.
- Creates new opportunities and show the other path for further improvement.
- Rationalise action to others for validation, better support and future resources.

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## **12.4 DEVELOPING AN EFFECTIVE EVALUATION**

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### **12.4.1 HOW EFFECTIVE EVALUATION HELPS**

- It guides you through each step of the process of evaluation
- It helps you decide what sort of information you and your stakeholders really need
- It keeps you from wasting time gathering information that isn't needed
- It helps you identify the best possible methods and strategies for getting the needed information
- It helps you come up with a reasonable and realistic timeline for evaluation
- Most importantly, it will help you improve your initiative!

### **12.4.2 REQUIREMENTS TO PERFORM EVALUATION**

- Identify intended users who can directly benefit from and use the evaluation results.
- Identify an evaluation stakeholder workgroup of 8 to 10 members.
- Engage stakeholders throughout the plan development process as well as the implementation of the evaluation.
- Identify intended purposes of the evaluation.
- Allow for adequate time to meaningfully engage the evaluation stakeholder workgroup.

### **12.4.3 A WRITTEN EVALUATION PLAN CAN**

- Create a shared understanding of the purpose, use, and users of the evaluation results
- Foster program transparency to stakeholders and decision makers, increase buy-in and acceptance of methods
- Connect multiple evaluation activities—this is especially useful when a program employs different contractors or contracts
- Serve as an advocacy tool for evaluation resources based on negotiated priorities and established stakeholder and decision maker information needs

- Help to identify whether there are sufficient program resources and time to accomplish desired evaluation activities and answer prioritized evaluation questions
- Assist in facilitating a smoother transition when there is staff turnover, facilitate evaluation capacity building among partners and stakeholders
- Provide a multi-year comprehensive document that makes explicit everything from stakeholders to dissemination to use of results
- Facilitate good evaluation practice.

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## **12.5 NEED FOR EVALUATING ORGANISATIONAL CHANGE**

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- To Monitor the change process and progress of required results, and keep the system on track
- To monitor the suggested action which was planned to implement for change
- To ascertain whether the system have been able to achieve desired goals
- To understand how change was able to reach the desired goals
- To learn from the past experiences
- To prepare and prioritize for future endeavors

### **What is needed to evaluate or measure?**

#### **A. Context**

- Setting
- Social/Cultural
- Political
- Economic
- Technology

#### **B. Activities**

- Program
- Process
- Procedures

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## **12.6 COMPONENTS OF EVALUATION**

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To carry out an evaluation programme, it is important to identify the basic components of evaluation design. The basic components of evaluation are as following:

### **12.6.1 OBJECTIVES**

Objectives can be understood in terms of gaining valid information in terms of quantity or quality and end result of the change programme. The objective of the evaluation must be clear, identifiable and measurable.

### **12.6.2 WORTH OR VALUE**

It is important to assess the worth or value of the main variables like an individual, object, situation, a project or a programme.

### **12.6.3 MEASUREMENT**

There are several techniques of measurement. For example: through psychometric test, we measure social variables. It is a quantitative dimension of the variable. For estimation of worth we used qualitative and non-metric methods like Observational methods, Case methods, Interviewing, Simulation Techniques, and Projective Techniques and so on.

### **12.6.4 COMPARISON**

For comparison before and after change introduced, the data obtained from the measurement can be compared with data measured from another significant reference. It may be collected when program was not introduced.

### **12.6.5 CONCLUSION**

After comparison is made a conclusion is draw judgement for the achievement of the desired objective of the change programme.

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## **12.7 CRITERIA FOR EVALUATION**

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The following are the criteria for evaluation:

### **12.7.1 EFFICIENCY EVALUATION**

The very first we have to find out the quantity and quality of output achieved per unit of input used in terms of services or products. In other way, it is the input to output ratio. Under this category various types of utilization information like utilization of machine, utilization of manpower, utilization of fund, utilization of training center, number of training days, etc covered. The main objective of efficiency evaluation is to determine wastage and investigate another ways of reducing it to increase productivity.

### **12.7.2 INTERVENTION EVALUATION**

An intervention evaluation is concerned with assessment of the 'transformational process.

### **12.7.3 EFFECTIVENESS EVALUATION**

In the effectiveness evaluation an assessment of outcomes from a given set of inputs through processes is done. Basically outcome represents those objects which organizational effectiveness is assessed. Evaluation of efficiency is the easiest but has limited utility. Some of the criteria for effectiveness evaluation are:

- Accomplishing goals and objectives,
- Familiarize yourself to external environment,
- Monitoring internal environment,
- Revitalization, integration, profitability along with growth in productivity, employee satisfaction and collaboration.

### **12.7.4 COST-BENEFIT ANALYSIS**

Cost- benefit analysis is to assess the benefits from a given level of inputs like achievements of change programme, their social relevance, their contribution towards society, etc.

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## **12.8 KEY STEPS IN EVALUATING CHANGES**

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There are basically three steps involved in evaluating change:

### **12.8.1 PLANNING**

- Identify change goals
- Make sure goals are realistic and measurable
- Identify what data are needed to measure change
- Identify source of data
- Identify timeline for collecting data

### **12.8.2 DECIDING METHODOLOGY FOR EVALUATING CHANGE**

- Using organizational records and documents
- Using questionnaires and interviews
- Using observational techniques

### 12.8.3 ANALYSING RESULTS AND DEMONSTRATION OF FINDING

- Identify spectators of interest for demonstration
- Identify effective demonstration tools
- Incorporating learnings into future decisions

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## 12.9 CHALLENGES BEFORE SOUND EVALUATION

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The Evaluation is an extremely complex and difficult process in organizations. It leads to some challenges before the evaluator. It may be underline as:

- Any change in organization takes time, so evaluator has to keep an eye for longer period.
- It can be a difficult experience to identify what to measure and evaluate.
- Organization works at macro as well as micro levels, so it can be challenging to measure changes at different levels.
- It is sometime difficult to balance time and capacity to measure and evaluate changes in organizations,
- Some time there are some shifting priorities for evaluation, the problem occurs when no one cares or is ready to shift.

Evaluation is very Time-consuming and complex process. It has some serious challenges also. Evaluation carries the risk of exposing failure also. One should plan and decide which model of evaluation is appropriate. It is needed to identify who will carry out the evaluation and for what purpose.



#### *Check Your Progress- A*

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**Q1. Explain evaluating change. Why it is needed?**

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**Q2. Write the key steps involved in evaluating change.**

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**Q3. What are the criteria for evaluating change?**  
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## **12.10 FUTURE OF OD**

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The field of organization development continues to grow. New methods, techniques and interventions are being applied. At the same time, some more complex and rigorous research are also being conducted. In this process, organizations from more diverse background and cultures are involving to find some new modules of working. Because so much change has occurred in a relatively short period, the future of OD is uncertain and unpredictable. On the other hand, the field is also maturing and it is useful to look at the forces influencing how OD is likely to evolve. This knowledge can enable OD practitioners, researchers, and managers to more readily affect a relevant OD future.

OD is a planned process to bring change in human, social and technological system. It is a process which organizes to develop a line of opportunities for meeting new challenges in changing environment. The commitment and involvement of managers and employees determine the success of OD. It is a people-oriented approach which is based on ethical and social values.

OD represents an accumulation of behavioural procedures that are being combined in a system-wide attempt to develop the entire organisation. OD is primarily concerned with applying what has been identified and underlined as good human relations practices. In this regard OD can be defined as improving organisation effectiveness by dealing with individual, group and overall organisational issues at both technical and human level.

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## **12.11 FUTURE TRENDS AT PRESENT**

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At discussed above, the role of OD practitioners are challenging as to serve their clients best and apply their specialized knowledge and skills that help their clients break free from the old mindset. They were hired as external experts to assess and intervene with fixes that will optimize organizational performance. It includes organization transformation, empowerment and learning organizations.

### **12.11.1 ORGANISATION TRANSFORMATION (OT)**

When organisational survival is at stake because of advancement in change strategies or sudden change, it goes for mergers, takeovers, product changes, and plant closures, which often involve large-scale layoffs and restructuring. Shared vision, innovation, trusts, is playing an important role for transformation. Share vision is to identify the strategic vision of the future, innovation is the most powerful key of change which means creating new products, goods and services etc or to create new ways of organizing and relating among organisation members and trust is important for sustainable excellence in an organisation.

### **12.11.2 EMPOWERMENT**

Empowerment means given the autonomy to do things their own way in order to develop high-performing systems. It promotes member ownership culture within the organisation. The organisations have to empower the employees to achieve recognition, involvement, and a sense of worth in their jobs.

### **12.11.3 LEARNING ORGANISATION**

Learning organisation is the concept that learning is essential to success. Organization requires seeing the big picture and reduces linear thinking. It is important for an organisation to identify the core competencies and organize around what they do best and accordingly, corporate strategy should be made. Competencies help a company to access to several markets. It is difficult for competitors to imitate.

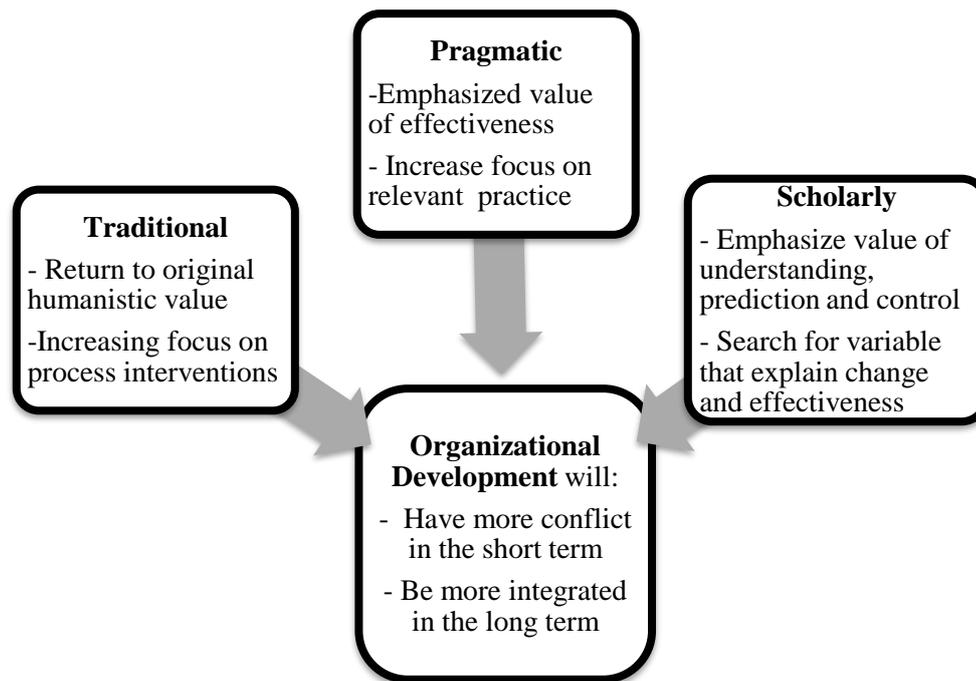
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## **12.12 THE APPROACH OR PERSPECTIVE TOWARDS OD**

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There are three approaches occurring towards OD— characterized as traditional, pragmatic, and scholarly. Each approach has a different perspective of what OD can and should be. Although all three have different way to look at the problem, they are not independent. On the other side, it is also a fact that the future of OD will no doubt emerge from their amalgamation.

The Figure 12.1 below summarizes the approaches and their likely implications for the future of OD.



**Figure 12.1: Approaches towards OD and their impacts on OD's Future**

### 12.12.1 TRADITIONAL

The first approach emphasizes towards OD's traditional values and practices. There is an argument from traditionalists that OD should be determined by long-established values of human talent, equality, trust, and collaboration. The major objective of OD should be to propagate these origin values through interferences that humanize work, institutions, and society. On the other hand it should help in balancing the employees between work and family life. In this regard, traditionalists propose that OD should do what is "right" by assuring that organizations promote positive social change and corporate citizenship.

### 12.2.2 PRAGMATIC

The second approach towards OD emphasizes on professionalization at the workplace and within the organisation, at the same time on its relevance also. The experts in the change management practices, big consulting organisations and management associations, which focus towards pragmatism, argue that there should be a certification for OD consultants like most other professionals. This drive to explore the level of professionalism in this field will be able to grow the horizon of OD. This effort will certainly develop a professional approach in creating a conducting environment required for this practise. At the same time, it will be also to underline a benchmark in terms of knowledge, skill, approach and competence. This will result in distinguishing between qualified and unqualified OD practitioners who can provide a solution to such problem in organisations. Certification would create a line between who is an OD professional or not and what is OD practice.

### 12.2.3 SCHOLARLY

The third approach towards OD is related to different studies and research work done by several scholars and increasing interest of people in understanding this development. Different universities, research centres, and learning organisations are working with agenda for OD that includes (1) how multiple settings and levels of analysis affect organizational development; (2) the inclusion of time, environment, level, process, and action in concept of change and development; (3) the connection between development processes and organization performance; etc. It is far less concerned about how OD is defined, what its values are, how it is practiced, or whether an OD practitioner is involved except as potential explanations for change success.

OD is just one of numerous ways organizations can be reformed. In a different way how traditionalists and pragmatists have been approaching, scholars are motivated towards creating effective learning. They are more interested to draw general conclusions about how change happens, how it is produced, in what type of situations it works well, and so on.

#### **Implications for OD's Future related to above mentioned approaches**

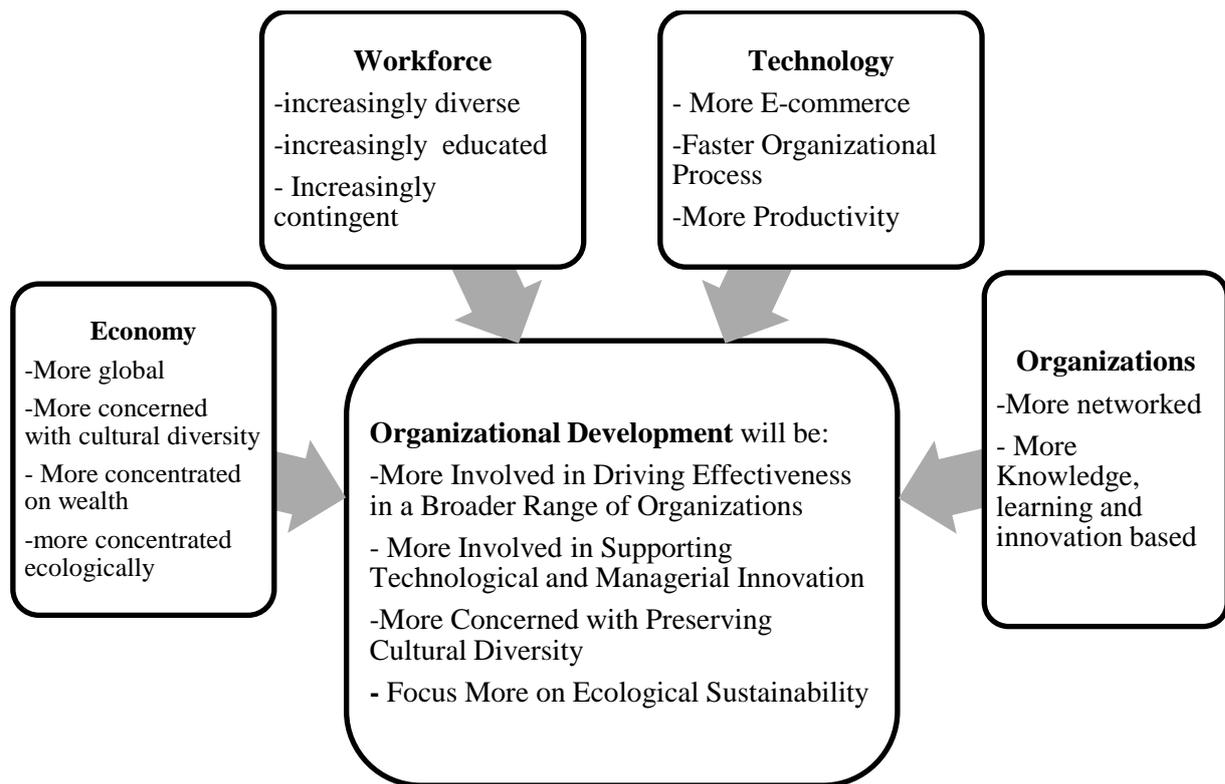
These three approaches present some important implications for OD's future. In the short term, followers of these all approaches with their own arguments will likely to remain on their separate paths, which may create strong conflicts among them. In the longer term, however, it is expected that after logical arguments and discussion, these all differences will convert into integrative view of OD.

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## 12.13 TRENDS WITHIN OD

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Since the field of OD is developing these days, there are several contextual trends which impact or drive the process. They are related to various facets of the economy, the workforce, technology, and organizations. There are some cases where, these trends directly impact the procedure and activities of OD. The technology trends which include so many new IT tool and techniques, such as Internet portals, voice over the Internet, and wireless networks, will directly influence the communication system how OD practitioners are used to, in communicating within the organization, with different groups, and manage change. In same manner, the other trends also, directly or indirectly impact the OD interventions in one or the other way. The Figure below summarizes the different contextual trends and their likely implications which are going to be applied in the field of OD.



**Figure12.2: Trends in the Context of Organization Development**

### 12.13.1 THE ECONOMY

Different types of economic settings, have been discussed by the investigators and OD practitioners and there is considerable agreement that the world economy going through a transition phase which is impacted by the industrial with features of the twentieth century. However these settings seem to differ in their details, they all represent and complement the process of globalization. These many trends are working as drivers of economy which can be identified as technology, workforce, and organization, etc.

Establishments around the globe are shifting their manufacturing process and units to the countries where the labour cost is low or cheaper. This shifting and changes push towards global mergers and acquisitions, joint ventures and worldwide presence of business. Today, the products or services are produced, assembled, exported or imported and bought from anywhere all around the world. It is also a fact that globalization is helping the organisations in reducing costs, expanding the portfolio, exploring the markets, and adapting new products and processes.

### 12.13.2 THE WORKFORCE

This environment of globalisation creates diversity, knowledge orientation and skill-led approach in workforce who are the most important resources and drivers of organizations. Any organisation either they operate in their home- country or in foreign, they have to develop their policies in tune with international parameters, their norms matching with global standards that accept & support the changing cultural trends with ethnic, gender, and age

diversity of the workforce. The workforce is itself in knowledge oriented and in learning mode where change is becoming inevitable.

There is an increasing demand for higher remunerations, more participation in the administrative process, higher investment in knowledge enhancement and skills development by educated workforce. For instance, the rapid change in information technology & communication system, the IT professionals are required to continually update their knowledge and skills to face the competition and remain competent. The companies are also responding towards these changes and they are bound to increase their budget for the enhancement of knowledge and skill of their workforce.

### **12.13.3 TECHNOLOGY**

The age in which we are moving is itself called the “The Age of Information Technology”. It has touched all the sphere of life. Watching from angle, information technology is a substantial and increasingly common factor which is transforming all the norms either on personal or business level. E-commerce and E-business has made its place at the core of business platform. This technology driven business knows no boundaries. It has pulled the whole world at one platform. From automated teller machines, online shopping, selling advertising space to social media communication the organisation are using all forms of technology in marking the presence of business at global level. In this technology driven business environment, the organisations are also putting their best efforts in uses of the technology for optimum productivity and sustainable growth. In this manner, it can be said that the future of OD is dependent mostly on and will be driven by upcoming technology.

### **12.13.4 ORGANIZATIONS**

The last entity which includes almost above-said everything is called Organisation. Organisations are changing at very fast pace to cope with competition. The future demands establishment of organisations which are knowledge-based and blended with skilled workforce. New generation entrepreneurs and professional experts are changing the format and structure of organisation in different manner. These organisations are not only profit oriented, but they are focussed towards the organisational growth based on developing their human resources termed as human capital now. They are also very sensitive towards the natural environment as well as the welfare of the society as a whole.

#### **Implications for OD’s Future**

OD plays a influential role in organization and social change. The future-definition and approach of OD will be driven by above said trends and factors. These factors include economic, workforce, technology, and organization trends mentioned above. Although nobody can predict the future but we should be positive and hopeful towards future of organisation as business entity and social service provider.

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## 12.14 ISSUES IN FUTURE OF OD

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There are extraordinary and numerous changes posturing challenges for OD to search new techniques of dealing with them. The boundaries of the current OD concept and practice are bound to push the future developments. There are several issues which have been highlighted for consideration of the OD practitioners. Some of these and other issues are listed below.

1. However some significant attempts have made to bridge the gap, the gap between concept and practice has increased in OD recently.
2. The approach towards development at organisational as well as personal level seems to be missing.
3. It is said that OD is a logical and systematic approach, with less scope of creativity.
4. Till date OD is a top down team building approach where involvement of each stakeholder is missing.
5. In OD process, mostly inside people are involved where for broad view outsiders should also be involved.
6. Although in OD, cultural context is talked of, but broader social issues are left out.

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## 12.15 CHALLENGES TOWARDS FUTURE OF OD

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The research and experience in the area of OD has led to the occurrence of new notions and impositions. Consequently, OD is a continuously growing field. The factors that add to the strength of OD include soundness of its processes, the emphasis of OD interventions on democratic processes and on bringing about a simultaneous change in people as well as technology. However OD seems to have an encouraging future, there are certain factors that have the potential to make the future of OD uncertain. These include nature of organisational leadership and the values of top management, knowledge of management about OD, the importance given by management to training employees in OD skills, interdisciplinary nature of OD, dissemination of OD techniques, and integration of techniques in the field of OD with those in other fields. The changes in global economy, technology and nature of workforce have significant implications for the future of OD. In the future, OD will become a part of organisational operations and OD skills will be acquired by employees at every level in the organisation.

OD processes will use advance technology and the duration of OD interventions will be reduced. OD will focus on learning and innovation and its interdisciplinary nature will increase. As OD practitioners have to work have to work with diverse client organisations and cross- cultural teams they will need to develop the required competence. Prior to solving the value dilemmas of modern organisations, OD practitioners will be required to resolve the dilemma within them regarding the focus of OD interventions.

While each organization has its own unique set of system, its surrounding and working environment, several issues and situation appear that are consistent throughout many of organizations. There are three unique questions emerge when confronting with view of developing a unified model of organisational change:

- What is the organization doing to manage the performance of employees to increase accountability?
- What is the organization doing to build a pipeline of qualified leaders for your organization?
- What are the managers doing to address the career development needs of their multi-generational workforce?

The primary challenges can be underlined as:

1. Managing performance to increase accountability
2. Building a pipeline of qualified leaders
3. Addressing the career development needs of a multi-generational workforce
4. Strategically communicating organizational priorities
5. Engaging and retaining a diverse workforce
6. Managing remote employees



### *Check Your Progress- B*

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**Q1. Explain various approaches to OD and their impacts on its Future.**

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**Q2. Write a short note on ‘Trends in OD’.**

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**Q3. What are the issues involved in OD.**

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## 12.16 SUMMARY

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In this unit we have discussed the concept of evaluation. Evaluation is a process that critically examines a program or change process. It comprises of collecting and analysing facts and data about any process, its features, and outcomes. We also learned the criteria and key steps involved in evaluation. Further, we discussed different trends and approaches in future of organizational development. OD is a planned process to bring change in human, social and technological system. It is a process which organizes to develop a line of opportunities for meeting new challenges in changing environment. Lastly we discussed about the issues and challenges towards future of organisational development.



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## 12.17 GLOSSARY

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**Evaluation:** is a process that critically examines a program or change process.

**Effectiveness Evaluation:** an assessment of outcomes from a given set of inputs through processes is done.

**Cost- benefit analysis:** is to assess the benefits from a given level of inputs like achievements of change programme, their social relevance, their contribution towards society, etc.

**Organisational Development (OD):** is a planned process to bring change in human, social and technological system.



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## 12.19 SUGGESTED READINGS

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2. Singh, Kavita (2009), *Organization Change and Development*. Excel Books India
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## 12.20 TERMINAL QUESTIONS

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- Q1. What are the important criteria you will keep in mind when you evaluate change?
- Q2. How an effective plan of evaluation help change. Briefly explain the key steps involved in effective evaluation of change?
- Q3. Briefly describe the important components of evaluation of change.
- Q4. Write a note on trends within OD and its implication for future of OD.
- Q5. Write an essay of the future of OD.

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## UNIT 13 OD CHANGE AGENTS

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### 13.1 Introduction

### 13.2 Objectives

### 13.3 Meaning and Concept of Change Agents

### 13.4 Assessing Change Agent Power

### 13.5 Types of Change Agents

### 13.6 Role of a Change Agent

### 13.7 Competencies and skills of a Change Agent

### 13.8 Characteristics of Successful Change Agents

### 13.9 Areas that Change Agents can Change

### 13.10 Summary

### 13.11 Glossary

### 13.12 Reference/ Bibliography

### 13.13 Suggested Readings

### 13.14 Terminal & Model Questions

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## 13.1 INTRODUCTION

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Implementation of planned change requires change agents. As we know, for the internal improvement of any organisation, organisational development is a lifelong and integral mechanism. This improvement in organisation is may not be done without the support of “change agents” who applies various suitable techniques from applied behavioural sciences.

In short, change agent is a person who will initiate change in the organisation. A change agent has to perform a difficult task to implement the needed change. To increase organisational effectiveness he may have to face resistance from different quarters to prevent change. But he has to tread his way by removing those impediments. He may have to change individuals and groups, structure, technology and even organisation process. He is not a such technical expert in functional areas of management, but he is a behavioural expert who knows how to get employees involved in solving their own problems. So, the main strength of a change agent is that he has a comprehensive knowledge of human behaviour, supported by a number of intervention techniques.

In this unit, you will study in brief about change agents in OD considering its importance.

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## 13.2 OBJECTIVES

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After reading this unit you will be able to:

- Explain meaning, concept, values and types of change agent.
- Write the characteristics of successful change agents.
- Define various roles of change agents.
- Describe the competencies and skills required for the effectiveness of change agents.
- Identify the areas that Change Agent can change.

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## 13.3 MEANING AND CONCEPT OF CHANGE AGENTS

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A change agent is a person who helps an organization to transform itself by focusing its effectiveness and development. He is either inside or outside from the organization. The main efforts of the change agent is generally to focus on the effect of changing environment, changes in technologies, organisational structures, and tasks on interpersonal relationships in the organization.

Change is to be introduced with the help of change agent who is a facilitator of organisational development. Change agent is a pace setter in the process of organisation development. They are act as a consultant in an organisation and establish a change relationship with the client. The client feels that the change can be effectively brought about with the help and support of the change agent. During the implementation of change, the agent acts as a counsellor. He examines the attitudes, values expectations and motivation of organisational members and advises them about the rationale of change and prepares them mentally to accept and work for the change. As a facilitator, he intermingles with organisational members, develops an awareness of the potentialities of change, creates willingness to change and ensure their active participation. In nutshell, an effective Change agent must be capable to organize events, socializing with stakeholders and managing communication.

Change agents anticipate the possible changes in technology, product and markets. Then, he plan accordingly for these modifications in the organisation and. implement them.

Different people have given different definitions. Robbins define change agents as “persons who act as catalysts and assume the responsibility for managing change activities.”

Therefore, change agents' area accountable for managing change activities within the organisation.

According to Newstorm and Davis, "People who stimulate, facilitate and co-ordinate change within a system while remaining independent of it."

According to Warren Bennis, change agents share a set of normative goals based on their humanistic/ democratic philosophy. He listed some of the normative goals such as - Improvement in interpersonal competence, a shift in values so that human factors and feelings come to be considered legitimate, development of increased understanding between the working groups in organisations to reduce tensions, development of better methods of conflict resolution, development of organic rather than mechanical system.

Richard Beck hard emphasize on the values held by OD practitioners are- the basic building blocks of the organisations are teams and people affected by change should be allowed active participation and sense of ownership of the change.

Sometimes OD fails because of change agents' incompetence in applying interventions. It is necessary for the change agents to assess their experience and expertise against the requirements needed to implement the intervention effectively before designing interventions. When a discrepancy found, practitioners can explore many ways like the intervention can be modified to fit their talents better, or another intervention more suited to their skills that can satisfy the organization's needs, or whether they should enlist the assistance of another change agent who can guide the process more effectively.

In short, a change agent operates require full disclosure of the applicability of their knowledge and expertise to the client situation. They are expected to intervene within their capabilities or to recommend someone more suited to the client's needs.

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## **13.4 ASSESSING CHANGE AGENT POWER**

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The first step is to evaluate the change agent's own power base. As discussed earlier an agent may be the internal leader of the organization, or he or she may be the external OD consultant, it means they may be an internal employees or managers or executives of an organisation or external management consultants who are expert from this area.

By assessing their own power base, change agents can determine the use of it to influence others to support changes. They also can identify areas in which they need to enhance their sources of power.

Greiner and Schein identified three key sources of personal power in organizations i. e. knowledge, personality, and support of others. Change agents usually gain power through their expertise in organizational change. Personality sources of power can derive from change agents' charisma, reputation, and professional credibility. Charismatic leaders can inspire devotion and enthusiasm for change from subordinates. Support from others can contribute to individual power by providing access to information and resource networks. Others also may use their power on behalf of the change agent.



### Check Your Progress- A

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**Q1. What do you understand by Change Agents?**

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**Q2. How Change Agent power should be assessed?**

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## 13.5 TYPES OF CHANGE AGENTS

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As we discussed above, any planned change requires change agents. He can be either external or internal to the organisation.

### 13.5.1 INTERNAL CHANGE AGENTS

An internal change agent is normally one of internal staffs who has an expertise in the behavioural sciences and intervention technology of organisational development. Reports say the change agent may be a staff or line member of the organisation who has been trained in organisational development theory and technique. After training, they are continuously involved in the process of change in the organisation. They initiated changes and take steps to implement them.

Internal change agents may be classified into two broad categories as follows:

#### 13.5.1.1 Chief Executive:

The chief executive sponsors the change and provides leadership and support to ensure its successful implementation. The role of the chief executive is crucial in the initial stage of change process. His personal commitment to the change programme and his conviction in its success is essential. As the change process gains momentum, heads of major units gradually take over the responsibility from the chief executive.

### 13.5.1.2 Change Advisors:

The key executives of the organisation who are selected to work in close harmony with the external change agent act as change advisors. They are trained by the external consultant for implementing the change. The change advisors educate the managers in the concepts and methods of various change techniques. They assist managers in developing appropriate skills and behaviours for the change process. The role of the change advisors is persuading people to accept and internalise the values and practices needed for smooth implementation of change. An organisation must carefully select and train change agents.

Some of the qualities of change agents are as follows:

- Diagnostic skill
- Behavioural skill in breaking deadlock and in handling repetitive interchange
- Attitudes of acceptance
- Personal qualities to provide emotional support and encouragement.

There are many advantages of internal change agents. They are as follows:

- As internal agent's expertise is developed and retained within the organisation, they put strong personal investment in organisational success.
- Internal agents are to help, build and maintain norms of organisation renewal as they are aware of the work environment, culture and people.
- They know the organisational issues and hidden agendas, so help to maintain higher security and confidentiality.

Apart from the advantages one major limitation of the internal change agent is that sometime they may be biased or may be disliked or mistrusted by some stakeholders' or employees.

### 13.5.2 EXTERNAL CHANGE AGENTS:

The organisation can also use the services of external change agents who are behavioural scientists, who act as consultant to the organisation and charge consultancy fee for their services. They are specialist in their area and facilitate smooth change in the organisation. They report directly to the top management of the organisation.

There are many benefits of engaging external change agents. An external change agent is in a position to view the organisation from the system point of view, and is much less affected by the internal group pressures. Though the role of external consultant is flexible and varies according to the nature and scope of activities assigned to him, a change programme will be more successful if the consultant is given the role of process consultation and rest of the program is implemented by the organisation itself through internal change agents.

### 13.5.2.1 Advantages

They may have a new approach in terms of objective and perspective which may be helpful in addressing the challenges and setting new norms. They introduce new skill –sets and techniques which may not available within the organisation.

### 13.5.2.2 Disadvantages

.The limitations of an external change agent is that they may take more time to understand the work environment and they may also limitation in terms of availability and their schedules as they may be busy with other organisation also. So they may become expensive and not dependable.

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## 13.6 ROLES OF CHANGE AGENTS

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As we discussed earlier that Change agent refers to an external or an internal facilitator trained in organisational development theory and techniques. Sometimes both consultants work together. One side an external consultant diagnose the problems and determine the change strategy and interventions, the other side, internal consultant implement the change strategy and maintain it. So, they act as an adviser, the service provider, the problem solver and the implementation facilitator. In short, the change agent is the person who can offer effective ways to solve the problem. They play diverse roles and create not only an environment for change but also implement desired change.

Primarily the Change agents are playing three major roles. These are:

13.6.1 Consultant

13.6.2 Trainer, and

13.6.3 Researcher

### 13.6.1 CONSULTANT

As a role of a consultant (external or internal) a change agents who applies his behavioural Science knowledge in an organizational system with clear objectives of managing change and improving overall effectiveness.

A consultant supporting managers and organizations professionally to achieve organizational objectives by solving management and business problems, identifying and exploring new opportunities, enhancing learning and implementing changes.

Researcher says that the consultant may fulfil a variety of tasks. He may have ‘Task orientation’, ‘Process orientation’ or a combination of both. In the as Task oriented or Technical expert, his role is confined to specific problem solving. He served Short term and temporary relationship with client but helps in problem solving by giving his ideas and opinions. As Process oriented Consultant, he act as a process facilitator not a solution provider. It means he helps in identification of problem by identifying and judging the

expression of feelings and attitudes and also helps in problem solving by enhancing solving capability. He served personal and long term relationship with client

### **13.6.2 TRAINER**

Many a times a change agent has to educate people as per the need and importance of change with the help of different types of training methodologies like lectures, presentations, video clips, group discussions, role-plays and experiential learning etc. For that a Change agent needs to be a trainer and educator. Either in a Task Orientation or a Process Orientation, training is used for both. It helps in enhancing knowledge, skills and change in behaviour, attitudes and beliefs. A Change agent must be able to do all these for transfer of learning such as assessment training needs, writing learning objectives, design learning experiences and educational activities and use of training techniques.

### **13.6.3 RESEARCHER**

For implementation of successful change, a change agent needs to generate valid information before and during the change process through some research activities. He has to search and study literature about new developments and experiences of past interventions. With the help of data collection, diagnosis, knowledge of new behavioural science, assessing alternatives and evolve best strategies for change, the change agent generate new, useful knowledge about the process of change, specific change methods or techniques, identify whether changes is technical or structural etc., or identify the means of resolving certain problems. For above all he has to be a Researcher.

All these three roles the change agents -

- Makes the organisation realise the need for change and its benefits.
- Diagnoses to identify the problems the organisation is likely to face during and after the change process.
- Prepares a blueprint of the actions to be taken for implementing the change.
- Helps the organisation in stabilising new behaviour and change. Any change moves the organisation to a new equilibrium. The change efforts will fail unless the new equilibrium is maintained.
- Prepare the client organisation to take over and maintain the change effort itself.
- The specific role of a change agent may vary from organisation to organisation depending upon the particular situation.

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## **13.7 COMPETENCIES AND SKILLS OF CHANGE AGENTS**

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Competency is an underlying characteristic combination of Knowledge, skill and Attributes (KSA) of a person which is important to perform various roles of Change agents. It's not possible for one change agent to have all competencies, that's why they work on team.

Although change agent has to perform many roles that's why an exclusive list of change agent competencies include knowledge, skills, attitudes, traits, value, motives are needed.

Broadly competencies for Change agents may be classified into:

13.7.1 Cognitive Competencies;

13.7.2 Functional or technical Competencies

13.7.3 Personal (Effectiveness) Competencies

### **13.7.1 COGNITIVE COMPETENCIES**

Cognitive competence refers to the mental process that consists of creative thinking and critical thinking. These competencies are required for perceiving and thinking. They may be categorised into two parts:

13.7.1.1 Analytical thinking

13.7.1.2 Conceptual thinking

#### **13.7.1.1 Analytical Thinking**

With the help of analytical thinking a person understand a situation by breaking it a part into smaller pieces or by tracing the implications of a situation in a step-by step way. The two behavioural indicator of Analytical thinking are: Break down a complex task systematically according to the priorities and Predicting or anticipating obstacles and proactive for next steps.

#### **13.7.1.2 Conceptual Thinking**

It involves understanding a situation or problem based on gestalt approach it means putting the pieces together and seeing the large picture. It involves pattern identification or connections between situations that are not visible through identifying key or essential issues in a complex situation. Basically conceptual thinking uses creative and conceptual reasoning for applying the existing concepts of defining narrative concepts. Some of behavioural indicators of conceptual thinking are: 'Thumb rule', common sense or past experience, which are used for identifying problems and situations and establishing a meaningful relationship between complex data towards unrelated areas.

### **13.7.2 FUNCTIONAL/TECHNICAL COMPETENCIES**

Functional or Technical competencies are the skills required to perform effectively in a particular discipline, functional or technical area such as designing a wage and salary administration system, Organization Development, Structural Design and so on. The change agent, who is working for identifying or resolving problems, must have the necessary knowledge particularly as problem identifier or/and solution provider.

### **13.7.3 PERSONAL (EFFECTIVENESS) / SELF MANAGEMENT COMPETENCIES**

These competencies are effective in achieving the goals, actions within the environmental difficulties and pressures. There are some essential skills which are required for effectiveness of Change agents or Consultants. They are:

#### **13.7.3.1 Self Control**

It is the ability to control your emotions under stress and enhance one's effectiveness. Some of the behavioural indicators are: not being impulsive, keep yourself cool and calm in stressful situation, exploring the ways to prevent you with stress, responding in a very constructive mode in stressful situation.

#### **13.7.3.2 Self Confidence**

It is one's belief in one's own capability to accomplish a task. It involves an individual's expression of confidence in highly challenging situations, in making decisions, forming opinions and handling failures constructively. One's positive self-concept maintains one's self-confidence.

Two main dimensions of Self-confidence have been specified as: (i) how much risk or challenge an individual face and (ii) how an individual dealing with failure.

Normally a change agent or a consultant has to face hostile clients or their employees. Sometime they are very much uncertain about new problems. Here, Self confidence helps in retaining his self and handling optimistically the situation and infuse confidence in others also.

#### **13.7.3.3 Flexibility**

It refers ability to adapt and work effectively in different situations with different individuals or groups. Flexibility may be assessed on two dimensions- (i) Breadth of change and (ii) Speed of action

The main indicators are – easy adapting to changes at work, flexibility in applying rules or procedures as per the situations etc.

#### **13.7.3.4 Organizational Commitment**

Organisational Commitment indicates individual's ability and willingness to align one's own behaviour with the organizational needs, priorities and goals. It observed that if the client sense organizational commitment in Change agents, the credibility goes high and resistance minimise.

In Short, an effective change agent must have following abilities:

##### **1. Broad knowledge:**

A change agent must have a broad knowledge of multidisciplinary areas including conceptual knowledge, diagnostic knowledge, evaluative knowledge, ethical

knowledge and so on. They also have a sound understanding of methodology for change.

**2. Relational:**

A change agent must be flexible to handle different types of interpersonal relationships and behavior. The must be able to form relationship, listen observe and trustworthy.

**3. Sensitivity and maturity:**

A change agent must be mature and sensitive enough to handle his own motivation, also able to demonstrate sensitivity to others.

**4. Authenticity:**

A change agent must be authentic. Whatever value a change agent promotes in the organization, he must act accordingly. In other word, a change agent should practice the same what he talk.



***Check Your Progress- B***

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**Q1. Describe different types of Change Agents.**

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**Q2. Discuss the role of Change Agents?**

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**Q3. What are the various competencies and skills are required for Change Agents?**

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## 13.8 CHARACTERISTICS OF SUCCESSFUL CHANGE AGENTS

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As discussed above that Change Agents are those who are responsible to bringing the change in employee behaviour pattern. An effective change agent is, “an extrovert, creative, risk taker and have significant interpersonal skills. In other words, a change agent must have possessed certain characteristics, which would help to recognize him more effective than others. The way the change agents manages the change in the organisational process, is indicated by certain factors or characteristics. The initial letter of these characteristics together spells “HELP SCORES”. They are as follows:

### 1. Homophily

It refers the degree of close relationship between the change agent and the client. The close relationship made easy and more successful the change.

### 2. Empathy

The sincere understanding of feelings and emotions leads to better communication between the change agent and the client which is very useful in bringing about the desired change.

### 3. Linkage

It refers to the degree of collaboration and association between both parties. Success of change depends on the linkage between the change agent and the client.

### 4. Proximity

It refers the easy accessibility between the change agent and the client. Proximity make easier to develop the collaborative linkage.

### 5. Structuring

It involves proper and step-by step clear cut planning of all activities that are related to change. As a result of proper planning of all activities, the change implementation would be easier.

### 6. Capacity

It refers to the organization’s capacity to provide the resources that are required for successful implementation of OD effort.

### 7. Openness

Openness refers to the conceptual environment within organisation which is favourable for the increase of respect and understanding for each other’s ideas, needs and feelings.

## 8. Reward

The expectation of all members with the change is that it will bring potential benefits for them. The effort in making the required change depends on the reward prospective.

## 9. Energy

Energy refers to the amount of effort give to the change process. This effort involves both the physical and psychological energy.

## 10. Synergy

Synergy represents totality than the sum of its parts. It means the previous nine factors involving a variety of people, resources, energies and activities together result in synergy, it depends on mutually success, and they must be favourable to the program.

These ten factors describe the personal characteristics of successful change agents who have understanding and profound influence on the organizational development programs and processes of change.

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## 13.9 AREAS THAT CHANGE AGENT CAN CHANGE

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Change agent can change the four categories in the organisation such as structure, technology, physical setting, and people. The first category changing structure modifies structural variables like authority relations, job redesign, or so on. The second one changing technology is concerned about modification in the method of processing of work and equipment used for that. Altering the space and layout arrangements in the workplace refers in the third category changing the physical setting. Lastly, changes in employee attitudes, skills, expectations, behaviour or so on covers in the fourth category changing people.

### 13.9.1 CHANGING STRUCTURE

In this category Change agents can alter or modify one or more of the key elements in an organization's design such as work specialization, span of control, etc. An organization's structure refers the formally division, grouping and coordinating the way to accomplish a tasks. Change agent introduces major modifications in the actual structural design and creates a matrix design. They might consider job redesigning, Job Redefine, Job Enrichment, Introduction of flexible work hours and many more. Modified procedures can be implemented to increase the standardization of task.

### 13.9.2 CHANGING TECHNOLOGY

Technological advancement often requires change agents to introduce new equipment, tools, or operating methods. Majority of the studies deals with the advancement in technology like automation, computerization, introduction of new equipment and tools etc often require change agents to introduce modifications.

### 13.9.3 CHANGING THE PHYSICAL SETTING

The change in office designs of layout itself a very thoughtful process. Change Agents introduce modification after consideration of work demands, necessity of formal interaction, and social needs, and then accordingly making decisions about space configuration, interior design, equipment placement, and so on.

### 13.9.4 CHANGING PEOPLE

This category involves changing the attitudes and behaviour pattern of employees through communication process, decision-making and problem solving. Under this the change agents help employees to work more efficiently within the organization and improve their work relationships.



#### *Check Your Progress- C*

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**Q1. Elucidate the characteristics of successful change agents.**

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 .....  
 .....

**Q2. What are the areas that Change Agent can change?**

.....  
 .....  
 .....

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## 13.10 SUMMARY

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A change agent is a person who helps an organization to transform itself by focusing its effectiveness and development. He acts deliberately on the environment of organisation in order to facilitate or introduce about a specific change. It is the change agent who is accountable for the decisions and then after the results. He or his group is involved in collection of data, its analysis with interpreted needed actions for change in organisation. In short, change agent is a person who will initiate change in the organisation.

The change agent may be from within the organisation as well as from outside i.e. internal change agent or external change agent. Internal change agents may be classified into two broad categories i.e. Chief Executive and Change Advisors. External change agents are behavioural scientists, who act as consultant to the organisation and charge consultancy fee for their services.

The change agents play their role as facilitator or counsellor within the organisation. The change agent makes the organisation realise the need for change and its benefits and prepares a blueprint of the actions to be taken for implementing the change. The competencies needed for an effective change agents are: i) Broad knowledge of the functional areas ii) Relational iii) Sensitivity and maturity iv) Authenticity

The characteristics of a successful change agent are known as “HELP SCORES”.

Change agent can change the four categories in the organisation such as organisational structure, technology, physical setting, and people.




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## 13.11 GLOSSARY

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**Change Agent:** A behavioural scientist who knows how to get people in an organisation involved in solving their own problems.

**External change agents:** An external consultant who are specialist or expert in their area to facilitate the change.

**Internal change agents:** An expertise is developing from within the organisation to the managers, who are knowledgeable about the situation to be changed.

**Organisation Development (OD):** A planned approach to improve employee and organisational effectiveness.

**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.



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## 13.14 TERMINAL QUESTIONS

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- Q1. Define Change Agents. What are the characteristics of successful change agents?  
Explain
- Q2. What the change agents can do in the organization? How their power should be assessed?
- Q3. Describe in detail the competencies of change agents.
- Q4. Distinguish between internal and external change agents based on their role, advantages and disadvantages.
- Q5. Describe the role of change agent in the process of organisation development.

# Organisational Change and Development MS 303



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Uttarakhand Open University, Haldwani

MS 303

School of Management Studies and Commerce  
**Organisational Change and Development**



**Block III Organisation Development Interventions**

**Block IV Perspectives of Organisation Development**

## Organisational Change and Development



### Block – III

**Block Title- Organisation Development Interventions**

### Block – IV

**Block Title- Perspectives of Organisation Development**

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# **Course Contents**

**Course Name: Organisational Change and Development**

**Course Code-MS 303**

**Course Objective:** In the fast changing world of business the organizations have to be ready for the changes and should facilitate in adopting these changes. This course aims to give a broad theoretical and practical understanding of key concepts and issues in managing organisational changes.

## **Block I Organisational Change**

**Unit I An Overview of Organisational Change**

**Unit II Models of Change Management**

**Unit III Change and its Impact**

**Unit IV Diagnosis and Resistance to Change**

**Unit V Implementing Change**

**Unit VI Strategies and Skills for Communicating Change**

**Unit VII Consolidating Change**

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**Unit IX Process of Organizational Development**

**Unit X Diagnostic Strategies and Skills**

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**Unit XX OD in International Context**

## **Block IV Perspectives of Organisation Development**

**Unit XXI Learning Organisation**

**Unit XXII Knowledge Management and OD**

**Unit XXIII Organisational Design and Work Culture**

**Unit XXIV Organisational Restructuring**

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**Block III**  
**Organisation Development Interventions**

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# UNIT 14 TYPES AND PROCESS OF OD INTERVENTIONS

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- 14.2 Objectives
- 14.3 OD Focus
- 14.4 Characteristics of OD
- 14.5 Difference between OD and Change Management
- 14.6 History of Organization Development
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- 14.15 Answer to Check Your Progress
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- 14.17 Suggested Readings
- 14.18 Terminal Questions

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## 14.1 INTRODUCTION

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Organization development is a wide spectrum of activities and a well planned, organization-wide effort to increase organizational efficiency and effectiveness. It may be related to structural changes, job enrichment, team building at various levels or conflict resolution by amending the policies and procedures.

A specific definition of OD is not present due to its wide spectrum, but many definitions of OD are presented by various authors and researchers. All the definitions are no similar but the

common theme that one can draw from these definitions is that OD is a systematic effort to develop the system aimed towards improving overall organizational effectiveness. Some of the definitions are presented below:

*Organization development is an effort (1) planned, (2) organization-wide, and (3) managed from the top, to (4) increase organization effectiveness and health through (5) planned interventions in the organization's "processes," using behavioral science knowledge.*

**Richard Beckhard**

*Organization development is a planned process of change in an organization's culture through the utilization of behavioral science technology, research, and theory.* **Warner Burke**

*Organization development is a system-wide process of data collection, diagnosis, action planning, intervention, and evaluation aimed at (1) enhancing congruence among organizational structure, process, strategy, people, and culture; (2) developing new and creative organizational solutions; and (3) developing the organization's self-renewing capacity. It occurs through the collaboration of organizational members working with a change agent using behavioral science theory, research, and technology.* **Michael Beer**

*Organization development refers to a long-range effort to improve an organization's problem-solving capabilities and its ability to cope with changes in its external environment with the help of external or internal behavioral-scientist consultants, or change agents, as they are sometimes called.* **Wendell French**

*Based on (1) a set of values, largely humanistic; (2) application of the behavioral sciences; and (3) open systems theory, organization development is a system-wide process of planned change aimed toward improving overall organization effectiveness by way of enhanced congruence of such key organization dimensions as external environment, mission, strategy, leadership, culture, structure, information and reward systems, and work policies and procedures.* **Warner Burke and David Bradford**

*Organization renewal is the process of initiating, creating and confronting needed changes so as to make it possible for organizations to become or remain viable, to adapt to new conditions, to solve problems, to learn from experiences, and to move toward greater organizational maturity. OD can be defined as a planned and sustained effort to apply behavioral science for system improvement, using reflexive, self-analytic methods.* **Richard Schmuck & Milles**

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## 14.2 LEARNING OBJECTIVES

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After reading this unit, the students should be able to:

- Define the concept of organization development.
- Analyze the characteristics and benefits of organization development.
- Study the process of organization development.
- To study the focus areas and strengths of OD.

- To study the competencies of an OD practitioner.

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### 14.3 OD FOCUS

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Organization development focuses on the following:

- (i) Employee Commitment & satisfaction
- (ii) Interpersonal trust among employees
- (iii) Organization problem solving skills
- (iv) Confronting problems and finding their solutions
- (v) Process to improve ongoing operations
- (vi) Conflict Management
- (vii) Cooperation among employees/staff

OD is a platform where managers can apply a broad selection of management techniques for systematic introduction to change and development.

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### 14.4 CHARACTERISTICS OF OD

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The field of OD is very complex and wide, and OD professionals find themselves involved in multiple contexts using a wide range of processes and methods to bring desired development/outcome in the organization. According to the OD professionals of the American Society for Training and Development; OD involves the following practices:

- (i) Alignment with organization and business objectives
- (ii) Long range and Ongoing process
- (iii) Based on systematic orientation and collaboration
- (iv) Rooted in behavioural sciences
- (v) And stresses to achieve results

The following are the core characteristics of OD:

- (i) **Interdisciplinary:** OD does not simple talk about development in one area or aspect. It involves development in all areas including management, technology, culture, behavior, norms, policies and procedures to get the desired outcomes.
- (ii) **Organization Effectiveness:** One of the prime objectives of OD is to bring organizational effectiveness by developing better procedures, methods and policies to achieve goals.
- (iii) **Target whole organization:** OD targets whole organization because all departments, their activities and work groups are closely associated in a work system. To achieve the organizational objectives, the whole organization development is required.
- (iv) **Commitment, support and involvement:** Organization development is not only the responsibility of HR department. It requires commitment, support and

involvement of top management and dedication of rest of the employees using bottom-up approach.

- (v) **Planned and long range strategy:** Company functions in a dynamic environment that is ever changing. Long range and well planned strategies are required to manage change so that the ability of quick response to these changes can be developed with the whole organization.
- (vi) **Collaborative approach:** People are resistant to change. That is why, OD demands collaborative approach from all to incorporate a culture of accepting change and incorporating development.
- (vii) **Education based programme:** OD is driven by humanistic value system. It is an education based programme which develops values, norms, practices, beliefs and attitude to create a healthy organization culture where healthy human behavior is awarded and promoted.
- (viii) **Data based approach:** The decisions related to organization development are not emotion driven. Proper research is conducted to diagnose the issues and documented properly to suggest the required development or development areas.
- (ix) **Planned Follow-ups:** Regular follow-ups are mandate for successful OD to keep a check on progress according to the blueprint.
- (x) **Planned interventions and improvements:** OD is primarily driven by action research. It involves proper/planned interventions and improvements in any process, method or structure and also requires providing continuous feedback to the team involved in OD procedure.
- (xi) **Total system change:** OD considers organizations as a complex social system and functions upon total system change to bring desired outcomes.
- (xii) **Simultaneous Individual and organization development:** OD program always try to create a situation of win-win for all the parties involved. It emphasizes both on-organization development as well as individual development as a whole.
- (xiii) **Emphasis on work team:** OD emphasizes on the work teams. In OD, work team is the key unit to learn effective modes of organization behavior and organization development.
- (xiv) **Behavioural scientist change agent:** OD acts as a catalyst or facilitator between management and employees. If communicated and managed properly, can bring prosperity and if mishandled, can cause great failures.

---

## **14.5 DIFFERENCE BETWEEN OD AND CHANGE MANAGEMENT**

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The students who are reading this course quiet often can think of the difference between the two- so what does that mean? How are the different? And what is the role of understanding this difference in creating high performance organization?

The roles of OD and change management are very different. OD focuses on how an organization achieves its objectives through improving its designs, structures, functions,

policies and processes. Its interest area is organizational effectiveness. Whereas, change management is a process of achieving - a desired future state from current state with minimum friction, disruption and negative impact on the organization. It assess the impact of change on people and process etc. to implement in such a way that organization as a whole accept it quickly and becomes BAU (Business-as-usual).

OD practitioners develop an organization to optimize its deliverables such as strategies, goals and objectives. Whereas, change management focuses on organization redesign, process change or strategic change etc. and its benefits. Actually change management is not organization wide. It is project or program specific, whereas, OD's scope is very wide and covers the whole organization.

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## 14.6 HISTORY OF ORGANIZATION DEVELOPMENT

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A brief history of OD will help to understand this term in a better way. The current form of OD practices emerged from five major contributors that are as follows:

- (i) ***Kurt Lewin (mid-1940s)*** – Kurt Lewin, a prolific theorist and researcher is widely recognized as the founding father of organization development. He played a key role in the evolution of OD. He was a practitioner of group dynamics & social changes and developed T-groups, survey research and action research. Lewin provided consultancy to many organization to increase their performance and productivity by using various self developed concepts like force field analysis, change theory, sensitivity training, action research, feedback mechanism, self managed work teams and much more.
- (ii) ***Douglas McGregor and Richard Beckhard (mid-1960s)*** – These both were consultants at General Mills and coined the term Organization Development (OD) to describe “*an innovative bottom-up change effort that fit not traditional consulting practices.*” Both the consultants used the approaches of Kurt Lewin and contributed in the present form of OD.
- (iii) ***W. Edwards Deming (1950s in Japan; 1980s in the United States)*** – Deming was the person who publicized the process of organizational development. He was the person who made the term OD famous in United States and Japan through his work. He emphasized that process is more important than results. If process is continuously improved then it automatically improves the results and final performance of the company. So he was the person who popularized the term continuous process improvement for successful organization development.
- (iv) ***Wilfred Bion (late 1940s)*** – At Tavistock Institute, London, UK, Wilfred Bion was a key leader and under his guidance, innovations were being made about group processes in parallel to the T-groups that were emerging in United States in the same period. Later on, the two concepts were merged and used by the practitioners, consultants and researchers to utilize it for organizational and client benefits.

- (v) **Eric Trist (1950s)** – Eric Trist is credited for the development of ‘sociotechnical systems’ (STS). He was also working in a coal mine at England and emphasized that there should be proper interface between people, machines and environment. He said that people should be properly trained to manage their machines and to fulfill the demand of the market. This will motivate them which will positively affect the quality and quantity of production.



### Check Your Progress- A

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**Q1. What do you understand by organization development? Differentiate between OD and change management.**

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**Q2. What are the major characteristics of organization development?**

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**Q3. What are the areas where OD should focus?**

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**Q4. Provide a brief history of the Organization Development?**

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.....

**Q5. Fill in the Blanks**

- i. ....is a wide spectrum of activities and a well planned, organization-wide effort to increase organizational efficiency and effectiveness.

- ii. BAU stands for ..... in organization development

**Q6. Choose the correct alternative.**

- i. Who coined the term Organization Development?s
- a) Kurt Lewin
  - b) Douglas McGregor and Richard Beckhard
  - c) W. Edwards Deming
  - d) Wilfred Bion
- ii. Socio-technical systems were developed by:
- a) Eric Trist
  - b) Douglas McGregor and Richard Beckhard
  - c) W. Edwards Deming
  - d) Wilfred Bion

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## 14.7 PROCESS OF ORGANIZATION DEVELOPMENT

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Different authors and practitioners provided a wide range of models to bring developmental changes in the organization and processes. The most discussed are presented as follows:

### 14.7.1 LEWIN'S CHANGE MODEL

Lewin presented one of the earliest models of planned change. According to him, change is possible only when the people are convinced. One cannot implement change if people are not ready to change and if organization tries to forcefully implement it then it may have reciprocal effects. So, to bring change, the organization should push those factors which help in convincing people to bring change and decrease those forces that are trying to maintain the same state or try to use a combination of both. For example: In an organization, the sales team performs according to the expectation and pressure of the supervisor. So, to introduce change, the expectations of the supervisor should be increased gradually so the performance of the team. Lewin suggested that such changes should be incorporated slowly and gradually because a sudden hike in expectation may produce resistance and tension which will defeat the purpose of implementing change. Lewin suggested a three stage process to implement change in any organization, process or person:

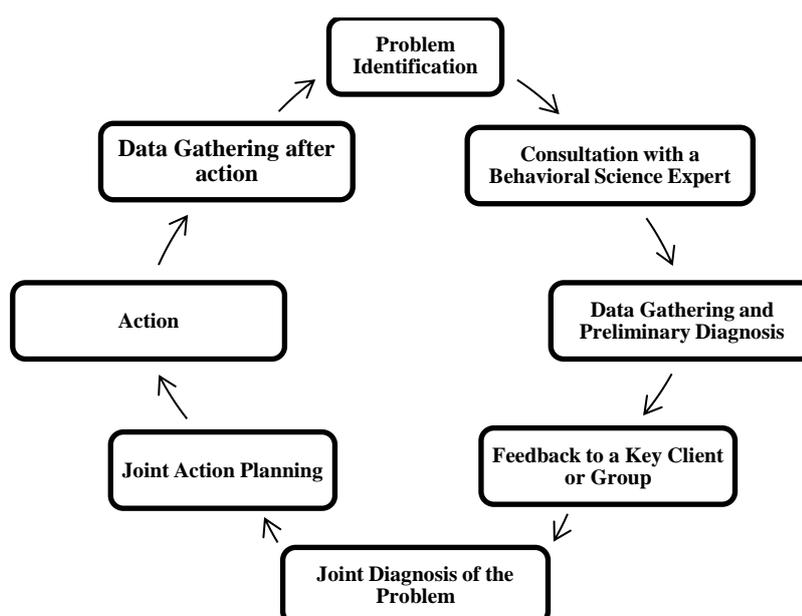


- (i) **Unfreezing:** This step focuses on those forces that are resisting change and try to keep the organization performance at its current level. Lewin suggested using a process of 'psychological disconfirmation' to unfreeze the situation. Psychological disconfirmation is a process in which organization presents the discrepancies between organization expectation and employees current performance. Through this, the employees are motivated to accept change and engage in activities that are promoting change.
- (ii) **Action/Moving:** Once the employees/departments are ready for the change, the organization should shift the required change to a new level related to behavior, department, or individual. This step involves abolishing the old concepts and introducing the new system to develop desired behavior, attitude, and value system through the change in organization, system and process.
- (iii) **Refreezing:** Refreezing is a step to stabilize the change to bring symmetry/equilibrium in the newly shift behavior and attitude. It is established or achieved through introducing new support mechanism such as new incentive and reward system, and structures.

Lewin's change model is easy for understanding and difficult for implementing due to the generalized framework. The three steps are so broad that the practitioner may not be able to put considerable efforts to bring suggested change. Later on, a few researchers further elaborated the Lewin's change process and presented new models. For example: the planning model of Watson. Watson converted the three step model into seven step model which includes: scouting, entry, diagnosis (unfreezing), planning, action (moving), stabilization and evaluation, and termination (refreezing).

### **14.7.2 ACTION RESEARCH MODEL**

As the name suggests, the planned change is the main focus of the action research model. In this model, the OD practitioners first conduct the research within the area in which the change is demanded. Proper data is collected through the department members and change is implemented with the collaboration of organization members and OD practitioners. The main emphasis of this model is to gather appropriate data and accordingly initiate the required change to reduce implementation cost and time, and to increase the effectiveness of the model. Major focus is provided on the implementation phase and the end results are properly evaluated to check the performance of the change. The action research model fulfill two major purposes: first- helping organization in implementing desired and planned change and second- to develop model/general knowledge that can be implemented in other organizations or scenarios. Action research model is a cyclical process and involves eight steps.



**Fig 14.1 Action Research Model**

- (i) **Problem Identification:** This is the stage where an executive or leader within the organization feels that one or more problems are growing in the organization such as: the efficiency of the organization is not improving or competitive advantage is missing or senses the problem related to employee attitude and work culture or anything else related to process or culture of organization; and senses that these issues can be solved with the help of some expert or OD practitioner.
- (ii) **Consultation with an OD or behavioural science expert:** after identifying the problem, the client meets the OD expert and both carefully assess each other. Every OD practitioner has their own theory of planned change and the client must have consent with the frame of references, values and assumptions of the practitioner. The client share all the information about the current state of affairs and tell about the expectations from planned change or kind of improvements expected. So, in this manner healthy & conducive environment and feeling of trust is being developed between the client and OD practitioner.
- (iii) **Data Gathering and preliminary diagnosis:** During this step, the OD practitioner, with the help of organization members, try to gather appropriate information about the organization problems and analyze the causes of the problem. Data is gathered through various methods such as questionnaires, interviews, process observations or organization past and present performance data. The major problems during this steps which a practitioner may face is the accuracy and reliability of the data. To collect the valid and reliable information, the organization members who are sharing information should have the confidence of the benefit of planned change.

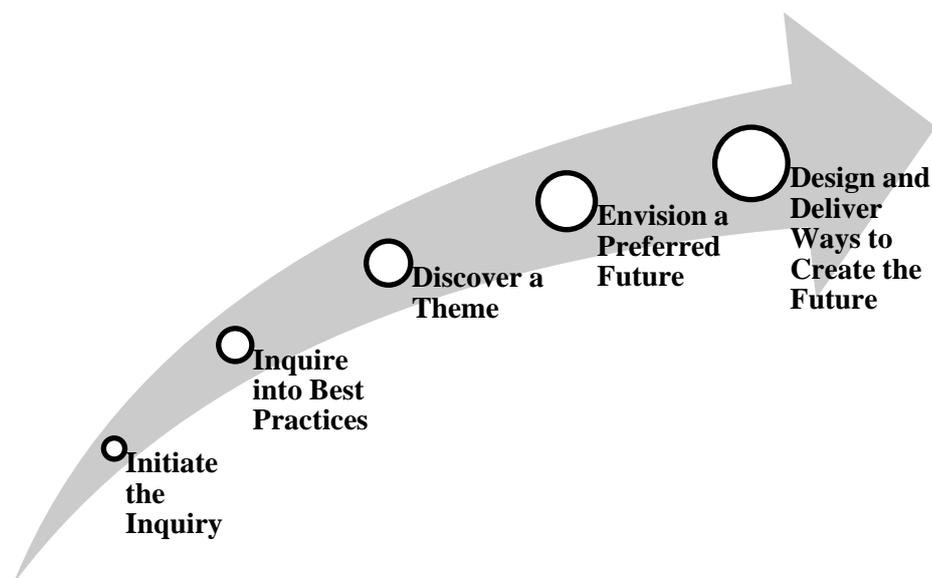
In this phase, the OD practitioner tries to do the SWOT analysis of the organization.

- (iv) **Feedback to the client:** After collecting the information, the OD practitioner presents his analysis or observation in front of the client. The practitioner presents the strengths and weaknesses of the organization and on the basis of the gathered data, provides the insight about the causes of the problem. Many a times, the practitioner hides the source of information to maintain the confidentiality of the respondent in such a manner that the client won't become judgmental about privacy and ethics of the practitioner.
- (v) **Joint Diagnosis of the problem:** Once the gathered data is discussed and feedback is provided to the client, the client explore with the OD practitioner whether to work on the identified problem or not. A complete diagnosis of the problem is done by the client and the OD practitioner and after the diagnosis only, the OD practitioner suggest some solutions to the problem. In action research model, the OD practitioner provides the freedom to the client to accept the prescribed solution. If the client thinks that the prescription is beneficial for the company, then he may provide a green signal to the consultant to start working on the desired change.
- (vi) **Joint Action Planning:** When the client and OD practitioner have mutual consent on further action to be taken, then the next step is to begin the moving process (Lewin's Change Model). Proper planning is done to decide on the types and kinds of actions to reach at a desired quasi-stationary equilibrium. The action to be taken is decided based upon the environment, technology, culture of the organization, and time and cost involved in implementing the intervention.
- (vii) **Action:** In this step, the desired change is installed in the organization to bring the actual change from one state to another. The change may include work design, attitude & behavior, methods & procedures, restructuring or technological change. These changes can be implemented instantly, and requires patience and time to move from present to the expected desired state of change.
- (viii) **Data Gathering after action:** Once the change is implemented in the organization, proper review is required to notice the change in performance. Data is gathered to measure the difference in earlier state of performance and new state of performance to study the effectiveness of the implemented change. As change is the only constant thing and to grow continuously, one needs to change and adapt continuously, so it leads to new diagnosis and new action of planned change.

### 14.7.3 THE POSITIVE MODEL

The next model of change is the positive model. It is an important model in OD evolution. It is different from the earlier models and don't follow the process that has been adopted by Lewin's or Action research model. This model is different because it is not based upon deficit, where other models focus on the deficit and problem of the organization and try to

solve the problem and remove deficits; this model focuses on what organization is doing right and what are its strengths. The motive of this model is to work on the strengths of the organization and make the organization stronger on those fronts where it is already doing good to further improve the capability and results. This positive approach model is based upon a 'positive organizational scholarship' model of social sciences which focuses on positive dynamics of the organization that supports and gives rise to extraordinary results and outcomes. Positive model focuses on the rebellious and reformist nature of human being. Majority of the human beings resist change specifically when it is related to bringing change in their existing behavior, characteristics or attitude. So the positive model emphasizes on those functions where the department is already performing better, so instead of changing the things, this model emphasizes on redirecting energies and behaviours towards expecting more and making them believe that these expectations are achievable. The positive model use positive reinforcement to motivate organizational members to shift to the new/ improved methods or processes to get much better results. It promotes a shared vision among all the members about the organizations positive potential. Five phases are incorporated in the positive change model for implementing planned change.



**Fig 14.2 The Positive Model**

- (i) **Initiate the Inquiry:** The first step is to identify the subject of change. It involves organizational members to provide insight about the issues where most energy is addressed i.e. where most efforts are put. The issues may be related to anything such as instances of customer satisfaction, new product development ideas, effective work teams or team collaborations to achieve targets. Once the members identify the key areas of change, they will automatically start sensing the kind of change required. It means, the organizational members are ready to bring the desired change instead of opposing it.

- (ii) Inquire into best practice: The next step is to identify about the 'best of what is' in the organization. Detailed information is gathered on the topic from the members through interviews, story sharing and new ideas adopted by the organization in past. The interviews are not conducted by the OD practitioners, the organization members that are personally involved, interview each other and tell the success stories. These interviews and stories are clubbed together to create a pool of information. This information presents an organization as a place of innovative change and implementation.
- (iii) Discover the themes: The next step is to identify the themes by evaluating all the stories and the interviews. The themes are generated by identifying the common dimensions of the stories and the interviews. For example: some themes may generate that are related to autonomy in organization to explore new ideas, customer involvement in new product development or collaboration of cross-functional teams to solve critical issues etc. these themes represents the kind of culture prevailing in the organization and all the themes are provided equal importance in theme identification process. The themes are evaluated on the basis of 'what is' and 'what best could be'.
- (iv) Envision a preferred future: After identifying the themes, the organizational members are compelled to envision future. Once, the expectations are set, the challenges are discussed and solutions/ways are presented by the members to remove barriers and achieve the expected future. During this phase, the members are asked to visualize the future and this process motivates, excites and provoke the members to give innovative ideas to bring the desired future in current state of affairs. The vision statement is changed according to envisioned future.
- (v) Design and deliver ways to create the future: The final phase involves the development and delivery of the ways to achieve the desired future. It involves the blue print and action plan necessary to achieve the results. A sustainable action plan is created in such a manner that obstacles can be minimized and the organization is able to move towards its envisioned goal. The process is a continuous one, and is renewed time to time.

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## **14.8 GENERAL MODEL OF PLANNED CHANGE**

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The above discussed models (Kurt Lewin, Action Research and Positive Model) provide a framework of general model for planned change. This model explains four basic activities that OD practitioners and organization members use to bring required development/change within organization. This is a process consisting of four steps need to performed in a sequence to diagnose, plan, implement, and evaluate the institutionalizing change. This model shows that the steps involved are not straightforward and linear processes but involves

considerable common characteristics and overlaps among activities which require continuous feedback. The four steps of the general model of planned change are as follows:



- (i) **Entering and Contracting:** The first step of this model is to understand the problems of the organization i.e. diagnosing and then making a contract if organization shows its agreement towards inculcating the required change. In entering phase, initial data is gathered to understand the aching areas of the organization or to know the positive areas of improvement. Once the information is collected, the practitioner present and discuss the pertaining issues with the management and other members and offers solution for the planned change. After entering, the next phase is contracting. Once the problem is diagnosed and opportunities associated with planned change and discussed with management, the offer is made to develop a contract for the engagement in planned change. Contract involves all activities that spell out future change, resources required, expenses and time involved and how many members will be required to support the change. The contract helps the management to make a decision regarding a green signal or red signal; means to go ahead and sign the contract or stop on the spot. Many a times, the organizations either are not in a position or do not want to provide the resources required to bring the planned change. If the management takes a decision to move forward then contract is made and signed by both the parties to handle the sensitive issue of organizational development and change specially in case of international assignments.
- (ii) **Diagnosing:** Once the OD practitioner and client are into the contract, then the next phase is to carefully study the client's system. Detailed information is collected about the strengths and weaknesses of the organization, pertaining problems, their causes and consequences and also the success stories of the company/teams are collected to know positive attributes of the organization. Information gathering and diagnosis are the important issues to be addressed in OD. This helps in understanding the organization and choosing appropriate model of organization development. This steps of diagnosing explore three levels of problems/issues: Organizational level, Group level and individual level. Organizational level issues are the complex issues which are broken down onto group level and further diagnosed on individual level to know the real cause of the problems and what consequences these have on organization growth and development. The data is gathered through various methods such as in-depth interviews, questionnaire, case study method or observation and proper minutes

are maintained and reported of the gathered data which is properly reviewed and analyzed to reach to a suitable solution. The OD practitioner presents this data to management and organization members to collaboratively decide on the change process and the implications of the suggested changes.

- (iii) **Planning and Implementing Change:** In this phase, the OD practitioner and organization members collaboratively make an action plan to implement change. Before implementing change, several things are considered in planning phase for designing interventions such as organization's current change capability, readiness of members to change, culture, work and power distribution etc. There are generally four types of interventions in OD that are: (a) Human process intervention at all levels (individual, group and total system level), (ii) Interventions to modify an organization's structure and technology; (iii) Human Resource intervention to improve employee performance and wellness; and (iv) Strategic interventions – managing organization relationship with internal and external environment to support business strategies. After planning the intervention strategies, the interventions are implemented. Implementation phase include managing and leading the change process in which the change agent motivates the members to bring desired change for creating the desired vision of the organization.
- (iv) **Evaluating and Institutionalizing Change:** This is the final stage of the planned change model. This step involves the evaluation of the effect of planned interventions and managing the successful institutionalization change program according to the plan. Evaluation and feedback of the intervention's results provide further information to the management for taking decisions regarding continuation or discontinuation or modification of the process. It may reinforce management to motivate members by providing regular feedbacks, rewards and training programs.

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## 14.9 WHEN AND WHY SHOULD AN ORGANIZATION USE OD?

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OD is an extremely broad field and it is not a technique or tool, rather it's a systematic and strategic process that can be applied in an organization to make planned improvements. The organizations might take benefit of OD interventions in the following situations:

- (i) To develop and enhance the vision and mission statements of the organization
- (ii) To align functional structures to achieve common purpose of the organization
- (iii) To make strategic plans for future prospects and their achievements.
- (iv) To manage conflicts at various levels which disrupts the healthy functioning of the organization
- (v) To create collaborative environment
- (vi) To improve efficiency and effectiveness of members and process

- (vii) To improve the ongoing operations and change in technology
- (viii) To create a motivating environment through compatible reward and incentive system
- (ix) To coach senior managers
- (x) To find the strengths and weakness of an organization and focus on the areas of improvement.
- (xi) To improve ongoing operations of the organization by developing policies and procedures
- (xii) To build an effective performance management and appraisal system that can systematically improve the performance of departments and individual employees.
- (xiii) To provide training and support to the employees to provide them an opportunity to step ahead and perform their job in better way.
- (xiv) To improve overall working environment, job redesigning, work culture etc.

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## 14.10 OD PRINCIPLES OF PRACTICE

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OD is a multidimensional stream and is a systematic and planned effort to implement interventions for the improvement and sustainability of an organization. There are a few core values that work as guiding principles to the OD practitioners or change agents while counseling the clients. These values are related to the behavior and actions of intervention. The key principles include:

- (i) Respect and Inclusion: OD must focus on the suggestions and opinion made by the organization members.
- (ii) Collaboration: While designing intervention, OD practitioner must collaborate his ideas with the ideas of organization members to create a win-win situation.
- (iii) Authenticity: An OD practitioner must provide authentic insight about the prevailing issues and problems and try not to misguide the members.
- (iv) Empowerment: The motive of OD is to develop autonomy of work within the client's environment so that members can think and act. It will develop a sense of power and responsibility among employees and eventually elevate the morale.
- (v) Self-awareness: The motive of OD is to develop self-awareness and interpersonal skills in the members so that they can work independently after the intervention.
- (vi) Democracy and social justice is elevated by pursuing the principles.

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## 14.11 STRENGTHS OF OD OR FOCUS AREAS

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- (i) Supported by Theory: OD draws its interventions by applying theories from multiple disciplines such as behavioral science, physical science and social science.

- (ii) System focused: Intervention focuses on the planned results and change in one area leads to change in other areas also. So OD should understand organization and should build a system that support change in the other areas of system also.
- (iii) Research Focused: OD does not function on the information that are simply looking at them. It is based on adequate data collection, information gathering from all relevant sources and analyzing this information to suggest interventions. The data gathering continues at the implementation phase also to provide regular feedback for suggesting revisions wherever required.
- (iv) Action Focused: OD does not believe in theories and research only but focuses on action also. The planned actions are applied and examined continuously to change and revise as intervention unfolds.
- (v) Process Focused: OD emphasizes on the way things happen in an organization. OD tries to improve process and is more concerned about what is happening than why.
- (vi) Environment Focused: While developing plans for change, practitioners enquire and asses the internal and external environment to validate the plan for achievement of desired goals.
- (vii) Client Focused: The responsibility of the OD practitioner is to understand the client perspective. They understand client's needs and continuously promote the client's ownership in all phases of development and change.

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## 14.12 COMPETENCIES OF OD PRACTITIONER

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- (i) Able to provide consultancy
- (ii) Capable of diagnosing real problem
- (iii) Able to conduct enquiry and collect valid and reliable information from sources
- (iv) Expert in designing relevant and appropriate interventions
- (v) Able to manage unprogrammed events and critics
- (vi) Able to facilitate and provide consultation of process change
- (vii) Able to assist, organization, group as well as individual
- (viii) Able to develop trust to initiate change with values and ethics
- (ix) Ability to conduct change process and develop client capability
- (x) Able to notice, analyze, evaluate and interpret change



**Check Your Progress- B**

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**Q1. Explain the process of Lewin’s Change Model.**

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**Q2. Why positive model of OD is different from other models of organization development?**

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**Q3. Discuss the General model of planned change along with its steps.**

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**Q4. Explain various competencies of an OD practitioner.**

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**Q5. Fill in the Blanks**

- i. ....presented one of the earliest models of planned change.
- ii. OD is based on adequate....., information gathering from all relevant sources and analyzing this information to suggest interventions.

**Q6. Choose the correct alternative.**

- i. In this model, the OD practitioners first conduct the research within the area in which the change is demanded.
  - a) Lewin’s Change Model

- b) Action Research Model
  - c) The Positive Model
  - d) General Model
- ii. Which one is not a step in General Model of planned change?
- a) Entering and Contracting
  - b) Diagnosing
  - c) Moulding people to accept change
  - d) Planning and Implementing Change

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## 14.13 SUMMARY

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This unit has provided various definitions of Organization Development and characteristics of OD from different perspectives. A brief history of the evolution of OD term and concept is presented. By reading this unit, the learner will get a sense of the evolution of OD, various models of OD which are used as process models to implement organization change and intervention. Details are provided for Kurt Lewin's approach that has focused on the process of change: unfreezing, action and refreezing; cyclical Action Research Model which emphasized on the complete process of OD explaining eight dimensions of planned change- Entry, Start-up, Assessment and Feedback, Action Planning, Implementation, Evaluation, Adoption, and Separation; Positive model that focuses on the positive attributes of the organization and forces to strengthen the same instead of identifying weak or problematic areas. The crux or all three models is presented in form of generalized planned change model consisting of four steps. The principles and values of OD are explained along with the focus areas of OD. The characteristics or key qualities of the OD practitioner are also discussed briefly. Overall, this unit has tried to provide a basic idea of organization development and the areas of focus and implementing planned interventions.



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## 14.14 GLOSSARY

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**Organization development** is a wide spectrum of activities and a well planned, organization-wide effort to increase organizational efficiency and effectiveness. It may be related to structural changes, job enrichment, team building at various levels or conflict resolution by amending the policies and procedures.

**Contract** involves all activities that spell out future change, resources required, expenses and time involved and how many members will be required to support the change.



## 14.15 ANSWERS TO CHECK YOUR PROGRESS

### Check Your Progress –A

#### **Q5. Fill in the Blanks**

- i. Organization development
- ii. Business-as-usual

#### **Q6. Choose the correct alternative.**

- i. b. Douglas McGregor and Richard Beckhard
- ii. a. Eric Trist

### Check Your Progress –B

#### **Q5. Fill in the Blanks.**

- i. Kurt Lewin
- ii. Data collection

#### **Q6. Choose the correct alternative.**

- iii. b Action Research Model
- iv. c Moulding people to accept change



## 14.16 REFERENCES

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- Pasmore W.A. *Designing Effective Organizations*. New York, John Wiley.

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## 14.17 SUGGESTED READINGS

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1. Cummings T.G., Worley C.G., (9<sup>th</sup> Ed.). *Organization Development & Change*. Cengage Learning Publishers.
2. Gary N. McLean, (2<sup>nd</sup> Ed.). *Organization Development Principles, Processes, Performance*. Published by Berrett-Koehler Publishers
3. French, Wendell L., and Cecil H. Bell (5<sup>th</sup> Ed.). *Organizational Development: Behavioral Science Interventions for Organization*. Englewood Cliffs, Prentice Hall.



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## 14.18 TERMINAL QUESTIONS

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- Q1. Which definition of organization development you liked most and why?
- Q2. What would be the difference if organization is considered as a stand-alone concept instead of subsystem of any other field? Why?
- Q3. Quote a situation of change that does not follow the principles of organization development with the reason.
- Q4. If you are given a chance, would you like to work as an external OD consultant or internal OD specialist and why?
- Q5. How to check the credentials of an OD consultant and why it is important to do so?
- Q6. What are the influences of OD practitioner's style of work on the OD principles? Discuss organization development from the perspective of an OF practitioner.

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## **UNIT 15 TEAM INTERVENTIONS**

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### **15.1 Introduction**

### **15.2 Learning Objectives**

### **15.3 Types of Team Interventions**

### **15.4 Team Development Interventions**

### **15.5 Factor Affecting Team Effectiveness**

### **15.6 Team Building and OD Interventions**

### **15.7 Team-Building Activities**

### **15.8 A Strategic Model of Team Building**

### **15.9 Strategies to Develop a Winning Team**

### **15.10 Characteristics of the members of a high performing Team**

### **15.11 Paul Dobson's 9+1 Model of Team Performance**

### **15.12 The Role of Manager and OD Practitioner in Team Building**

### **15.13 Summary**

### **15.14 Glossary**

### **15.15 Answer to Check Your Progress**

### **15.16 Reference/ Bibliography**

### **15.17 Suggested Readings**

### **15.18 Terminal Questions**

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## **15.1 INTRODUCTION**

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Interventions are set of structured activities in which certain organizational components (target groups or individual) are hired in order to fulfill one or more objectives regarding systematic development of the whole organization or department or a process. OD interventions' main aim is to improve the organizational performance and wellbeing. A Team intervention is to enter into an ongoing system of relationships, to come between or among persons, groups or objects for the purpose of helping them in achieving the goal. The objectives of introducing team interventions in an organization is to help team members in

understanding the problems in the process, assignment/allocation of tasks according to their strengths and to develop mutual understanding and active communication.

*“Team intervention is the part of intervention that focuses on team performance and human interaction, the main aim of this intervention is to improve productivity, development of interpersonal relations among the group members, goal clarification, decision making problem solving attitude towards team members.”* Wendell French and Cecil Bell Jr.

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## 15.2 UNIT OBJECTIVES

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After reading this unit you will be able to

- understand Team interventions and various types of team interventions
- study team development and factors affecting team effectiveness
- understand the role effective team building in OD interventions
- develop a strategic model of effective team building
- study the characteristics of a winning team
- examine the role of manager and OD practitioner in building effective teams

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## 15.3 TYPES OF TEAM INTERVENTIONS

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Following are the four types of team interventions:

- (1) **Cross functional team** – Cross functional teams are made up of experts from different field holding same positions in their respective departments. These teams are made to achieve a common goal of the organization. For example: the expert from marketing, finance, HR, Operations, production, manufacturing, designing etc. come together to meet ongoing challenges in the organization.
- (2) **Effective team** – Effective teams are the teams that are clear in their focus and have clear understanding about the role of every individual in the team. These are self managed teams and high performers. These teams have clear objectives, good communication, openness, trust, mutual cooperation and appropriate leadership.
- (3) **High performance team** – High performance teams are made up of people that carry complementary skills, talent and have specific roles in achievement of organizational objectives. To achieve superior results, this kind of teams shows high level of commitment, innovation and collaboration. These teams are very robust into conflict resolutions to achieve their goals effectively. The people are highly skilled, leadership role may be performed by various members according to need of project, clear focus, shared norms, strong sense of responsibility and mutual trust are the major characteristics of such teams. Other than this, high performance teams have strong interpersonal commitment and are committed to the growth of whole team and organization.

- (4) **Management teams** – Management teams are also known as executive management team or senior management team. This team consists of top level management to make strategies for managing the day to day operations of the organization. This team reports to the board of directors of the company. This team has to ensure that all the business objectives are met effectively. The team consists of heads of various departments or zones such as CFO (chief financial officer), CSO (chief strategy officer), COO (chief operating officer) or CMO (Chief marketing officer) etc.

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## 15.4 TEAM DEVELOPMENT INTERVENTIONS

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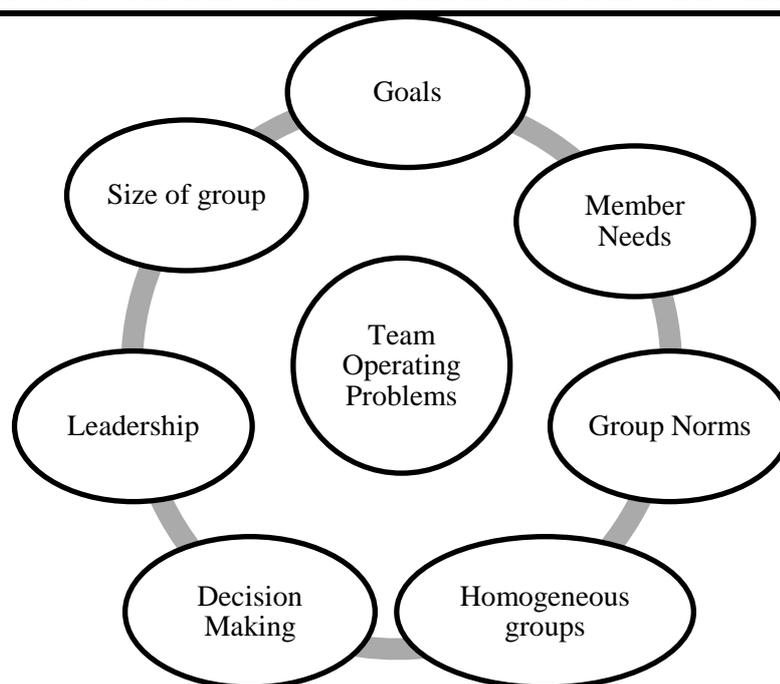
Team development is a major organization development intervention. The main aim of team development is to increase the cooperation, communication and trust among the departments to increase their efficiency and productivity. There exist different categories of team interaction such as simple situation (some technical issue in process and can be resolved by a single person); complex situation (issues where cooperation and negotiation is required-marketing and sales department that come together to resolve a strategic issue related to sales or promotions of the products); and Problem situation (these situations demand high level of teamwork where the organizational success depends upon their performance). Team interventions are important in the following conditions:

- (i) When the work can be accomplished by a team
- (ii) To use the expertise of people in resolving a specific problem
- (iii) To train and educate the other members of the organization to gain expertise
- (iv) To promote team decision making for high employee commitment
- (v) Rewards are based on the performance of team not individual specific
- (vi) To bring diversified discussion with the involvement of people with different expertise and background
- (vii) When problem is not related to an individual
- (viii) To diagnose major problems of the organization
- (ix) To inspire performance by collaboration
- (x) To build mutual trust and cohesiveness
- (xi) To resolve existing conflicts
- (xii) To solve problems relating to market

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## 15.5 FACTORS AFFECTING TEAM EFFECTIVENESS

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**Fig 15.1 Factors Affecting Team Effectiveness**

- (i) **Goals:** It becomes difficult to define common goals for a team because people are not even able to clarify their own goals.
- (ii) **Member needs:** The teams are formed to achieve common goals and in the process of achieving common goals, the individual's personal and social needs are compromised.
- (iii) **Team norms:** Whenever different people come together, they develop their own group norms. These group norms may be dysfunctional and antisocial for the organization if not managed and guided properly.
- (iv) **Homogenous Members:** People with same skills and background tend to form teams and due to homogeneity, the ideas are also homogenous. So the organization must develop teams with diversified background to have creativity and innovation of ideas.
- (v) **Decision making:** The major problem arises when the teams are not able to make decisions with consensus and try to breach the democracy of the team by the use of authoritarian style of leadership by an individual.
- (vi) **Leadership:** The major issue in teams is that who will control the group and having power to make decisions.
- (vii) **Size of team:** The effective size of any team is 6-8 members to get good results. The teams larger than this are not effective because all the individuals are not able to behave differently and able to share their ideas.

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## 15.6 TEAM BUILDING AND OD INTERVENTIONS

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Team is the base of today's organization structure; whether it is cross functional teams or project based teams, the organizations cannot think to move ahead without them. In this globalized environment, the virtual teams are the new model of effective and quick work done by becoming more agile and flexible. These teams have clear vision focus and clear understanding of what they have to achieve as teams. The team members are technically competent and expert in their relative fields and the challenging projects bring them together to use their expertise and technical capabilities. Every team has to face a few challenges, interpersonal conflicts and role ambiguity at the time of incorporation but the things/issues get smooth over a certain period of time. But if these issues are not tackled cleverly, then these may become difficult to solve later on and can cost the project to the company. So a company must focus that the new formed team takes small time to collaborate and understand their role in the project for the overall smooth functioning of the team and task.

The organization must provide team building training to its employees so that the members help each other when allocated any team task, help other members in problem solving, develop strong interpersonal relationships and improve the overall performance of the team. These teams can resolve multiple organizational issues such as low employee morale, increasing conflicts and complaints, loss of productivity, confusion of tasks, low participation and innovation, no initiation and hostility among organizational members etc. In other term, the teams or group decision making can contribute in the growth of organization and developing a better organization culture and workplace. Team building is very important in facilitating multiple OD interventions in organizations such as:

- (i) Increased employee involvement
- (ii) Job redesigning and restructuring
- (iii) Bringing strategic changes
- (iv) Designing of high quality change programmes
- (v) Smooth acceptance and implementation of suggested changes
- (vi) Providing solutions to complex and uncertain issues
- (vii) Development of team work and problem solving skills
- (viii) Establishing rational and consistent corporate strategies
- (ix) Promoting new forms of governance
- (x) Adoption of new technologies and interventions such as JIT (just in time) inventory management, six sigma for lean manufacturing, service quality and robotics etc.
- (xi) Increase in productivity
- (xii) Providing quality of work life

These are just a few OD interventions that teams can bring to organizations. In this globalized environment, organizations are having heterogeneous groups with diversified culture, background, geographic location and languages and these diversified groups have to come together to resolve complex issues and need to simplify complex tasks by using the advanced communication and information technologies. Due to multiple locations of businesses (MNCs- multinational companies), virtual teams are the new face of organizations and due focus is provided on the smooth and effective functioning of these virtual teams.

Face to face communication and interaction is required to build strong teams with interpersonal relationships but this is not possible in case of virtual teams due to too far locations of team members. So the organizations take help of various advanced communication interventions to create a sense of closeness and mutual understanding & trust between virtual team members. The frequent online discussions, helping each other in task related issues, short and frequent objective focused communications, and providing solutions to pertaining problems can increase the closeness between the virtual team members. These virtual teams discuss and resolve cross cultural issues, examine the impact of these issues on decision making, problem solving, improving communication and building trust.

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## 15.7 TEAM-BUILDING ACTIVITIES

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Team is a collaboration of people having different competencies and expertise that come together either to solve a problem, to share a common goal or to complete an existing project. These teams follow mutually agreed work methods and hold accountability and responsibility related to achievement of common goals. The teams can vary on the basis their interdependence:

- (i) Teams reporting to a common manager/supervisor/executive
- (ii) Temporary teams to do one-time projects or tasks
- (iii) Teams where the skills and roles are interdependent
- (iv) External teams that are not employees to organization but come together to provide consultancy to resolve issues in organization
- (v) Traditional Teams- working in same location and close proximity
- (vi) Virtual Teams- Dispersed geographically and interact with the help of communication and internet technologies

Several factors affect the performance on any team and some of them are:

- (i) Length of time allocated to complete the task
- (ii) Members' willingness to accept process
- (iii) The tenure from which team is working together
- (iv) Stability of team
- (v) Frequency of meetings

- (vi) Frequency of changes in operations of team
- (vii) Trainings to modify members' behavior
- (viii) Members' style of team management
- (ix) The level of trust and openness among team members
- (x) The level of dependence/interdependence between team members
- (xi) Skill sets of team members

The organizations must produce effective teams to achieve expected outcomes, better stakeholder satisfaction, and market competitiveness through constant improvement in team performance and functioning. Organization can arrange different types of trainings and team building activities to improve team effectiveness. The team building activities are of following types that are classified on the basis of their orientation and levels:

**Table 1: Team building activities and orientation of activities**

Level of Activity	Orientation of Activity	
	Diagnostic	Development
<b>One or more individuals</b>	Developing Instruments, conducting Interviews and gathering feedback to understand the style of team working and factors affecting motivation of team members	The motive is to provide: <ul style="list-style-type: none"> <li>• Coaching</li> <li>• 360 degree feedback</li> <li>• Role of third party interventions</li> </ul>
<b>Group operations and Behaviour</b>	Conducting surveys, in-depth interviews and team meeting to understand the processes and procedures of group formation and functioning	The motive is to provide: <ul style="list-style-type: none"> <li>• Role clarification</li> <li>• Development of mission and goals</li> <li>• Development of effective decision making processes</li> <li>• Bringing normative changes</li> </ul>
<b>Relationship with the organization</b>	Conducting surveys and interviews to understand that how teams relate their existence with the organizational strategies and goals	The motive is to provide: <ul style="list-style-type: none"> <li>• Strategic planning to achieve organizational objectives</li> <li>• To conduct stakeholder interest analysis</li> </ul>

**SOURCE:** W. G. Dyer, *Team Building: Issues and Alternatives*, 42–46. © 1987.



**Check Your Progress- A**

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**Q1. What is the motive of introducing team intervention?**

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.....  
.....

**Q2. Identify the types of team interventions present in any organization.**

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.....  
.....

**Q3. Explain the various factors present in organizational environment that affect team performance?**

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.....

**Q4. Highlight various team building activities that motivate team performance.**

.....  
.....  
.....

**Q5. Fill in the Blanks**

- i. A .....is to enter into an ongoing system of relationships, to come between or among persons, groups or objects for the purpose of helping them in achieving the goal.
- ii. Face to face communication and interaction is required to build strong teams with interpersonal relationships but this is not possible in case of .....due to too far locations of team members.

**Q6. Choose the correct alternative.**

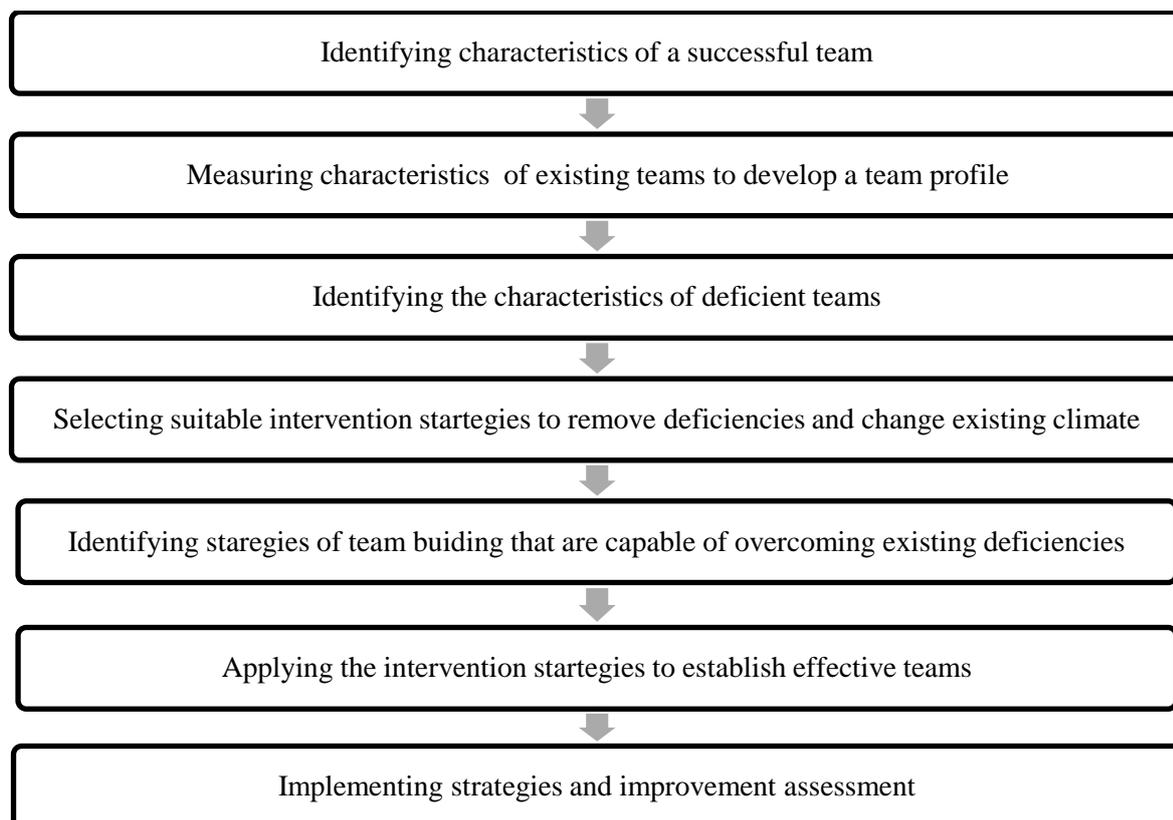
- i. Which one is not a type of Team Intervention?
  - a) Effective team
  - b) Management teams
  - c) Virtual Teams
  - d) Cross functional team

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**15.8 A STRATEGIC MODEL OF TEAM BUILDING**

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A framework is required by the managers to make effective teams. The framework should be easy to understand, action oriented, easy to implement and also incorporate critical factors of team performance and success. A seven step framework/process is provided to guide managers in building effective teams.



**Fig 15.2 Strategic Model of Team Building**

### Step 1: Identifying Characteristics of a successful team

According to behavioral scientists, a number of characteristics are desired for a successful team building that is able to achieve team goals. The factors that affect the functioning of teams and are considered relevant for both temporary and permanent teams are: clear goals, define tasks, the level of the team in the organization, the length of its existence and the performance of roles and sustainability of team members etc. When a manager forms temporary teams, he selects potential member on the basis of their technical and interpersonal skills that helps in achievement in group task. During the formation of new team, a manager must clarify the power distribution of the team members, should take care of the balance in the skills, expertise, attributes and characteristics of the members and should clarify the goals to be achieved and the resources available. For example: in strategic problem solving, the management must select critical managers or the departmental heads as team members so that when the decisions are made all the managers should contribute and cannot resist participation. Simultaneously the management must ensure that the necessary knowledge and expertise is present within the team so that the team can come up with innovative and creative solutions with mutual consent. The problem arises when the managers want to change or enter new member into intact groups. Intact groups are the teams that are already existing in system and working on a common project. Intact groups do not permit the easy entry of a new member or the intergroup transfer. The manager needs to interfere in intact group when these are not able to achieve the desire target and start damaging the internal working environment of the team. Under these conditions, instead of taking a quick decision of interchanging members, the manager must identify those characteristics that can have positive impact on team performance and group behavior. Simultaneously the manager must work on removing the existing team deficiencies to improve the working climate.

Various behavioral scientists like Spreitzer (2005) on the effectiveness of work teams and found characteristic as expertise, norms, coordination, stability, team effectiveness, collaborative problem solving, goal setting, conflict resolution, open communication and performance management are important for effective teams and their performance. Few of the major team characteristics are discussed as follows:-

- (1) Shared leadership: This is an approach where the group members take the leadership role on the basis of their expertise instead of announcing and exclusive group leader. The leader should function as a facilitator, collaborator, challenger, controller and contributor to effectively engage rest of the team members. Under such leadership the leader will change from situation to situation and is not always played by the same member.
- (2) Clear purpose: it is a condition where the team members are aware of the expectation from them and formulate group goals accordingly. These goals provide a clear direction where effort should be put and also give an idea of the resources required. The goals are not only set by the team leader but mutually decided upon by all the group members to maintain the motivation.

- (3) **Open communication:** Open communication is the key of team's success. The team members must be involved in active communication where they can share their thoughts, ideas, provide relevant feedback to each other, sharing of relevant information and resolution of pertaining conflicts effectively within the group.
- (4) **Consensus:** It is an approach where all the team members are allowed to share their preferences and ideas and the decision is based on mutual agreement. In case of any disagreement, the members allow the participants to share their prospective about the disagreement and try to analysis his observation with an empathetic approach.
- (5) **Participation:** For the strategic development and to increase the self efficacy of the team members, participation of all is must. The team leader should encourage all to participate in team activities and decision making to get the best output.
- (6) **Listening:** It is an activity that generates interpersonal sensitivity among team members, it is an effort where group members willingly listen to the perspective of others and try to develop interpersonal understanding. Listing also channelizes open communication within teams and provides opportunity to all members to share their thoughts.
- (7) **Civilized disagreement:** At the time of decision making a few members may disagree with the agreed upon decision by majority of members, in such condition the conflicts can arise within groups. To resolve these conflicts the teams must develop some norms, interpersonal sensitivity and internal mechanism to resolve conflicts peacefully.
- (8) **Clear roles and assignment:** All the group members should be clear about their role and responsibilities and show willingness to understand the roles of others. This helps team in the achievement of their pre assigned goals and objectives.
- (9) **Learning environment:** the team members must share their experiences with each other and should thrive to learn and develop new skills that are helpful in achieving set goals.
- (10) **Networking:** the team members must show willingness to built networks with external groups or people to draw useful information to find assistance and support that can facilitate them in their goal achievement.
- (11) **Information relation:** the group must have a relaxed atmosphere and a comfortable environment where the members feel free to have interpersonal interaction with each other and can develop and an emotional bonding and sought out the existing conflicts.
- (12) **Management support:** By forming the teams the manager must provide a work environment where the team is able to communicate, can share vision, perform to achieve target, share the rewards and facilitate goal achievement. The manager must support, empower, encourage and coach the team to develop self management, confidence and interpersonal relationships.

**Step 2: Measuring characteristics of existing teams to develop a team profile**

The literature has provided a clear connection between the positive team correctives and effective team performance: - therefore the managers should try to find out the existing team characteristics relevance in the organizational environment. Many authors have argued that the positive characteristic of the team can be used to generate effective team climates, team innovativeness, team development and high adoption rate of the new group members. The managers must strive to collect relevant information related to team climate and the kind of characteristics present by using various methods such as questionnaires, interviews or observation. The team characteristics must be validated by using any of the given technique and these managers should be able to predict the effectiveness. The objective of data collection is to collect accurate information and assessing the current team climate and existing environment. This information will help managers to construct a profile of effective team characteristics.

**Step 3: Identifying the characteristics of deficient teams**

While collecting the information related to effective team characteristics, the managers must concentrate on characteristics of poor performing teams to find out the existing gap. This information will help the causes of team failures such as lack of training, lack of skills, lack of resources or equipments, role ambiguity and the absence of proper communication.

**Step 4: Selecting suitable intervention strategies to remove deficiencies and change existing climate**

It is impossible for a manager to remove all the deficiencies simultaneously generating an effective team with all resources and energy. In any complex business environment there, exists unique team characteristics and that should be administered before introducing a new intervention within the team. It means that the management must first address the deficiencies of the team and use appropriate sequence of introducing various interventions by setting the sequencing, priorities and decision criteria. While operationalizing the above given criteria the management must follow a process to have in-depth understanding of the organizational environment.

- (1) SWOT analysis should be conducted to understand the strength, weakness, workload, skills and interest of their prospective team members.
- (2) Proper review should be done about the traditions, value, norms, history and existing culture of the company.
- (3) Availability of resources should be scanned that will be distributed to teams.
- (4) Power distribution within the team should be in accordance to organizational power structure.
- (5) Matching the team's strength and weaknesses with the organization strength and aspirations to provide a clear direction.

(6) Frequency of knowledge distribution and training should be increased.

The manager must make a list of the choices of team criteria to select the targets of intervention application. The criteria may focus on one or more of the following issues related to intervention objectives:

- (i) Possibility of success
- (ii) Difficulty to introduce desired changes according to team members' competencies
- (iii) The urgency and importance of intervention
- (iv) Competencies and preferences of leader
- (v) A detailed analysis of history and culture of organization
- (vi) Improving the deficiencies
- (vii) Sequencing of relevant issues
- (viii) External and internal resource availability such as equipments, trainers, facilities and capital etc.
- (ix) The preparedness level of the team members
- (x) Expected support of team members
- (xi) Time availability
- (xii) Political issues
- (xiii) Intuition based organizational optics

### **Step 5: Identifying strategies of team building that are capable of overcoming existing deficiencies**

Very often the managers don't feel confident in building effective teams after analyzing the current organization situation then they seek help from external professionals to build effective teams in the organization or departments. These professionals take the work group on a natural and offsite place to engage them in effective team building exercise. In this manner the employees are away from their routine environment and jobs for a few days and experience the effective team characteristics. The basic assumption behind this outdoor activity is that the group will utilize the learned team behavior in their jobs and natural organization setting. These efforts sensitize team members about the importance of team building efforts, desire team behavior and understanding the importance of various positive team characteristics. The organization must make the team function able immediately after the training sessions so that the learning and affect should not fade away.

Many models have been presented by the authors that present the significant role of manager in team development. The model suggest that the manager must address the deficient team characteristic first and then subsequent process of intervention should be introduced to articulate effective team building strategy. During the articulation of strategies, the manager must prepare a list to benchmark the best practices expected from the team based on personal experience, other experts, review of literature and benchmark practices of the

competitors. A list has been prepared by various authors that strategy the managers to create efficient teams for their department:-

- (i) Adequate goal setting where behavioral expectation are defined
- (ii) Defining leadership for modeling of expected group behavior
- (iii) Defining structure to make clarity about reporting and interactions
- (iv) Team empowerment by allowing problem solving and decision making through consensus
- (v) Linking rewards with performance management system
- (vi) Extensive trainings to remove deficiencies
- (vii) Regular feedback and contracting self appraisal system
- (viii) Job rotation within team
- (ix) Recreational activities to rejuvenate

### **Step 6: Applying the intervention strategies to establish effective teams**

It is very unlikely to managers to have required resources and time to improve all team characteristics deficiency simultaneously and the outcome of all the strategies may not be effective when applied to more than one team deficiency characteristics. That is why; a manager must articulate a number of ideas and decision criteria that will help him in selecting the appropriate blend of intervention development. A list has been provided in step 2 that provides the effective criteria for managers to select and compare various intervention strategies. A few more points should be added into the criteria that are of great importance such as cost and benefit analysis, analyzing organizational fit, alignment of team member's competencies, team preparedness and risk accessibility. The manager must considered all the criteria and key management philosophy while defining the unique team characteristics and should accordingly provide training to team members for developing desired positive team characteristics. This will help in reducing the chances of failure and will improve team effectiveness and performance.

### **Step 7: Implementing strategies and improvement assessment**

It is the step in which all the planning and analysis are converted into reality and the critical component is implemented to develop effective teams. With the help of the chosen criteria, a manager is able to implement selected intervention strategies and is able to achieve desired goals by appropriate coaching, goal setting, improving consensus, developing learning environment and open communication. To develop winning team's continuous assessment should be done to improve the effectiveness of the team working and the successful implementation of selected intervention strategies.

### **\*Required Settings to build successful teams**

The manager must take care of a few conditions before starting any team building activity. These conditions are presented by Hellriegel and Slocum in their book 'Management' and recommended the fulfillment of the following by management:

- (i) The goals should be clearly defined and every member is able to understand them properly.
- (ii) All the team members must agree with the set goals without any disagreement.
- (iii) The team members must be interdependent upon each other so that the harmony and communication is maintained within team.
- (iv) The team should be able to identify problems, empowered enough to tackle difficult situations and are able to take strategic decisions.

## 15.9 STRATEGIES TO DEVELOP A WINNING TEAM

In every organization, some of the projects are completed by formal teams. Many of the organizations create teams with ambiguous objectives, vague targets, improper resources and inadequate plans and expect victory from teams. The teams with creative and talented members do fail because of unclear goals i.e. the teams with firm goals and clear targets are in better position to achieve the desired objectives. Winning teams are supported by top management, guided by strong leaders and are created using bottom up approach. Some of the winning team roles were described by Dr. R. Meredith Belbin in his studies that are as follows:

Overall Nature of Activities	Belbin Roles	Explanation
Acting/Doing	Implementer	Take general ideas and implement them at workplace. Predictable, well organized and can be slow movers.
	Shaper	Carry lots of enthusiasm, energy and action oriented. Challenge other members to move ahead but sometimes can be insensitive.
	Finisher	Deeply analyze things from tip to toe, understand the obstacles, remove them and ensures that everything goes well. Take too much tension and don't rely on others.
Problem solving/Thinking	Plant	Able to resolve difficult problems with creativity and originality of ideas. May be poor communicators and does not worry about details.

	Monitor/Evaluator	See the big picture instead of a shot. Analyze and think about a problem deeply and accurately. May be slow movers, lack energy and not so good motivators.
	Specialist	Are expert in their key areas and can resolve issues related to it. Usually not interested in the expertise of others.
Feeling/Problem Oriented	Coordinator	These leaders are respected by all and help team members in completing their tasks. Can behave paternalistically and show excessive control.
	Team Worker	Take proper care of team and individuals. Active listener and able to resolve social issues. Not able to take difficult decisions against team.
	Investigator	Explore new horizons and ideas with enthusiasm and involvement of all. Can lose direction by being too optimistic. Overall a good team worker.

Or the above table can be concluded as follows for better understanding:

Overall Function	Belbin Role
Leading	Coordinator
	Shaper
Doing	Implementer
	Finisher
Thinking	Evaluator/monitor
	Plant
	Specialist
Socializing	Investigator
	Team worker

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## 15.10 CHARACTERISTICS OF THE MEMBERS OF A HIGH PERFORMING TEAM

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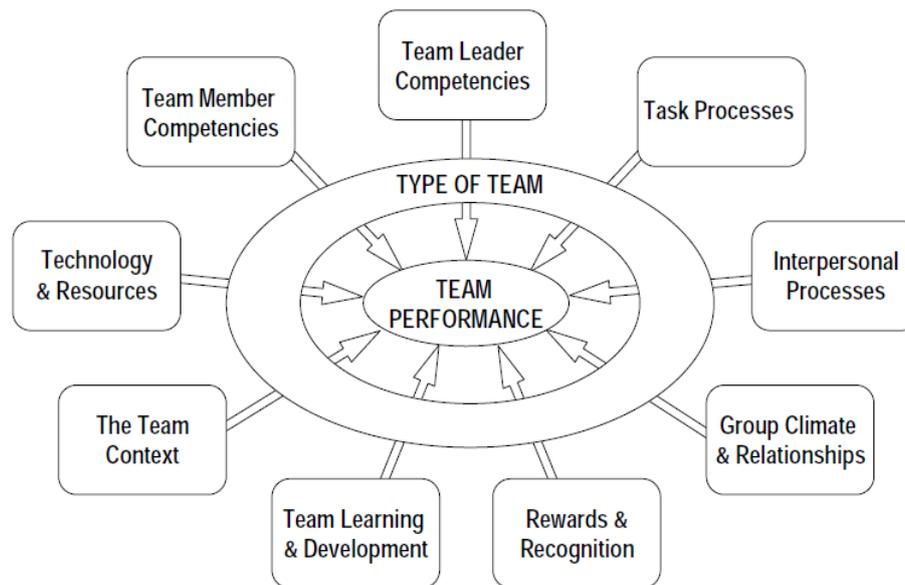
- (i) Proper planning before implementation
- (ii) Sharing a common goal i.e. put efforts to achieve team goals
- (iii) Maintain balance between processes and tasks
- (iv) Problem solving and decision making with consensus and involvement of all
- (v) Integrated and have respect for diversity
- (vi) Give importance to interdependence and value synergy
- (vii) Emphasize on team goals
- (viii) Fair distribution of rewards and special rewards to team members who uniquely supported team in difficult situation
- (ix) Active participation
- (x) Open communication
- (xi) Health conflict resolution with mannerism
- (xii) Emphasis on quality of work life
- (xiii) Focus on continuous improvement
- (xiv) Due emphasis on the intensity of work performed
- (xv) Regular feedbacks and development of self appraisal systems to critically evaluate the team performance
- (xvi) Focus on healthy team environment
- (xvii) Never criticize others but help members to improve

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## 15.11 PAUL DOBSON'S 9+1 MODEL OF TEAM PERFORMANCE

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Paul Dobson presented a model in 2010 after his extensive research on developing a model that describes the major determinants of a successful team. This model is very comprehensive, easy to understand and apply in comparison to other models present in literature. Dabson gave nine independent factors consisting of 32 variables that affect team performance. The factors are presented below:



**Fig 15.3 Team Performance**

*Source: Paul Dobson (2010). The Development of an OD intervention: Team Builder. Report on preliminary and pilot research*

The nine factors derived from 32 variables are Team leader competencies, task processes, interpersonal processes, Group climate and relationship, reward & recognitions, Team learning & development, team context, technology & resources and Team member competencies. The **Type of Team** is working as a mediator between the team performance and nine factors. The types of team means- permanent teams, virtual teams, technical teams, project teams etc. and according to type of team, the role of nine factors vary from situation to situation. For example: Virtual teams feel information technology as more useful resource in comparison to traditional teams because they communicate when need to formulate policies or resolve strategic issues. Similarly, the traditional teams give more importance to relationships because they have to work in close vicinity. The list of 32 elements is given below:

<b>Team Leader Competencies</b>	<b>Task Processes</b>	<b>Group Climate and Relationships</b>
<ul style="list-style-type: none"> <li>• Technical skills and experience of leader</li> <li>• Task leadership</li> <li>• Resourcing and developing team competencies</li> <li>• Developing relationships within the team</li> <li>• Developing relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Team goals and purpose</li> <li>• Plans to achieve goals</li> <li>• Task and role allocation</li> <li>• Co-ordination and control</li> <li>• Innovation and adaptation</li> <li>• Managing meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge of each other</li> <li>• Respect and trust between team members</li> <li>• Support from team members</li> <li>• Equality</li> <li>• Sense of belonging</li> <li>• Sense of fun</li> </ul>

outside the team		
<b>Member Competencies</b> <ul style="list-style-type: none"> <li>• Member capability</li> <li>• Member motivation</li> </ul>	<b>Technology and Resources</b> <ul style="list-style-type: none"> <li>• Team resources</li> <li>• Information technology</li> </ul>	<b>Rewards and Recognition</b> <ul style="list-style-type: none"> <li>• Extrinsic rewards</li> <li>• Intrinsic rewards</li> </ul>
<b>Interpersonal Processes</b> <ul style="list-style-type: none"> <li>• Communication</li> <li>• Decision making</li> <li>• Managing conflict</li> <li>• Leadership</li> </ul>	<b>Team Learning and Development</b> <ul style="list-style-type: none"> <li>• Individual development</li> <li>• Team development</li> </ul>	<b>The Team Context</b> <ul style="list-style-type: none"> <li>• Support and direction from top of organisation</li> <li>• Support for team work</li> <li>• Relationships with other groups inside and outside the organisation</li> </ul>

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## 15.12 THE ROLE OF MANAGER AND OD PRACTITIONER IN TEAM BUILDING

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Although the effectiveness of team depends on the functioning of team members but usually, the managers are held responsible for the success or failure of any team performance. Therefore, the manager must develop such a team where the team members as well manager can analyze the situation, diagnose the problems, measure the group effectiveness and manager must take corrective actions whenever the team shows signs of stress, frustration, anxiety or work overload or role ambiguity. If the manager feels the incapability of building or handling a team effectively, the use of OD practitioners are usually suggested so that the manager can get expert advice at various dilemmatic points. The OD practitioner can help managers in diagnosing real problems, analyzing various options and providing better solutions of existing team problems to improve team performance.

The role of an OD practitioner is to provide continuous consultation to manager to that point where the manager is capable of handling team effectively, able to engage team in development activities and is capable enough to guide team in tough situations. Even if the consultant is working closely with the manager, the manager must keep two things in his mind: (i) it is ultimately the responsibility of the manager to develop all team building exercises, OD practitioner is simple a source of short term guidance; and (ii) the manger must learn the activities related to effective team building under the supervision of OD practitioner to be self sufficient in maintaining the team performance later on without the help of the practitioner. It means that in first stage, the OD practitioner is more active for 2-3 days out

bounding team development program where primary focus is on data collection, diagnosis of issues, planning the actions and implementing them effectively. In the later stage, the manager have to play the active role and consultant takes a back seat and only guide the manager at the time of need, otherwise the manager works independently on building effective teams.



### ***Check Your Progress- B***

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**Q1. What are the major characteristics of a high performance team?**

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**Q2. Present the settings required to build successful teams.**

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**Q3. What do you understand by 9+1 model?**

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**Q4. What is the role of HR manager in developing high performing teams?**

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**Q5. Fill in the Blanks**

- i. The objective of .....is to collect accurate information and assessing the current team climate and existing environment.
- ii. During the articulation of strategies, the ..... must prepare a list to benchmark the best practices expected from the team based on personal experience, other experts, review of literature and benchmark practices of the competitors.

- iii. .... presented a model in 2010 after his extensive research on developing a model that describes the major determinants of a successful team.

**Q6. Choose the correct alternative.**

- i. Who presented the Belbin's role of Team effectiveness?
- a) Spreitzer
  - b) R. Meredith
  - c) Mathew
  - d) Burdek

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## 15.13 SUMMARY

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Effective teams are most important components of successful organizations and organizations always thrive to improve team effectiveness by building better ambiance and work environment. Teams are of different types such as permanent, temporary, project teams, virtual teams or traditional teams on the basis of the organizational activities where the team members share common organizational goals. The teams are such developed that are able to diagnose problems, handle ongoing operational problems and make effective decisions to give better performance and achieve the set goals. The competencies of an effective leader are central to team effectiveness. It is the responsibility of the leader to define clear goals, set expectations, providing resources, bringing interdependent skills and appropriate training provisions for improving overall team effectiveness. The leader must encourage its team members to move towards goal achievement. Managers too play an important role in building effective teams. This unit has tried to provide process and model that can help managers to build high performance teams in their organizations.



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## 15.14 GLOSSARY

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**Cross functional teams** are made up of experts from different field holding same positions in their respective departments. These teams are made to achieve a common goal of the organization.

**Shared leadership:** This is an approach where the group members take the leadership role on the basis of their expertise instead of announcing and exclusive group leader.



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## 15.15 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

#### Q5. Fill in the Blanks

- i. Team intervention
- ii. Virtual teams

#### Q6. Choose the correct alternative.

- i. c. Virtual Teams

### Check Your Progress –B

#### Q5. Fill in the Blanks.

- i. Data collection
- ii. Manager
- iii. Paul Dobson

#### Q6. Choose the correct alternative.

- i. b. R. Meredith



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## 15.17 SUGGESTED READINGS

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## 15.18 TERMINAL QUESTIONS

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- Q1. Think of a situation where it was difficult to perform without a team. Under what conditions, the team interventions are important for organizations?
- Q2. How the effective team building can facilitate multiple OD interventions in organization? Explain with the help of suitable examples.

Q3. Explain the various development and diagnostic activities associated with different levels of activities within teams. How organizations can utilize these activities to improve overall team performance?

Q4. Suppose you are the project manager with an IT firm and for a new project, you have to develop your own team. What steps or processes will you follow to build effective team?

Q5. Why it is necessary for a manager to identify strengths, weaknesses, deficiencies and opportunities relate to its team? What steps a manger have to perform to gather relevant information related to team?

Q6. Describe the contribution of Dr. R. Meredith Belbin in making winning teams. What qualities do you see in yourself from the Belbin's chart and why?

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## UNIT 16 STRUCTURAL AND MISCELLANEOUS OD INTERVENTIONS

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### 16.1 Introduction

### 16.2 Learning Objectives

### 16.3 Types of Structural Interventions

### 16.4 Organization Structure Interventions

### 16.5 Strategic Interventions

### 16.6 Human Process Interventions

### 16.7 Human Resource Management Interventions

### 16.8 Summary

### 16.9 Glossary

### 16.10 Answer to Check Your Progress

### 16.11 Reference/ Bibliography

### 16.12 Suggested Readings

### 16.13 Terminal Model Questions

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## 16.1 INTRODUCTION

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**Intervene:** “To intervene is to enter into an ongoing system of relationships, to come between or among persons, groups, or objects for the purpose of helping them.” Chris Argyris.

**Intervention:** Intervention is a set of planned and structured activities/change/development in a unit/department/organization engage in a series of errands to increase the organization efficiency and overall improvement. Interventions are used by OD experts after diagnosing the problems and their causes in an organization and try to solve the persistent issues by using required interventions in the said area for a positive future.

**Structural Intervention:** Structural interventions are also known as Techno Structural Interventions. Techno structural interventions focus on improving the human performance by changing/developing technology and organization structure thus improving the organizational efficiency. The main aim of structural intervention is to improve the overall organizational

effectiveness by changing the current flow of tasks, structures, technologies and goals of the organization. These changes are done by focusing on division of labour, job restructuring or redesigning, change in hierarchy/management decision process, arrangements of machines and equipment and skill people etc.

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## 16.2 LEARNING OBJECTIVES

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After reading this unit, you will be able to ;

- To understand structural interventions along with their different types.
- Know Importance of techno-structural interventions in organization development.
- To understand the applications of strategic interventions in OD.
- To study different form of human Resource interventions and their application in OD.

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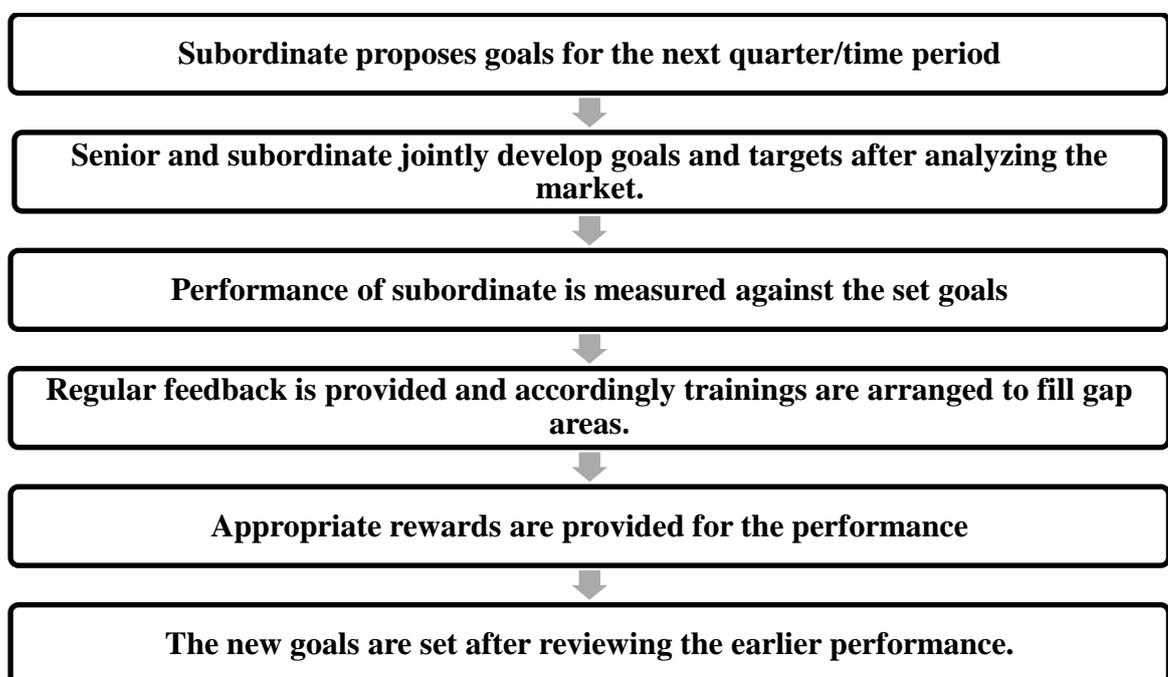
## 16.3 TYPES OF STRUCTURAL INTERVENTIONS

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- **Socio Technical Systems (STS):** This system is based upon the optimization of both; the social system of the organization as well as the technological system of the organization. The social system is improved to develop a boundary between the company and the environment so that effective exchange can be allowed and effectively managed and the disruption from external sources can be stopped for effective organization management. The socio technological interventions require high participation and involvement of organization member because they are the one have to adopt the changes and without their involvement, the interventions cannot be effective. All the fields of engineering, sociology, psychology are combined in socio-technical systems for job analysis, redesign and resource allocation.
- **Self managed Teams:** In this type of intervention, the motive of the practitioner is to develop such teams which are self managed and don't need close supervision and regular directions. In this, teams are made and then tasks are assigned to each team in a manner that the compiled tasks of all the teams comprise the total work to be performed. These teams are trained in multiple skills such as team effectiveness, communication and other skills required performing the assigned task. The training helps the team to let them understand the importance of task delegation between the members and train them to know different aspects of how to get the work done. These self managed teams provide a great deal of information about quality and productivity and maintain the self regulation.
- **Work Redesign:** This is an activity in which the jobs are redesigned on the basis of job characteristics. Richard Hackman & Greg Oldham provided a theoretical model in OD approaches to design job on the basis of five job characteristics which are: Skill variety, Task identity, Task Significance, Autonomy to work and regular feedback for

the job done. Job redesigning helps practitioner to implement the effect of job characteristics on the psychological state of the organization member that produces intrinsic work motivation and leads to higher job performance.

- **Management by Objectives (MBO):** Management by Objective is an approach which serves multiple purposes of an organization such as performance management of employees, development of thrust and participation, increased teamwork and improved relationship between subordinate, supervisor and team. In MBO, the goals/targets of individuals or teams are decided by mutual participation, transaction and consent of the team members. Participation and transaction means that during the process of goal setting, the subordinate should provide meaningful inputs through which he is able to achieve it, the review is done collaboratively and regularly and collaborative examination is done of the situations that need to be handled to achieve the desired goals. MBO is a series of interrelated steps of a process that may be described in the following manner:



**Fig 16.1 MBO**

- **Quality Circles:** Quality circles also works like MBO but the main focus of these circles is to solve problems and set the goals in a group. The major focus of these groups is to enhance and maintain the enhanced product quality. Quality circles are generally consists of 7-8 members from a department who meet regularly to analyze the situation and make proposals of the methods to enhance product quality. The disputes may be high in case of quality circles because a few members may dominate the group; so it's the responsibility of the leader to have a check on the high participation of all the group members.
- **Quality of work life projects (QWL):** as the name suggests, quality of work life projects includes restructuring of various dimensions and tasks of the organization.

Due to QWL, the transparency increases between management and unions which reduces the risk of disputes and increase the participation. It also increases the participation of employees in hop floor decisions to improve production flow, quality and safety of workers. The employees/workers are encouraged by providing skill development programs such as job rotation, skill training, team efficiency and safety issues etc.

**Example case:** General Motor's QWL

At General Motors, the employees can take voluntary involvement in the change process. The union and management sign an agreement with the change/development process and fully participate into it for organization growth. The management ensures unions that due to interventions, the employees are not going to lose their jobs. The management provide proper skill training to its employees to solve technical and team problems. Quality circles are frequently used at General Motors to discuss the problems that are affecting work environment and performance of the organization. The team participates in forecasting, planning, leading and team selection. Regular meetings are held with employees to discuss the issues related to quality, schedules, customer orders and safety. The management encourages skill development within employees and frequently rotates the jobs of team members within work teams. The management listen the concern of its employees and provide solutions. This all encourages the employees to work harder in a harmonious environment.

- **Total Quality Management (TQM):** TQM is not a single technique but a combination of various activities to improve organization effectiveness. The various approaches under TQM include quality circles, six sigma, statistical quality controls, and training to employees for improved quality. The application stages of TQM are as follows:



**Fig 16.2 TQM**

Characteristics of TQM:

- (i) It's primary emphasis is on customer satisfaction
- (ii) It is measured using SQC (statistical quality circles)
- (iii) It involves participation of all members
- (iv) It's focus is on teams and team work
- (v) It requires continuous training of employees to improve quality
- (vi) Its major focus is to detect the defects and the goal is to eliminate all the defects completely.



***Check Your Progress- A***

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**Q1. What does intervention mean? Explain the role of structural interventions in organization development.**

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**Q2. Why structural interventions focus on self managed teams?**

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**Q3. What do you understand by MBO?**

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**Q4. Explain TQM with its characteristics.**

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**Q5. Fill in the Blanks.**

- i. Structural interventions are also known as ..... Interventions.
- ii. The motive of the practitioner is to develop such teams which are ..... and don't need close supervision and regular directions.

**Q6. Choose the correct alternative.**

- i. What is the meaning of MBO in Organization Development?
  - a) Marked by Operations
  - b) Management by Objective
  - c) Managed by Operations
  - d) Men Behind Organization
  
- ii. Which one not part of techno-structural interventions?
  - a) TQM
  - b) QWL
  - c) MBO
  - d) HRM

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## **16.4 ORGANIZATIONAL STRUCTURE INTERVENTIONS**

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Organization structure consists of activities that are directed to achieve the organizational goals such as supervision, task allocation and coordination. To achieve organizational objectives, the structure should be flexible, innovative, and efficient. Depending on the objectives, organization structures are defined in many ways and are of different types. The mode of operations and performance of any organization is defined by the structure of the organization. Organization structures have different branches, functions and processes.

The organizational action is affected in two ways by organizational structure: first the standard operating procedures are defined by organization structure and second, the people get decision making power according to it.

Common Types of organization structures:

- (i) **Centralized Structures:** The organizations which are having centralized leadership and a defined chain of command are called centralized structures. For example: Military.
- (ii) **Decentralized Structures:** the organizations which are fast, flexible and adaptable and employees have the autonomy to work and take decisions are decentralized

structures. With the rise of decentralized structures, many technology startups have established.

### **(a) Organization System**

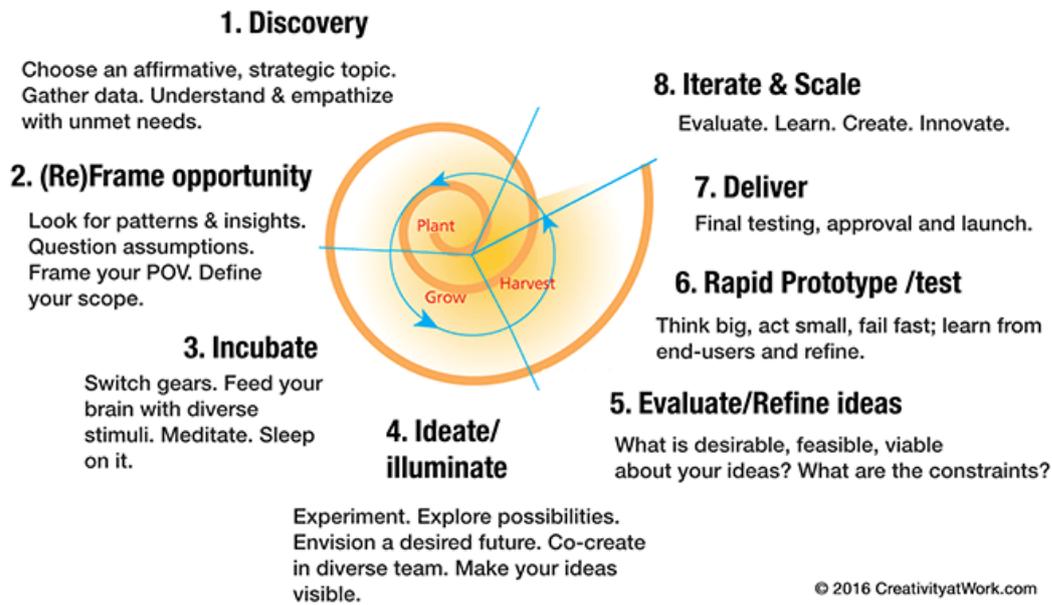
System is the mind of any organization structure. System represents the operational procedures and functions of any organization that how an organization is operating. The systems are the building blocks of any organization. To make an organization work, the systems are expected to be stable but continuous improvements are required to compete in the open environment. There are different systems present in different organizations such as logistics system, LMS system, customer management tracking system, quality management system etc. The systems support the processes and both (systems and processes) go hand in hand. The interventions are required to improve the systems continuously to improve organizational efficiency and effectiveness. Systems need to be strong enough to bear the pressure of organizational vision, mission and objective.

To analyze and model the business system, it is important to define boundaries and limits. The business systems span to the entire organization and create business models.

### **(b) Innovation and Design thinking**

To solve complex problems, the designers use design thinking methodology to find out optimum solution for client. The design thinking focuses on solutions instead of problems and tries to create a preferred future. Design thinking is based upon logical and systematic reasoning, imagination, intuition and try to explore the possibilities to get desired outcome of the problem.

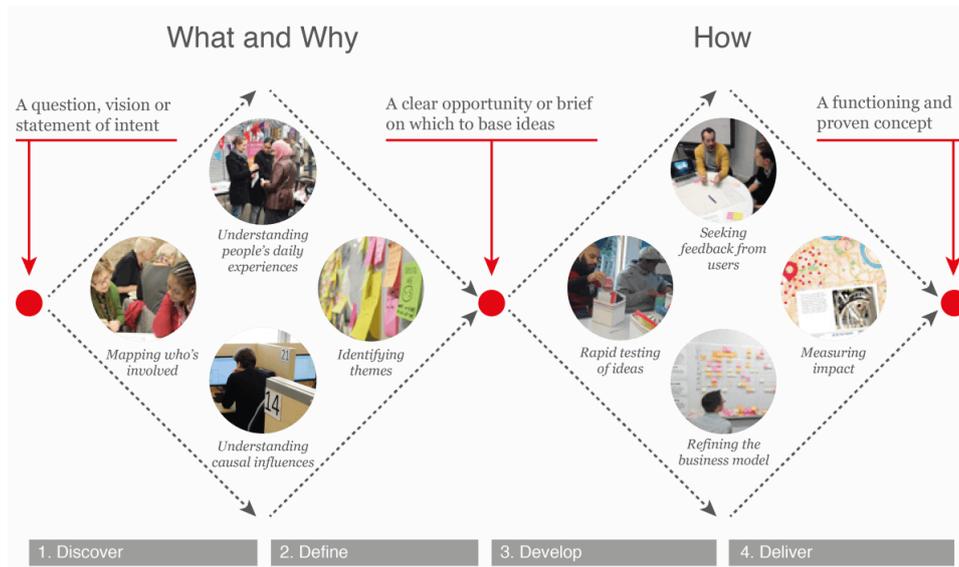
*“Design thinking can be described as a discipline that uses the designer’s sensibility and methods to match people’s needs with what is technologically feasible and what a viable business strategy can convert into customer value and market opportunity.”*– Tim Brown CEO, IDEO



**Fig 16.3 A Framework for Design Thinking**

Source: Linda Naiman, Creativityatwork.com

A structured framework is offered by design thinking to understand and pursue innovation for the sustainable and organic growth to add real value to clients and customers. The design thinking cycle consists of various steps initiating from observing unmet need of the organization, framing the opportunities, exploring possibilities, evaluating alternatives and ideas, testing of the ideas, and finally evaluating the effects and end results.



**Fig 16.4 A Innovation and Design thinking**

Source: Design Council UK

**(c) Knowledge Management**

Knowledge management is a comparatively new approach adopted in organizations. Knowledge management is an activity in which the knowledge on demand and needed expertise are brought together to make organization more efficient and competitive. There exist many sources of expertise and knowledge from bottom to top. However, the expertise and knowledge are not always shared in organization. These people may know the solution to a particular problem but due to poor communication system or authoritative or non-participative system, the employees don't share the solution. In such situations, the organization is unaware of the skills and leads to loss of low morale among employees and high turnover of staff because of inefficient practices within organization.

So knowledge management is the ability of an organization (as a whole) to solve problems in a better way to meet the demands of challenging and ever changing environment and business requirements by identifying the required skills, knowledge and expertise within organization. To encourage employees, the organization needs to change its system and open communication and culture is to be embedded to support and motivate the knowledgeable staff. The organizations need to build a culture of knowledge sharing, constant learning, preserving & recording information and appreciating the knowledge learned and shared. This will enhance the organizational effectiveness and will reduce the employee turnover.

There are multifold benefits of Knowledge management; some of the benefits are discussed below:

- (i) Clients, stakeholders and employees will be fully and accurately informed
- (ii) Fast and efficient delivery of outcomes as well as improved team effectiveness due to knowledge sharing
- (iii) Continuous improvement in all areas due to change in organizational environment
- (iv) Organization becomes more flexible and adaptable to adopt change.

**(d) Structural design**

<b>Design</b>	<b>Size</b>	<b>Environment</b>	<b>Technology</b>	<b>Goals</b>
Functional	Small-Medium	Stable	Routine	Efficiency & Quality
Divisional	Large	Uncertain	Interdependent	Innovation & Specialty
Matrix	Medium-Large	Uncertain	Uncertain - Interdependent	Innovation & Speed
Process	Medium-	Uncertain	Uncertain -	Customer

	Large		Interdependent	Goals
Networked	Any	Uncertain	Uncertain	Innovation & Specialty

Process Based Designs are the organization structures where processes drive the structure of the organization. In such designs, the work of the team adds value to achieve organizational goals. Instead of senior/ team leaders, the customers define the performance for organizational members. Teams are the key of these structures where these are rewarded for satisfactory performances, are directly linked to suppliers and customers and to improve efficiency, teams are well informed and are cross trained to have knowledge of each & every function. For example: Software development team which is developing software for a bank is guided by the client (bank) about goals and objectives, instead of the team leader.

Type of organization Structure	Pros	Cons	Contingencies
Functional	<ul style="list-style-type: none"> <li>(i) Promote Skill Specialization</li> <li>(ii) Career Development</li> <li>(iii) Duplication of efforts is reduced</li> <li>(iv) Enhanced communication and performance due to experience sharing between subordinates and seniors</li> <li>(v) Use of the specialty of the team member in training others</li> </ul>	<ul style="list-style-type: none"> <li>(i) Usually routine tasks</li> <li>(ii) Managers have parochial perspective towards subordinates</li> <li>(iii) Reduced cooperation</li> <li>(iv) Interdepartmental dependencies may multiply</li> <li>(v) Unclear/ambiguous accountability</li> </ul>	<ul style="list-style-type: none"> <li>(i) The environment is stable and certain</li> <li>(ii) Applicable in small to medium size enterprises</li> <li>(iii) The routine technology exists</li> <li>(iv) High interdependence within functions or departments</li> <li>(v) The major focus is towards increased</li> </ul>

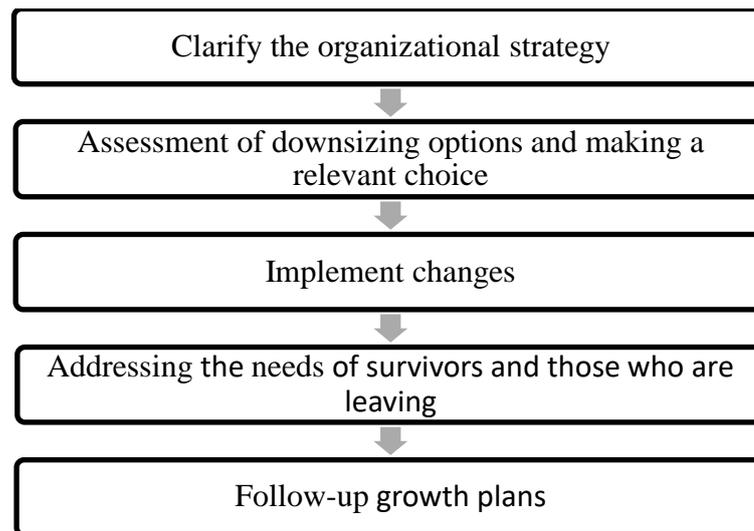
			efficiency and technical quality
Divisional	<ul style="list-style-type: none"> <li>(i) Recognize the sources and limits the interdepartmental dependencies</li> <li>(ii) Increase in departmental cohesion and employee involvement in work</li> <li>(iii) Focus towards client need fulfillment</li> <li>(iv) Importance to diversification</li> <li>(v) Promotes delegation of authority and assignments of responsibilities</li> <li>(vi) Importance to expansion of skills</li> </ul>	<ul style="list-style-type: none"> <li>(i) Inefficient utilization of resources and skill sets</li> <li>(ii) Limited career advancement of experts</li> <li>(iii) Hide the experts' specialty in front of others</li> <li>(iv) Demand of multiple roles from employees</li> <li>(v) Many a times, departmental objectives are given more importance over organizational objectives</li> </ul>	<ul style="list-style-type: none"> <li>(i) The environment is uncertain and unstable</li> <li>(ii) Implemented in large scale organizations</li> <li>(iii) Interdependence of technology is present across functions</li> <li>(iv) The major goals are innovation and product specialization</li> </ul>
Matrix	<ul style="list-style-type: none"> <li>(i) Specialized and functional knowledge is made available to all departments/projects</li> <li>(ii) People skill is used multiple ways</li> <li>(iii) Open communication</li> <li>(iv) Mechanism is defined to deal with multiple sources of power</li> </ul>	<ul style="list-style-type: none"> <li>(i) Without supportive management, matrix structure is difficult to introduce and handle</li> <li>(ii) Due to multiple power sources, increased stress, anxiety and ambiguity</li> <li>(iii) If not controlled, the overall performance lower down</li> <li>(iv) Inconsistent</li> </ul>	<ul style="list-style-type: none"> <li>(i) Dual focus-technical specification and unique products</li> <li>(ii) Pressure to improve information processing capacity</li> <li>(iii) Employees have to share resources</li> </ul>

	<p>within organization</p> <p>(v) Flexibility and adaptability is present and can shift to better projects when required</p>	<p>demands are always present</p> <p>(v) Instead of technical skills, political skills might get importance</p>	
Process	<p>(i) Instead of customer satisfaction, focuses on resources</p> <p>(ii) Focus on improved processing speed and efficiency</p> <p>(iii) Very adaptable and can quickly change according to environment</p> <p>(iv) Better communication between departments by reducing boundaries</p> <p>(v) Employee involvement is enhanced regularly</p> <p>(vi) Less overheads due to lower production costs</p> <p>(vii) Focus on improving total work flow</p>	<p>(i) The position of middle management and experts can be threatened</p> <p>(ii) Conflicts may increase due to different mindsets</p> <p>(iii) Duplication of efforts and resources</p> <p>(iv) Pressure on new skills and knowledge</p> <p>(v) Decision making may take long time due to involvement of all</p> <p>(vi) Due to wrong processes, the whole work flow can be ineffective</p>	<p>(i) Environment is uncertain and continuously changes</p> <p>(ii) Applicable in moderate to large size organizations</p> <p>(iii) High interdependence on technology</p> <p>(iv) Non-routine tasks</p> <p>(v) Cost and customer oriented goals</p>
Customer centric	<p>(i) Customers are presented with one integrated face of organization</p>	<p>(i) Too much inward focus</p> <p>(ii) Skill development and knowledge sharing can be</p>	<p>(i) Environment is highly complex and uncertain</p> <p>(ii) Applicable in large</p>

	<ul style="list-style-type: none"> <li>(ii) Customer requirements are deeply understood</li> <li>(iii) Focus on customize solutions to customers</li> <li>(iv) Robust customer relationship management/ customer response capability is build</li> </ul>	<ul style="list-style-type: none"> <li>difficult</li> <li>(iii) Lateral relations are managed well instead of front and back office relationships</li> <li>(iv) Difficulty in development of common processes in back and front office</li> <li>(v) unclear marketing functions</li> </ul>	<ul style="list-style-type: none"> <li>organizations</li> <li>(iii) Major focus on customer requirements and solution oriented</li> <li>(iv) Technology is highly uncertain</li> </ul>
Network based	<ul style="list-style-type: none"> <li>(i) Flexible and adaptive response to dynamic environment</li> <li>(ii) Try to create the best environment for employees</li> <li>(iii) Enable each department to leverage distinct qualities or projects</li> <li>(iv) Rapid global expansion is permitted</li> <li>(v) The department can produce synergetic results</li> </ul>	<ul style="list-style-type: none"> <li>(i) Difficulty in managing lateral relations</li> <li>(ii) Employee motivation is difficult due to high autonomy</li> <li>(iii) Employee sustainability and retention is highly difficult</li> <li>(iv) Partners may access the knowledge or technology</li> </ul>	<ul style="list-style-type: none"> <li>(i) Environment is highly complex and uncertain</li> <li>(ii) Applicable in all size of organizations</li> <li>(iii) Focus is on innovation and company specialization</li> <li>(iv) Technologies are highly uncertain</li> </ul>

### (e) Downsizing

Downsizing is a type of employee termination; after diagnosis, when a company feels that it has excessive employees or hierarchies then it may take the action of eliminating the services of a few employees. Downsizing is properly planned and analyzed intervention and follows a systematic well defined timetable to terminate the services of the employees. The application stages or steps of downsizing are:



**Fig 16.5 Downsizing**

Downsizing is generally done in the following four major conditions:

- (i) Mergers & Acquisitions
- (ii) Loss of market share or revenue
- (iii) Technological or industrial change
- (iv) Reorganization

The termination plan is implemented once the positions to be eliminated are identified and also required jobs and employees are determined. The primary methods that are used to downsize are:

- (i) Workforce reduction
- (ii) Organization redesign
- (iii) Systematic change or cultural change

A proper survivor support plan is developed before going for downsizing i.e. how to help the employees that are being terminated. The downsizing is well communicated to employees with all reasons of termination, support for terminating employees and proposed structure after layoff. The termination plan focuses on the following issues:

- (i) Termination interviews are conducted
- (ii) Severance package is offered
- (iii) Terminated employees are provided proper assistance for outplacements, extended benefits or re-training
- (iv) Employees are provided with termination notice to allow them a lead time to search for new opportunities

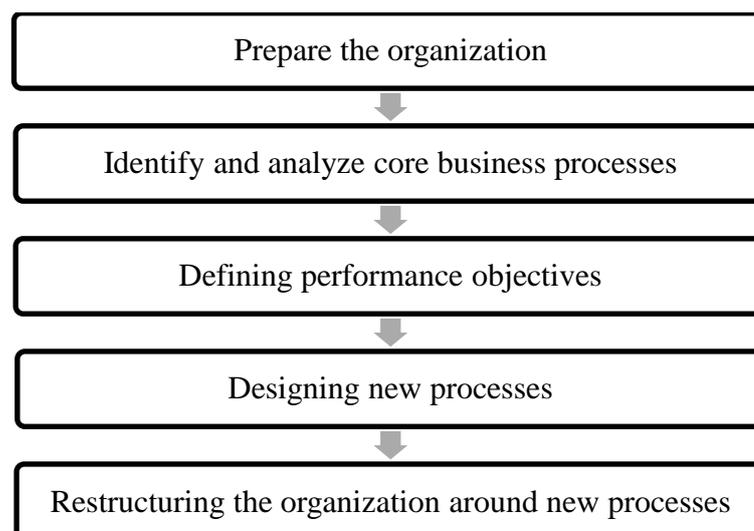
- (v) Pre-decided about when & where to give pink slip
- (vi) Decision is made that who will communicate the message

Parallel to termination plan, survivor plan is developed because the employee to whom organization is terminating is not due to their poor performance; it is due to restructuring of the organization. That is why, to maintain the loyalty and trust of its existing employees, organization develops a survivor's plan. The survivor support plan includes:

- (i) Management boost the morale of survivor and address their concerns
- (ii) Proper communication program is developed to address individual and group concerns
- (iii) Proper stress counseling is provided to reduce burden
- (iv) Career counseling is done and employee development plans are made
- (v) Training & development sessions are organized.
- (vi) The changes & restructuring of jobs & operations are communicated to employees
- (vii) New compensation packages are designed to motivate employees.

#### (f) Re-engineering

Re-engineering is a process of changing the business and manufacturing process after the complete examination and detailed diagnosis. The major goal of re-engineering is to reduce the steps in a manufacturing process or to defragment work. In this process, the employees are grouped together with relative skill sets to reduce the production cycle time as well as cost of production. Re-engineering talks about innovation in technology and methods with flexibility to upgrade at later stage as per requirement. The reengineering application stages are as follows:



**Fig 16.6 Re-engineering**

**(g) Employee involvement programs**

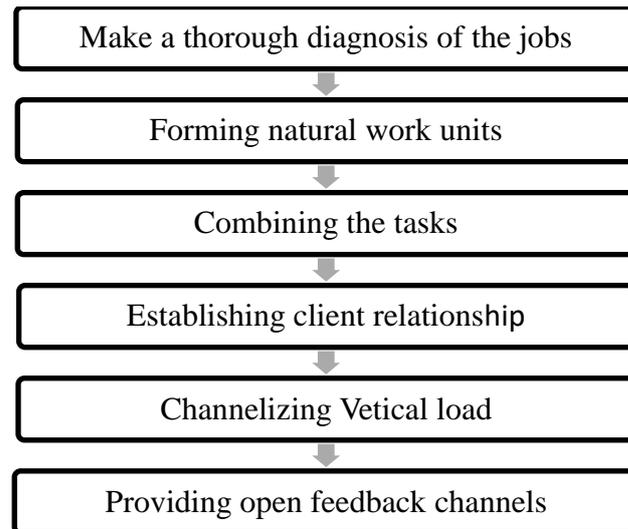
Employee involvement is an activity to increase the participation of organization members into decisions that affect organization performance and employee well being. Employee involvement is to promote workers through providing them autonomy to work, power/authority, developing knowledge and skills. Employee involvement programmes have multifold benefits such as:

- (i) Improvement in employee coordination and communication
- (ii) Improved motivation and enhanced capabilities
- (iii) Improved productivity
- (iv) Improvement in employee satisfaction and well being
- (v) Improved employer branding i.e. increase in attraction and retention of talent.

**(h) Work design**

Work design is the area where the companies are focusing most and apply extensively to achieve organization efficiency. The work designs are closely associated with formal structures of the organizations and are supported to bring changes in goals, work environment, reward systems, and other performance enhancing techniques. Usually, three approaches to work designs are frequently or most widely used: (i) Engineering approach; (ii) Motivational approach; (iii) Sociotechnical system approach.

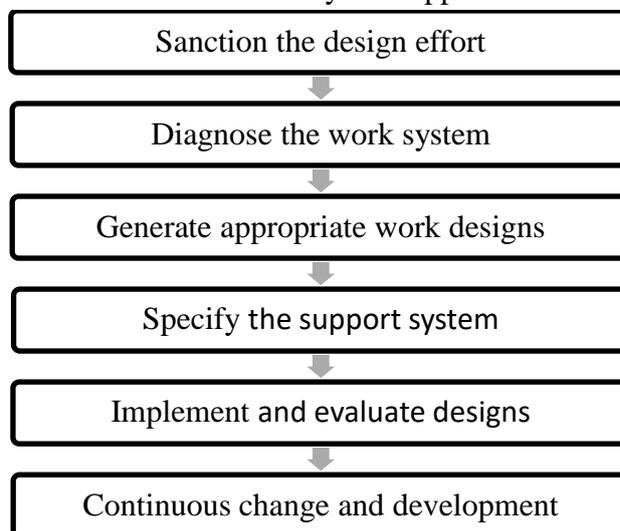
- (i) **Engineering approach:** This approach of work design try to provide most efficient work designs that clearly specifies the tasks to be performed by employees, methods to be used to get best results and flow of work among the individuals to reduce ambiguity. This is done by in-depth job analysis at individual, departmental and organizational level. This results in high level of specialization and specifications. Usually, the engineering approach focuses on changing the two types of designs: traditional jobs and traditional work groups.
- (ii) **Motivational Approach:** As the name suggests, motivational approach is used to improve employee performance and satisfaction by enriching the jobs. Job enrichment focuses on skill variety, task identity, task significance, autonomy and feedback from work itself. There are multifold benefits of job enrichment which includes development of knowledge and skills, enhanced growth-need strength and context satisfaction. The basic steps of job enrichment are as follows:



**Fig 16.7 Job enrichment**

Job enrichment is a topic that is easily discussed but difficult to implement. While doing job enrichment, the OD practitioner may face barriers from multiple departments due to rigidity and low farsightedness. The most common systems are: Technical system, Human Resource system, control system and supervisory system.

- (iii) **Socio-Technical Approach:** This approach focuses on improving the efficiency and effectiveness of work systems, and tries to optimize relationship between social and technical part of the organization. The application stages of the socio-technical system approach are as follows:



**Fig 16.8 The application stages of the socio-technical system approach**



**Check Your Progress- B**

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**Q1. Differentiate between centralized and decentralized systems.**

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**Q2. What are the benefits of knowledge management in organization development?**

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**Q3. What are the different kinds of structural designs of an organization?**

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**Q4. What are the conditions when organization terminates its employees?**

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**Q5. Fill in the Blanks**

- i. The organizations which are fast, flexible and adaptable and employees have the autonomy to work and take decisions are ..... structures.
- ii. The ..... method focuses on solutions instead of problems and tries to create a preferred future.

**Q6. Choose the correct alternative.**

- i. Which one not a structural design of organization?
  - a) Matrix
  - b) Network
  - c) Functional
  - d) Flat
  
- ii. Downsizing does not happen in one of the case:
  - a) Merger & Acquisition
  - b) Expansion
  - c) Market Loss
  - d) Reorganization

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## 16.5 STRATEGIC INTERVENTIONS

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1. **Integrated strategic change:** Integrated strategic change is an intervention that focuses on value added contribution to organization growth through planned changes. According to this intervention, the organization must change its strategies according the changes in external and internal disruption. A well planned strategy helps organization employees to transit from present state to desired future state without much friction or barriers.

2. **Trans-organization development:** Trans-organization intervention means involvement of more than one organization to resolve a problem. In this, the organizations enter into partnership, alliance or joint venture to resolve a complex issue that is difficult for one organization to resolve. Different organizations come with their own competencies and merge them together to form a trans-organization development strategy to get optimum and best solution to the pertaining difficult issues.

3. **Merger and acquisition integration:** Under this intervention, the OD practitioners suggest two or more organizations to merge together or acquire other to form a completely new organization. This happens when both the organizations have different competencies and to survive in market, the companies are required to merge their competencies to get competitive position in market. In mergers and acquisitions, the companies must address the key strategic issues such as changes in leadership, culture, legal implications and financial implications of the merger. This helps organization to make the operational integration smooth.

4. **Culture Change:** Culture change is required in an organization when the departments/ organization members are not putting their efforts in the same direction to achieve the organizational goals. This intervention focuses on developing a culture that motivates its employees to build cumulative trust. The culture consists of values, beliefs, behaviours and

norms that create an environment where appropriate strategies are building, members put their efforts in the same direction and everyone tries to give their best to achieve organizational vision and mission.

**5. Self-Designing Organizations:** The intervention programmes help organizations to create the capacity to alter themselves. This requires high participation from all stakeholders to set strategic directions. The decisions are made mutually by the stakeholders for designing, implementing and evaluating the appropriate processes and developing the required structure for the smooth functioning of the processes. Self designing organizations learn to design and implement strategic changes by their own.

**6. Organization learning and knowledge development:** This intervention explains two interconnected change processes: Organization learning and knowledge management. Organization learning is to improve the capability of an organization to develop and acquire new knowledge; and knowledge management is to organize, record and utilize the existing expertise and knowledge of employees and utilizing the same for improving the performance of the organizations and resolving the issues immediately, utilizing the internally available expert skill-sets and knowledge base. These interventions take organization to the new level of success due to their capability of continuous improvement.

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## 16.6 HUMAN PROCESS INTERVENTIONS

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Human process interventions focus on the whole organization or an entire department to improve interpersonal relationship between people and groups. It focuses on group dynamics and includes four change programmes that focus on building harmonious relationships to improve systems/processes in an organization:

- (i) **T-Group:** This is a type of traditional but effective method for providing experiential learning about leadership, group dynamics and interpersonal relationships to the organization member. This technique was developed by Kurt Lewin and was widely used in organization development interventions to improve the human capital relationships within organization or departments. The T-group trainings are performed by experts where they bring ten to fifteen strangers together to understand their social dynamics and kind of interactions. In this, the members try to understand their own behavior through interpersonal communication. In such groups- the trainer needs to make the group members comfortable and tell them about being non-judgemental or neutral about each other while interaction. The T-group trainings focuses on what, why and how of interpersonal communications and the participants must learn about the effect of their behavior on the other team members. The other motive of this training is to develop listening skills and improve the ability of understanding interpersonal diagnostics.

- (ii) **Process Consultation:** Process consultation intervention too focuses on social dynamics and interpersonal relationships within project teams/ departments. The practitioner diagnoses the process problem by examining the group functioning, poor communication, ineffective norms and types of conflicts between members. After diagnosing the problem, the practitioner provides solution by helping employees to understand the benefits of open communication, effective interpersonal relationships and group dynamics and provide training, counseling and learning facilities for developing the same. The end result of process consultation is improved skill among members to identify and resolve the issues by themselves.
- (iii) **Organization confrontation meetings:** The organization confrontation intervention is used when the organizations are facing stress/anxiety and management tries to organize resources to immediately solve the problems. These meetings are organized to awake the organization members to focus on pertaining problems, finding alternatives, setting goals and preparing and implementing strategies to remove working problems.
- (iv) **Grid Organization development:** This is an approach to manage an organizational problem in a specific /particular way. Here the practitioner provides an OD package to the organization carrying standardized instruments for identifying, measuring and evaluating organizational issues and a set of prescriptions i.e. standardized procedures for helping organizations to achieve the stated/predefined goals.

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## 16.7 HUMAN RESOURCES MANAGEMENT INTERVENTIONS

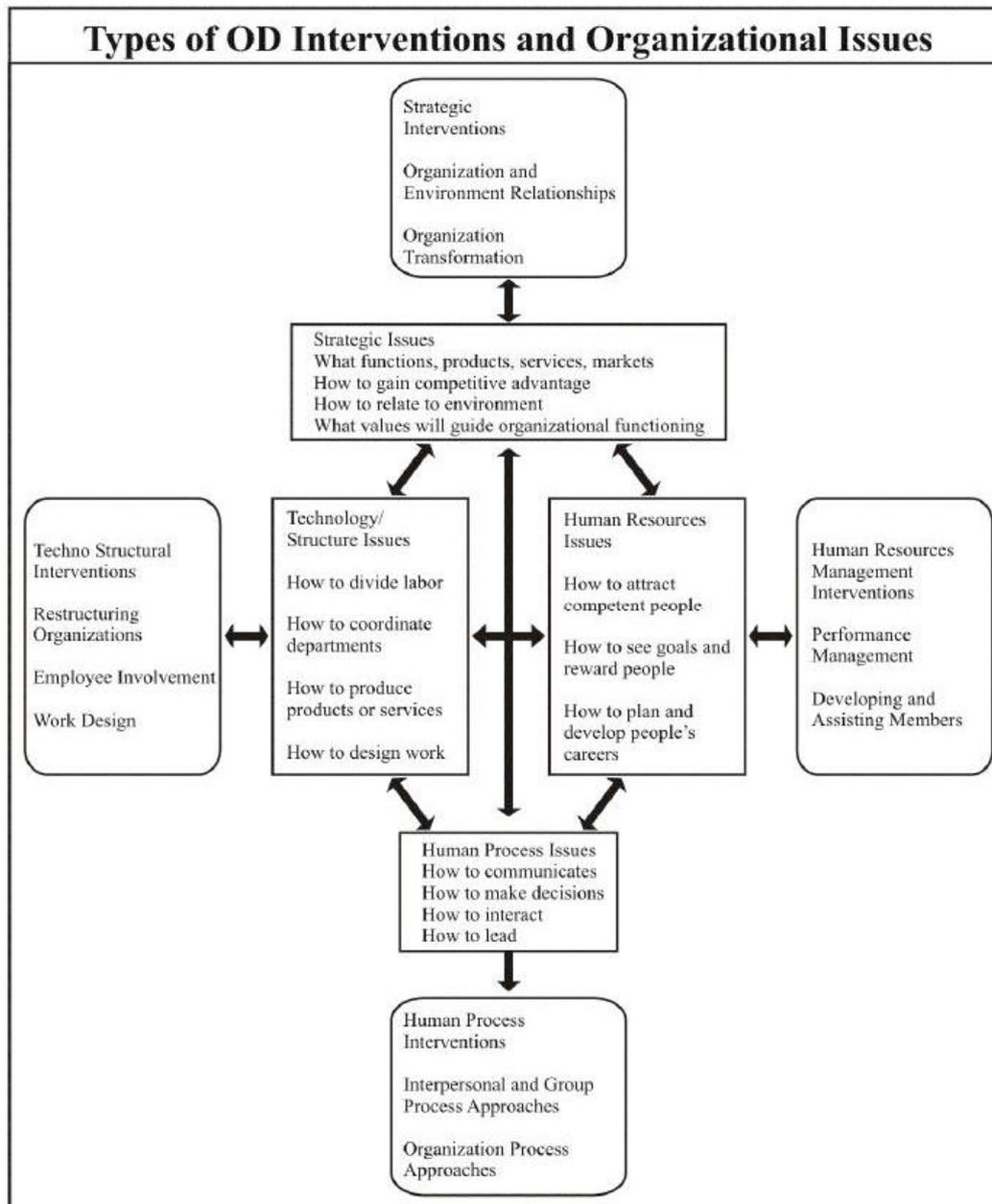
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These interventions focus on the human resource management functions or personnel policies/practices of an organization. These personnel policies are the most important pillar of an organization. If these policies are clear, understandable and well defines and documented then can prove a boon for the organization because of high employee morale, high performance, low absenteeism and turnover and harmonious interpersonal relationships. And if these policies are not clear then the same can convert into an unfortunate fate of the organization. The intervention focuses on clear goal setting, performance appraisals, reward systems, career planning, and change management to improve organizational performance and integrating employees in the organization. The system focuses on reducing ambiguity in job roles, incentive systems, promotion policies and advancement opportunities available for employees in the organization. The human resource management interventions focus majorly on the following change programs:

- (i) **Goal Setting:** The objective is to define clear goals and challenging tasks mutually decided by the manager and subordinate. The focus is to improve organization effectiveness by establishing a strong relationship between personal

and organizational goals. Once the employee understand the importance of his goals for self and organization benefit, then it becomes easy for him to achieve the same.

- (ii) **Performance appraisal:** The system focuses on providing regular feedback to employees about the level of their performance. The manager and subordinates jointly discuss and assess the strengths, weaknesses, achievements and targets to create a link between their efforts and achievement of organizational objectives. In performance appraisal, the goals are linked with a systematic and open reward system to motivate the members.
- (iii) **Reward system:** The intervention focuses on developing/designing a reward system that can improve employee performance and eventually the satisfaction. It includes innovative methods of paying compensation including salaries, incentives, bonuses and promotions. The organizations having transparent and open performance management, appraisal and reward system have high performer and satisfied employees.
- (iv) **Career and advancement planning:** This intervention helps organizations to provide various options of career planning and development to its employees to choose the kind of career /progressive plan they expect from an organization. This improves the quality of work life and performance of organization members due to a clear career objective and growth plan.
- (v) **Managing workforce diversity:** In the globalized and open business world, organizations have diversified workforce from different cultures and backgrounds. This becomes a challenging position for the HR department to make such practices that do not discriminate and are responsive for variety of issues related to women, minorities, physically and mentally challenged people in workforce. So these interventions help organization to formulate policies and procedures that are acceptable to all in a organization and does not create any ethical or legal problem for the organization.
- (vi) **Employee Wellness:** These interventions are related to stress management of the organization members. Special EAP (Employee Assistance Programs) are developed to help employees deal with any kind of stress related to their personal, professional or financial problems. The organization need to focus on these problems because this often reduces the performance of the employees. The EAPs help employees to cope up with stress and try to reduce its consequences that are related to employee physical as well as mental health conditions. These interventions try to reduce interpersonal conflicts and provide trainings to reduce stress and symptoms of hypertension and anxiety.



**Fig 16.9 The Types of OD Interventions and Organisational Issues**

*Source: Cummings, 2001*

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## 16.8 SUMMARY

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In this unit, structural interventions widely known as techno structural interventions are discussed along with strategic interventions, human process interventions and human resource management interventions. Most of the structural interventions discussed in this unit seek joint optimization of social and technological aspects of the organization to make a better place to work that can compete in global market and can provide a vision to its

employees. The techno structural interventions are most focused by organizations which include socio-technological interventions; self managed groups, organization structures, systems, knowledge management, TQM, quality of work life interventions, downsizing and many more. The application of these interventions provides a promising future. There are certain factors that have potential to spoil and make the future of OD uncertain such as organizational leadership, thought of top management, inclination towards knowledge management, level of acceptance for integrating technologies with systems and many more. The aim of techno-structural intervention is to improve all levels (individual, group and organization as a whole) and organization must see the associated advantages of OD for overall development and growth. There are many types of other interventions at different levels such as:

<b>Types of Interventions and Organizational Levels</b>			
<b>INTERVENTIONS</b>	<b>Primary Organizational Level (s) Affected</b>		
	<b>INDIVIDUAL</b>	<b>GROUP</b>	<b>ORGANIZATION</b>
<b>Human Process</b>			
T – Groups	X	X	
Process Consultation	X	X	
Third Party Intervention	X	X	
Team Building	X	X	
Organization Confrontation Meeting		X	X
Intergroup Relations		X	X
Large-group interventions			X
Grid Organization Development		X	X
<b>Techno Structural</b>			
Structural Design			X
Downsizing			X
Reengineering		X	X
Parallel Structures		X	X
High-involvement Organizations	X	X	X
Total Quality Management		X	X
Work Design	X	X	
<b>HR Management</b>			
Goal Setting	X	X	
Performance Appraisal	X	X	
Reward Systems	X	X	X
Career Planning/Development	X		
Managing Work Force Diversity	X	X	
Employee Wellness	X		
<b>Strategic</b>			
Integrated Strategic Change			X
Trans-organization Development			X
Mergers & Acquisitions Integration			X
Culture Change			X
Self-Designing Organizations		X	X
Organization Learning and Knowledge Management		X	X

**Fig 16.10 Types of other interventions Source: Cumming, 2001**




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## 16.9 GLOSSARY

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**Socio Technical Systems (STS):** This system is based upon the optimization of both; the social system of the organization as well as the technological system of the organization.

**Work Redesign:** This is an activity in which the jobs are redesigned on the basis of job characteristics.

**Management by Objective** is an approach which serves multiple purposes of an organization such as performance management of employees, development of trust and participation, increased teamwork and improved relationship between subordinate, supervisor and team.

**Quality Circles:** Quality circles also works like MBO but the main focus of these circles is to solve problems and set the goals in a group. The major focus of these groups is to enhance and maintain the enhanced product quality.

**Centralized Structures:** The organizations which are having centralized leadership and a defined chain of command are called centralized structures.

**Decentralized Structures:** The organizations which are fast, flexible and adaptable and employees have the autonomy to work and take decisions are decentralized structures.

**Knowledge management** is an activity in which the knowledge on demand and needed expertise are brought together to make organization more efficient and competitive. There exist many sources of expertise and knowledge from bottom to top.




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## 16.10 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

#### Q5. Fill in the Blanks

- i. Techno Structural

- ii. Self managed

**Q6. Choose the correct alternative.**

- i. b Management by Objective
- ii. d HRM

**Check Your Progress –B**

**Q5. Fill in the Blanks.**

- i. Decentralized
- ii. Design thinking

**Q6. Choose the correct alternative.**

- i. d Flat
- ii. b Expansion



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## **16.11 REFERENCES**

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## 16.12 SUGGESTED READINGS

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1. Cummings T.G., Worley C.G., (9<sup>th</sup> Ed.). Organization Development & Change. Cengage Learning Publishers.
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3. French, Wendell L., and Cecil H. Bell (5<sup>th</sup> Ed.), Organizational Development: Behavioral Science Interventions for Organization. Englewood Cliffs, Prentice Hall.



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## 16.13 TERMINAL QUESTIONS

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- Q1. How an individual can use the concept of MBO in achieving his personal goals and objectives? Explain with the help of a suitable live example.
- Q2. What do you understand by the concept of knowledge management? How it is different from the concept of learning? Can an organization achieve its long term vision without using any of the one concepts? Why or why not?
- Q3. Which type of organization structure is best suited in today's environment? Explain the contingencies associated with functional structures and process structures.
- Q4. How a company manages the termination of its employees? What precautions it should take before implementing the downsizing plan?
- Q5. What are the different kinds of strategic interventions? How strategic interventions are different from techno-structure interventions?
- Q6. Although Human Process Intervention and Human Resource Management interventions sound same but after that too carry a huge difference. What are the differences? How organizations take benefit of both in its development? Explain with suitable example.

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## **UNIT 17 IT AND OD**

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### **17.1 Introduction**

### **17.2 Objectives**

### **17.3 Objectives of Information Technology Interventions**

### **17.4 Guidelines for Information Technology Intervention Adoption**

### **17.5 Need of Information Technology Interventions**

### **17.6 The Potential of IT in organizations**

### **17.7 Information Infrastructure Issues**

### **17.8 Importance of Information Technology Interventions for Business**

### **17.9 Application of Information Technology Interventions in organization**

### **17.10 Reasons of failure of IT Interventions**

### **17.11 Role of Information Technology in Growth of India**

### **17.12 Summary**

### **17.13 Glossary**

### **17.14 Answer to Check Your Progress**

### **17.15 Reference/ Bibliography**

### **17.16 Suggested Readings**

### **17.17 Terminal Questions**

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## **17.1 INTRODUCTION**

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In this digital age, innovation is the key to success. Innovation in business means, creating positive difference by doing something smarter, different and better in terms of quality, productivity or value with the use of emerging technologies of the market. One of the technologies that have proved itself very beneficial for business innovation in last two decades is Information Technology (IT). Information technology has transformed the lives of humans and organizations. E-commerce, Management information systems, social media, online promotions, cloud computing and digital communication etc. are the new definition of business that has evolved through the use of information technology. Organizational functioning is very much dependent upon IT such as effective marketing, business research;

adequate business planning, instant customer support, handling global sales; systematic management and real time performance monitoring are not possible without the use of information technology.

Information technology is the backbone of major organizations and it has become an important and integral part of all companies. With the use of IT and internet, the companies are able to share information/gather information at a very fast pace and able to maintain the whole organization system efficiently starting from raw material movement to sales of the product in market. Information technology has helped businesses to create a networked economy where the organizations are directly linked to their employees, suppliers, manufacturers, business partners and customers in real time.

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## 17.2 UNIT OBJECTIVES

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After reading this unit, you will be able to ;

- To know about various information technology interventions and its objectives.
- To be aware of the process of adopting information technology interventions.
- To understand the need and potential of information technology interventions.
- To understand various infrastructure issues related to information technology interventions.
- To understand the importance and applications of information technology interventions.
- To know the reasons of information technology interventions' failures.

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## 17.3 OBJECTIVES OF INFORMATION TECHNOLOGY INTERVENTIONS

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Organizations rely on IT for fast data processing, communication and market intelligence. Information technology is helping companies in achieving cost effectiveness, competitive advantage, improving business processes and driving revenue growth. The organizations majorly use IT for the achievement of following business objectives:

- (i) **Product Development:** The market is changing at a very rapid rate and so is the choice of the customers. The increased competitions have made companies to bring new variants of products to cater customer needs and to be competitive in market. For example: Mobile manufacturing companies- whether it is Samsung, Apple or Micromax; every company is coming up with new variants of mobiles in every six months with better technology from the previous one. Information technology has helped companies to speed up their time to launch new products/variants in market. Companies can gather information related to market change and customer preference through market intelligence and processing the

same to build computer assisted designs. IT has combined multiple technologies at one place to make better decision making and helping businesses to respond quickly to changing customer expectations.

- (ii) **Stakeholder Integration:** Information technology has helped companies in integrating all their stakeholders such as clients, customers, shareholders, and employees at various locations. The customers can get solution of any problem by calling on a 24/7 customer care number to get relevant information about the product or service they are using or they want to use. Information technology has removed all the boundaries. An IT engineer working in India for a US based firm serves the client in Germany. Companies are also using IT to communicate with their shareholders, market participants, business research analysts and suppliers through investor relation websites, supplier relation websites or customer relationship departments..
- (iii) **Process Improvement:** Another key business objective of information technology is process improvement. Many IT resources are available for the overall process improvement of organization or to improve processes of the departments such as ERP and SAP. ERP (Enterprise Resource planning) helps managers to review production costs, sales, revenue and other operating metrics with the help of single software only. In the same way, SAP provides a platform to check and improve processes and make them more efficient and cost effective from a single platform related to in human resource management, Finance, supply chain management, and stock management etc.
- (iv) **Cost Efficiencies:** The initial cost in implementing any new IT system is substantially high but it results in long term savings and effectiveness. That is why the companies are considering it worth investing. Information technology helps companies in reducing planning, transaction and implementation costs. Earlier the companies wasted huge money and time in R&D of any new product. But now, with the advanced software and IT enabled systems has helped organizations in designing better products with fewer deficiencies, better performance and in less time and cost. Other than the complex issues, the IT based solutions such as emails, conference calling, face to face online conversations etc. has saved time and cost of companies and also makes the everyday life easier for the employees and customers too.
- (v) **Competitive Advantage:** Information technology is helping companies to gain competitive advantage in marketplace by process improvements, cost saving schemes and rapid product development techniques. For example: to beat the competition of Apple i-phone in Indian market, Samsung also announces new models of mobile phone with better technology and customer experience to be in competition and not to lose the market share. The IT based software simulations helps organizations bring products that are cost effective and quick.
- (vi) **Globalization:** The essential operating model for any global company is its IT based models such as outsourcing (BPOs etc.) and telecommuting. Information

technology helps companies to go offshore and create a network between the parent company and offshore companies to be in contact with its suppliers, employees and clients. The company is able to manage all its functional areas such as marketing, finance, human resource, productions & operations and supply chain etc. by use of appropriate technologies and networks.

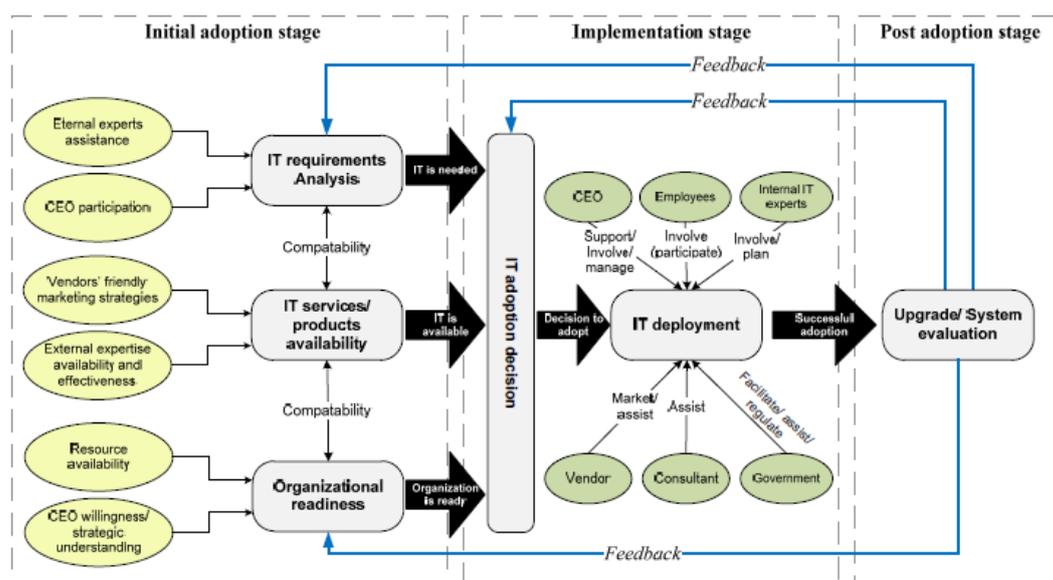
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## 17.4 GUIDELINES FOR INFORMATION TECHNOLOGY INTERVENTION ADOPTION

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The various authors proposed a process of successful IT adoption and implementation of the same with the help of a technology innovation cycle which consists of three phases:

- (i) **Initial Adoption:** This is the first stage of the process and management takes the decision about whether to adopt a new information technology software or information technology change or not. Once the decision is being made with a green signal to go ahead, the required hardware and software are acquired by the organization and the same is implemented in the next phase of the cycle. During this phase, the company needs to take care of three major issues: IT Requirement Analysis, IT products/services availability, and Organizational Readiness for adopting new technology. IT requirement analysis means, first it should be analyzed that what is the need of new information technology, is the top management (CEO) ready to support it and whether the external expert assistance i.e. an OD practitioner who is expert in bringing IT enabled changes is present in market or not. Once the IT requirements analysis is met, the next major concern is to see the availability of IT services and products in market. The most important concern here is the willingness of CEO to understand the strategic benefits of implementing new information technology such as better customer experience through maintaining an E-CRP (Customer relationship management) and second is the availability of funds in organization to purchase the system and ability to pay the annual maintenance cost and consultancy fee of the external expert.



**Figure 17.1 Conceptual model of Information Technology Adoption Process**

Source: Ghobakhloo et.al (2012)

- (ii) **IT Implementation Phase:** After making the decision to purchase new IT or IS, the next important phase is IT implementation phase. This is a phase, where collaborative efforts are required from all members of the organizations as well as of the vendor and external experts too. The vendor provides the system (IT/IS) that is latest in market; the external consultant helps in installation and train the organization members about the strategic usage of the system. The internal and external IT experts mutually makes a plan that how to collaborate the new system with the existing one and plan the intensive training program to train organization members for the optimum use of technology in achieving organizational goals.
- (iii) **Post Adoption Stage:** After successful implementation of the new IT/IS, the organization continuously evaluate the performance of the system. It tries to find out the gap areas of the system and upgrade it time to time. For example: earlier the ATMs (Automatic Teller Machines) were used only to withdraw cash or to know the available balance in one's account. But now, with the system up-gradation, it is working as a mini bank where a customer can transfer fund to other accounts, can pay credit card bills or EMIs, can order for new cheque book and can raise query also. So this has been possible only through upgrading the same IT hardware and installing a few more software into the same system to make it more beneficial for company as well as customers.

## 17.5 NEED OF INFORMATION TECHNOLOGY INTERVENTIONS

The focus of competitive organizations is in production of high quality products or services at minimum costs, and these companies are devoted in meeting customers' demands and

expectations within a given time frame and affordable prices. The major challenge for all businesses is to create a balance between quality, performance, time to respond and cost of production/delivering services. The companies who are able to meet these challenges are successful in market and those who are not able to face it, usually fail and thrown out of the market.

In this rapidly changing environment, the companies have to be on their toes to provide variants of products or services to their customers at very affordable prices so that they would not shift to their competitors. To meet the challenges of this ever changing consumer demands, companies are reducing the delivery time and are providing customized services to their customers. The companies and their members are highly involved in new product development, research and development of ideas, converting ideas into real products/service, testing it in market, higher quality of service or products offered, customized versions of products, better performance of products and continuously fighting against the various external and environmental constraints etc. Organizations now need to be competitive as well as sustainable. On one side they have to meet customer demands and on second hand they have to complete their social responsibilities too. To be competitive, successful and presentable, companies require more complex technologies and a flexible operating process that can use internal and external information from all stakeholders to produce/ manufacture products/services without defects and wastes.

In 21<sup>st</sup> century, the companies have to focus on improving the applications of information technology in manufacturing/service delivery processes. The improvement includes all aspects of IT such as hardware, software, communicates, information, machines etc. for better interface between the companies objectives and the machineries used to produce. The organizations need to involve information technology in all systems and processes to get better results such as:

- Products or services: By use of graphics and engineering specifications, providing a shape to the expectations and requirements of customers.
- Production: Automization of production process (Material movement on convener belt, transforming the shapes and properties of the material, assembling of various parts of the products, and quality verification etc.)
- Business Practices: By use of ERP and MIS, maintaining the internal environment of the organization (smooth functioning between employees) and documentation of every procedure, completing customer orders, accounting of cost etc. and use of CRM to resolve customer queries and providing them a better experience.

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## **17.6 THE POTENTIAL OF IT IN ORGANIZATIONS**

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Information technology integrates all parts of the business organization by networking all stations, equipments, suppliers, business partners, transporters and customers located

worldwide. A huge amount of information generates during the whole process of business; at the time of designing, manufacturing, delivery and customer satisfaction; and Information technology can tremendously help organizations by retrieving and analyzing this information for improvement in processes, activities, layouts, operation etc. Information technology (IT) or information systems (IS) can help organizations to convert their dream projects into reality and also facilitate them in achieving their short and long term goals such as:

- Rapid product innovation and designing
- Better utilization of all men, machineries, material and most important money
- Fast and satisfactory delivery of services/products
- Focusing on business requirements only and accordingly reorganizing the business and manufacturing operations
- Removal of redundant, unnecessary and uneconomical/wasteful activities
- More cherished and detailed communication with clients and customers
- Rapid change in production of new products or services according to ever-changing market demands.



### *Check Your Progress- A*

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**Q1. How IT can facilitate organizations in achieving their short term and long term goals?**

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**Q2. What do you understand by information technology interventions?**

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**Q3. What are the various steps of adopting information technology interventions in an organization?**

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**Q4. How organizations can develop better products with the use of IT?**

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**Q5. Fill in the Blanks**

- i. With the use of ..... and ....., the companies are able to share information/gather information at a very fast pace from any place and able to maintain the whole organization system efficiently starting from raw material movement to sales of the product in market.
- ii. Information technology integrates all parts of the business organization by .....  
 ..... all stations, equipments, suppliers, business partners, transporters and customers located worldwide.

**Q6. Choose the correct alternative.**

- i. The meaning of ERP in process improvement is:
  - a) Engaging Resource Person
  - b) Employee Retention Plan
  - c) Enterprise Resource Planning
  - d) Engaging, retention and Performance

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## **17.7 INFORMATION INFRASTRUCTURE ISSUES**

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In this 21<sup>st</sup> century, the organizations wants the ability to have such integrated information system that can take care of their entire process starting from product designing to product cycle and delivery to the customer. Such IT system takes due care of both kinds of connectivity i.e. intrafirm (within organization at global level) and interfirm (connection with other stakeholders such as suppliers, customers and government etc.). These facilities are

relevant for both manufacturing as well as service providers. IT helps organizations to find niche markets according to the capabilities or product specialization and provide support system to deliver customer satisfaction in these markets. But to achieve this level, the organizations have to focus on most advanced technologies and network systems that can help in reducing the importance of time, hierarchy, structure, place and management of the companies. A detailed list is provided below about the IT subject area and the kind of functions it can support in an organization to facilitate change and improvement in people and processes.

**TABLE 17.1: Expectation from Advance IT systems**

Subject Area	Example of Research Needed
Standards and architecture support	<ul style="list-style-type: none"> <li>• Standardization of manufacturing processes</li> <li>• Cost-benefit analysis associated with standard manufacturing processes</li> <li>• Division of Standardized manufacturing process into generic functions for ease of understanding</li> </ul>
Intrafirm and interfirm integration	<ul style="list-style-type: none"> <li>• Developing architecture and defining principles for connecting the various applications of IT networks</li> <li>• Automatic routing of messages</li> <li>• Automatic transactions</li> <li>• Rapid search of resources and information from global market</li> <li>• Critical path analysis for fast delivery and efficient supply chain management</li> <li>• Message delivery in nano-seconds to interconnected agencies and networks</li> </ul>
System for retrieving information	<ul style="list-style-type: none"> <li>• Providing easy to use functions and for better interfaces</li> <li>• Multilingual data manipulation</li> <li>• Maintenance of data integrity and consistency by regular updates in databases</li> <li>• Information searching and browsing from any corner of world</li> <li>• Compiling and retrieving information collected from various clients and customers for better</li> </ul>

	decision making
IT Software	<ul style="list-style-type: none"> <li>• Simplification of processes, such as day to day operations, designing of products and procedures and maintenance of system</li> <li>• Development of self-rectification system</li> <li>• Fast prototyping for rapid development of methodologies</li> <li>• Developing methodologies for market research, analyzing metrics, and selecting best techniques for organization application</li> <li>• Development of a support system that can reuse software to for architectural reference in manufacturing areas</li> <li>• Able to support new programmes</li> <li>• Sequential as well as competitive data representation</li> <li>• User friendly language and tools</li> </ul>
Technology collaboration and dependency of computing system	<ul style="list-style-type: none"> <li>• Advanced technology to support changing software need without disturbing the current operating system</li> <li>• 24/7 online service availability</li> <li>• Improved systems for foolproof security and credibility</li> <li>• Soft and hardware that is fault tolerant</li> <li>• Use of soft ware, hardware and user interface that can support smooth and cooperative functioning of system</li> </ul>

## **17.8 IMPORTANCE OF IT INTERVENTIONS FOR BUSINESS**

The organizational success depends on a few critical factors such as accurate data analysis, selection of right machines and technologies to achieve organizational vision, innovation and customer satisfaction. The earlier researches has proved that the organizations who have invested in advanced technologies and used it for product innovation are having better market share, earning more profits, delivering better customer experience and are more competitive than others. IT provides a platform for data collection (relevant information), data analysis for resolving specific issues and helps in business planning and better decision making. For

example: Digital Marketing; with the use of advanced technologies and operating systems, the company is able to promote its brand and products online with less cost and maximum effects on a global platform. With the help of a computer, a marketing manager sitting comfortably in his office can discuss things with its clients online and can resolve issues without being present on the site. Such tools have made the life of managers easy and now instead of focusing on day to day problems, they are able to focus on developing prosperous objectives for the organization. With the help of cloud computing, the global organizations are able to monitor and manage their virtual offices throughout the world. Advancement of Information technology has proved a boon for organization with multiple usages. Some of the major functions of IT are discussed below:

- (i) **Decision Making:** The information technology helps organizations to make quick and right decisions for businesses. For the success of the organization, managers need to gather data using various methods such as online surveys, blog writing, and reviews on online forums with the help of various tools available on World Wide Web. Even the person calls and online discussion are possible to get in-depth understanding of clients' requirements. This information is further analyzed to come to a conclusion which helps in understanding the market scenario and act as a guiding tool in better and fast decision making.
- (ii) **Business Growth:** Advertisement, promotions and use of multiple marketing tools is very much required for any business growth. Marketing has great impact on maintain public relations, increase in sales, market promotions and advertising the products and brands in market that helps organizations to foster. The motive of using marketing techniques is to reach the potential customer. Companies do marketing with various means such as advertising on TV, Hoarding, Billboards, pamphlets, magazine etc., and the new addition to it is Digital marketing with the help of internet. It is a technique where a marketer promotes its products online all over the world. The digital marketing includes usage of various concepts such as SEO (search engine optimization), SMS, Emails, MMS, Blogs, Pay per Click (PPC), social media promotions, online discussion forums and Smartphone apps etc. Internet marketing is rapidly growing and most of the business houses have already understood its benefits and started exploring various methods of promoting their products and services online. Now companies are aware that without digital marketing, success is not possible in business. Thousands of new websites are launched every month for digital promotions and online selling.
- (iii) **Customer Satisfaction:** Satisfied customers are the key to success for every business and this is possible only with the help of a customer support system that works 24/7. The companies are using CRM (Customer Relationship Management System) to retrieve useful information related to their needs and behavior. This system helps organizations in knowing customers needs and expectations, their behaviours, mood variations, and satisfaction level. These systems connect organization, with the customers with the help of internet technology and enable them to communicate with existing as well as potential customers through various

channels. These channels of communication include social media platforms, webinars, emails, portals and multimedia messaging using computer or Smartphone.

- (iv) **Global Resource Management:** Now the organizations and businesses know no boundaries and all are competing in a global village. It becomes quite difficult for the management to manage all resources manually when working in a medium or large organization having multiple branches nationally or internationally. In such condition, information technology with the use of information systems and internet technologies provide user friendly solutions to these complex problems. With the use of cloud based Enterprise Resource Planning Solutions (ERP systems), the software engineers empower managers with solutions. It enables managers to virtually manage all the organizational resources globally with the use of laptops, Smartphone or notepads. A few examples of such globally successful networked organizations are McDonalds, Amazon, Microsoft, Google, Face-Book, Tata and Apple etc. which use cloud based solutions to manage their global operations, resources and staff.
- (v) **Communication:** Behind the success of any company, the major role is of an uninterrupted, transparent and open communication with employees, clients, customers, suppliers and other related agencies. Open communication creates trust and loyalty among all parties associated with business and information technology is playing a major role in keeping communication transparent, open and speedy. IT with the use of internet technology has provided various options of communication that are very simple and inexpensive such as emails, video conferencing, live chat or group discussions online and now-a-days the most famous one is VOIP (Voice over internet protocol) with the help of Smartphone.
- (vi) **Inventory Management:** Inventory management is an important part of any business organization but multiple costs are associated with keeping a huge stock such as warehousing cost, chemical decomposition of metallic inventory, pest control, record keeping, large payment cheques to vendors in one go and many more and so is with the finished goods. That is why; companies are trying to maintain a level of stock that is enough to meet the organizational demands as well as customer demands to reduce the cost of inventory management. Inventory management is a concept in which the companies can use various available information technology related techniques. The most common is Just-in-Time (JIT) approach. This system keeps the record of every inventory in the company and tracks their amount and as the stock comes down below a pre-determined level, it gives a signal to store manager about the current status and accordingly, the company can reorder for the same. This technique is also known as point-of-Sale method (POS). POS system is majorly used by the retail stores keeping multiple items because this system helps them keep a record of every item that is sold.

- (vii) **Data Management and MIS (Management Information System):** Information Technology has made the life of organizations very easy. Forget the days when every data was recorded on papers and kept in large rooms filled with tones of data related to day to day activities and companies were never able to use the previous data to make future strategies because it was hardly available due to data loss. But now, companies are able to store every bit of information digitally. The information are either stored in storage devices such as hard disks or on server or now-a-days, it is the decade of cloud computing. Now companies don't need to clutter their server nor they need multiple hard disks to store. Due to digital documentation and MIS, previous records are easily available to all employees on a single click on any location of globe. Now companies are able to take better strategic decisions by using their record and methods of doing business and increasing their work efficiency and reducing the errors in decision making with the help of easily available data. With the help of MIS, the management is able to track expenses, production level, waste rate, and sales to maximize return on investment and profitability of company. With the help of MIS, companies are able to detect the areas for improvement in their systems that are immediately removed to reduce cost. With the help of MIS, managers can calculate the increase in sales and profits and sharing this profit with employees can improve the morale of employees.
- (viii) **CRM (Customer Relationship Management):** CRM system is a database of customers as we have MIS for internal organization record keeping. CRM has enables organizations to maintain good relationships with customers and can provide customers with more enriching experience. How CRM works? Suppose, a customer purchase any item from a company store; at this point, the customer comes in contact of the CRM as the retail manager will store all relevant information related to customers on their online system such as the name of customer, his phone number or email ID or address. When this customer gives a call to customer care center with some problem then the representative at customer care center is able to immediately see the record of the customer about his previous purchase, item purchased, and shipping information etc. and immediately call for a manual related to product. Once the customer asks his issue, the representative is able to guide or help the customer in resolving his queries. All this communication is again stored in the file of the customer on CRM system and whenever the customer calls, he is immediately recalled by any of the Customer care representative due to his complete track record. This provides customers with enriching experience and so to the company.

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## 17.9 APPLICATION OF IT INTERVENTIONS IN ORGANIZATION

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- (I) **Re-engineering:** Information technology interventions help organizations in re-engineering of work processes. Reengineering is a business reshaping activity in which the obstacles or unnecessary steps are removed from the process that are hindering organization from achieving their maximum calibre and preventing organizations to provide better client and customer services. It has supported organizations in capitalizing their strengths and improved their production quality and quantity.
- (II) **Speed:** Undoubtedly, it has increased the speed and accuracy of task performed. With the help of it enables infrastructure, employees are able to perform those task which were earlier not possible or took time to perform. For example: a customer wants some information about his account. Now the bank representative immediately shares every bit of information with the customer in few second by just asking his name or account number. Even the customer can get their queries solved by calling customer care center without visiting a branch. Information technology has provided a platform where customer and business representative can interact in real time without wasting resources like time. This has helped organization in speeding up their processes and catering more customers or customer needs in the same time. The businesses have grown multifold with the use of it interventions.
- (III) **Accuracy:** Information technology interventions are managed by human and human is prone to make mistakes. This is the point where comes the actual role of training employees to use it tools. With adequate training, the mistakes can be removed and accuracy of information can be increased. For example: an accountant, who is having knowledge of accountancy, is trained to properly use accounting tools such as tally or quick-books. The accountant has to enter the numbers or digits only at adequate places and rest of the calculations are performed by the software which reduces or eliminate the chances of human errors. With the help of basic understanding of the subject area, a training of the it tool to be used, the work of an employee can become more accurate and easier.
- (IV) **Reliability:** The introduction of it interventions has increased the reliability of customers on their service providers. Mobile banking application, internet banking options and increased usage of ATMs are a few examples of increased customers reliability on banking services. Now, customers are able to handle and manage their accounts with the help of these it enabled systems. They are able to transfer funds, withdraw cash, making investments in various market options, and manage their savings. They feel self-sufficient without the interference of bank officials.

This has reduced the work load and stress of banks and simultaneously increased the reliability among customers.

- (V) **TPS:** Transaction processing systems (TPS) help organizations in simplifying their transaction processes and keep a record of all transaction that occurs within organization. The information is centralized and accessible to the concerned authorities to keep checks on all transaction made to vendors, suppliers or any other party.
- (VI) **DSS:** Decision Support System (DSS) is a highly interactive it system that helps organization members in making decisions when the issues or problems are not clear or structured. DSS works with an artificial intelligence system to join the parts of the unstructured problem to create information that enables management in taking effective decisions. The artificial intelligence system and decision support system generate information through online analytical process (OLAP) to reduce human efforts and to increase decision accuracy.

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## 17.10 REASONS OF FAILURE OF IT INTERVENTIONS

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The above stated importance and application represents that information technology can take business to a new level and it can never fail. But this is not the case, many businesses have failed miserably even after using information technology interventions due to several reasons. A few reasons are pointed below:

- (i) Improper alignment between organization strategies and adopted information technology intervention
- (ii) Wrong or delusional interpretation of customer needs
- (iii) Limited funds to pay IT experts for proper installation of intervention
- (iv) Resistance from the side of organization members due to prevailing organizational culture and structure
- (v) Lack of organization members involvement at various stages of adopting IT enabled solutions
- (vi) Unavailability of required resources in the implementation stage such as skill, knowledge and finance etc.
- (vii) Highly centralized structures with unqualified management executives
- (viii) Non-alignment between technology and organizational issues
- (ix) Inadequate training to employees, clients and customers
- (x) Dissatisfaction among clients, customers, suppliers and employees with improper interaction of IT enables competitive advantage.



**Check Your Progress- B**

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**Q1. What do you understand by DSS?**

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**Q2. What is the objective of using CRM software?**

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**Q3. What are the various reasons due to which technological interventions fails?**

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**Q4. How IT helps in data management? What software are available for internal smooth functioning of organization?**

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**Q5. Fill in the Blanks.**

- i. IT system takes due care of both kinds of connectivity i.e..... (within organization at global level) and ..... (connection with other stakeholders such as suppliers, customers and government etc.).
- ii. .... creates trust and loyalty among all parties associated with business and information technology is playing a major role in keeping communication transparent, open and speedy.
- iii. ....is a business reshaping activity in which the obstacles or unnecessary steps are removed from the process that are hindering

organization from achieving their maximum calibre and preventing organizations to provide better client and customer services.

**Q6. Choose the correct alternative**

- i. POS technique is known as:
  - a) Point to share
  - b) Position to sale
  - c) Point of sale
  - d) Position of system

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## **17.11 ROLE OF INFORMATION TECHNOLOGY IN GROWTH OF INDIA**

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India has become a hub for many IT companies and BPOs (Business Process Outsourcing). In Financial Year 2012-13, the IT software industry and service industry has accounted for US \$ 75 Billion and BPO accounted for US \$ 21 Billion of the total revenue of US \$ 108 billion. This industry is continuously growing in India and provides employment to approximately 3.5 million people (directly or indirectly) in the country. The large pool of software engineers and hardware engineers provided the first mover advantage to the country that attracted many MNCs (Multinational companies) to setup their operations in India or exported talent from India. Many big software and hardware based companies such as Microsoft, Google, Intel, Infosys, Wipro, and HCL established their operations in major metro cities of India and provided employment to people that improved the economic condition of people as well as per capita income and significantly contributed in GDP. The GDP had grown to 8% in Financial Year 2012-13 from 1.8% in Financial Year 1997-98 (Mitra, 2013). The major advantage India had over other countries was:

- Good spoken and written English skills
- Large pool of educated human resource
- People with technical, managerial and entrepreneurial capabilities
- Adaptability to diversified culture
- Uninterrupted international and national mobility
- Talent availability at low cost

All these characteristics were favorable for the IT and BPO industries at national and international levels and provided multifold benefits to all involved stakeholders i.e. companies, people, government and society etc. Other than that, the stability of government, well defined policies of financial institutions and liberal investment policies for MNCs provided a great motivation for companies to invest in India. The companies were benefited with their ventures into India with the appreciation of their shares in International Stock Exchanges, foreign stock exchanges and domestic stock exchanges.

These venture helped the country to develop their technological infrastructure at a very fast pace and companies related to telecom, computers, internet and IT-BPOs made rapid growth and extensions in India and helped in development of telecommunication, energy, transportation and other major infrastructures. But this expansion or investment was made into major metro cities of country like Gurgaon, Bengaluru, Hyderabad, Pune, Chennai and New Delhi. Due to this disparity, these cities became more advanced in terms of education, infrastructure and other modern amenities in comparison to other cities of country. The pay parity also increased at a very huge rate due to which people started migrated from their native places to these major cities for better earnings and livings. Educational institutes also focused on providing better education in these areas only leaving rest of the specializations aside.

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## 17.12 SUMMARY

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In this decade of digitalization, businesses cannot attain long term objectives, gains and success without utilizing the benefits of IT, IS and internet technology. In the development phase, initially companies need to hugely invest in adopting advanced technologies but later on it becomes a profitable gain for organization due to innovative use of technology in all kinds of processes, strategies, processes and communications. To utilize the adopted information technology efficiently, organizations must extensively train its members with the help of IT experts. The training will empower employees with better decision making ability at right time for the business success. IT helps in maximum utilization of available resources and increase productivity and quality simultaneously by increasing the efficiency and effectiveness of organization operations and better communication between all stakeholders.

Multiple information technological tools are available to assist organizations such as MIS (Management Information Systems) for internal maintenance of information flow; CRM (Customer Relationship Management) to provide an intensive experience to customer, JIT (Just-in-Time) approach to maintain inventory in company; DSS (Decision Support System) to assist managers in making decisions related to unstructured problems; TPS (Transaction Processing Systems) to keep a check of all transactions made to suppliers, clients, customers, vendors or internal payments; ERP (Enterprise Resource Planning) to help managers to manage the internal operations of organizations at any place in world; and POS (Point of Sale) to have a check on the quantity of sales made on everyday basis and to check the inventory simultaneously. Many more software and tools are available to help organizations to better function, cater needs of multiple customers without hustle and stress, easy connectivity throughout globe and access of information from any point or place. Without Information, internet and system technologies, the organizations' survival is not at all possible in present era.



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## 17.13 GLOSSARY

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**Transaction Processing Systems (TPS)** help organizations in simplifying their transaction processes and keep a record of all transaction that occurs within organization. The information is centralized and accessible to the concerned authorities to keep checks on all transaction made to vendors, suppliers or any other party.

**Decision Support System (DSS)** is a highly interactive it system that helps organization members in making decisions when the issues or problems are not clear or structured. DSS works with an artificial intelligence system to join the parts of the unstructured problem to create information that enables management in taking effective decisions.



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## 17.14 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

#### **Q5. Fill in the Blanks**

- i. IT; Internet
- ii. Networking

#### **Q6. Choose the correct alternative.**

- i. c Enterprise Resource Planning

### Check Your Progress –B

#### **Q5. Fill in the Blanks.**

- i. Intrafirm; Interfirm
- ii. Open communication
- iii. Reengineering

#### **Q6. Choose the correct alternative**

- i. c Point of sale



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## 17.16 SUGGESTED READINGS

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2. Gary N. McLean, (2<sup>nd</sup> Ed.). Organization Development Principles, Processes, Performance. Published by Berrett-Koehler Publishers
3. French, Wendell L., and Cecil H. Bell (5th Ed.), Organizational Development: Behavioral Science Interventions for Organization. Englewood Cliffs, Prentice Hall.



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## 17.17 TERMINAL QUESTIONS

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- Q1. What expectations organizations have from various IT interventions?
- Q2. What Objectives an organization can achieve by adopting advanced information technology?
- Q3. What is the role of information technology in decision making and effective communication settings?
- Q4. How the use of information technology has removed all the national and internal boundaries? Support your answer with suitable examples.
- Q5. What important points an organization must consider before investing into information technology interventions?
- Q6. How the organization use information technology to make their brand more visible and keep their customers satisfied?

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## **UNIT 18 TQM AND OD**

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### **18.1 Introduction**

### **18.2 Objectives**

### **18.3 Total Quality Management Principles**

### **18.4 Total Quality Management Philosophies**

### **18.5 The Evolution of Total Quality Management**

### **18.6 Total Quality Management Tools**

### **18.7 Implementation of Total Quality Management**

### **18.8 Barriers to Total Quality Management Implementation**

### **18.9 Importance of TQM in organization development**

### **18.10 Advantages of Total Quality Management interventions at workplace**

### **18.11 Disadvantages of TQM interventions**

### **18.12 Summary**

### **18.13 Glossary**

### **18.14 Answer to Check Your Progress**

### **18.15 Reference/ Bibliography**

### **18.16 Suggested Readings**

### **18.17 Terminal Model Questions**

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## **18.1 INTRODUCTION**

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Total Quality Management is a comprehensive approach, a set of tools for quality improvement, a managerial philosophy, customer focused organizational development intervention that affect both sides of operations, people as well as business. Total quality management (TQM) is an organizational process improvement activity that has gained global exposure and many labels since its inception in early 1980s at American workplaces. The application of TQM can be found in all areas/ professions such as engineering, management, psychology, behavioral sciences or HR profession. Due to the widespread nature of TQM, it is very difficult to define it with a single definition, and a wide range of business people, academicians, managers, practitioners have never reached to a consensus regarding the definition of TQM. Although, for some organizations, it has proved as only solution of

business survival and competitiveness and few other organizations have criticized it as a fad that has failed drastically and delivered nothing but cost.

***United States Department of Defense has provided the following definition of TQM:***

*“Total Quality Management (TQM) in the Department of Defense is a strategy for continuously improving performance at every level, and in all areas of responsibility. It combines fundamental management techniques, existing improvement efforts, and specialized technical tools under a disciplined structure focused on continuously improving all processes. Improved performance is directed at satisfying such broad goals as cost, quality, schedule, and mission need and suitability. Increasing user satisfaction is the overriding objective. The TQM effort builds on the pioneering work of Dr. W. E. Deming, Dr. J. M. Juran, and others, and benefits from both private and public sector experience with continuous process improvement.”*

***British Standards Institution (standard BS 7850-1:1992) has defined TQM as***

*"A management philosophy and company practice that aim to harness the human and material resources of an organization in the most effective way to achieve the objectives of the organization."*

***International Organization for Standardization (standard ISO 8402:1994)***

*"A management approach of an organization centered on quality, based on the participation of all its members and aiming at long term success through customer satisfaction and benefits to all members of the organization and society."*

***The American Society for Quality***

*"A term first used to describe a management approach to quality improvement. Since then, TQM has taken on many meanings. Simply put, it is a management approach to long-term success through customer satisfaction. TQM is based on all members of an organization participating in improving processes, products, services and the culture in which they work. The methods for implementing this approach are found in the teachings of such quality leaders as Philip B. Crosby, W. Edwards Deming, Armand V. Feigenbaum, Kaoru Ishikawa and Joseph M. Juran."*

***The Chartered Quality Institute***

*"TQM is a philosophy for managing an organisation in a way which enables it to meet stakeholder needs and expectations efficiently and effectively, without compromising ethical values."*

From the above definitions, it is evident that W. Edwards Deming, Joseph Juran, and Kaoru Ishikawa have contributed significantly in developing the concept and practices of TQM as the founders of it. These primary architects defined TQM and tried to give principles and assumptions of TQM that can be extracted from their original work. According to these

authors, TQM is a collective work performed in the whole organization, not only in one department. They gave a few assumptions such as:

- (i) Quality of products and services offered are essential for survival of organization.
- (ii) Quality can be developed through training people and they will eventually contribute in improving quality if supported and motivated properly
- (iii) Quality improvement is a cross-functional/departmental process because an organization is made up of interdependent departments or units which cumulatively form a system.
- (iv) Quality must flow from top to bottom i.e. the top management or senior managers must commit and take responsibility of total quality management.

Several important principles such as statistical process control (SPC) tool, structured problem solving, employee involvement in decision making and their development, and data driven decision making are derived from these assumptions. So, TQM can be defined as an activity that requires top-down commitment, employee involvement and continuous process of improvement for the development and satisfaction of related stakeholders. The key concepts of TQM include:

- (i) Adoption of management centered approach for improving quality
- (ii) Empowering employees for strong system
- (iii) To exceed customer expectation- implementation of structured systems
- (iv) Driving high ROI
- (v) Reducing Cost
- (vi) Continuous improvement.

Quality is a very subjective term and often misunderstood concept. A few organizations think that more inspections are required to improve quality, or some believe that quality management is a concept applicable to manufacturing operations only or some of the organizations feel that maintaining quality means high cost in terms of time and money both. All these beliefs have been proved wrong. People or organizations thinking that high quality means change in technology and resources or designs that will eventually increase cost are completely a myth. It has been proved practically that if companies apply the principles of TQM effectively and completely in organization, it will produce high quality services, production will be rapid and at a lower cost. Increase in inspection does not improve quality and TQM is not inspection based approach, it's a system/process based approach that is applicable in all areas of management.

For example: a survey was conducted at Profit Impact of Market Strategies (PIMS) Data Base [The PIMS Letter on Business Strategy, 1986], which carries information of over 3000 business houses containing information related to strategic and financial information for over a period of twenty years. The results of this study were astonishing as quality was found as the only factor that can affect business performance and a company can take competitive

advantage due to the quality of its products and services offered. This survey pointed at three things:

- (i) **Quality does not cost time:** Quality does not cost time because the companies that are offering premium quality services and products have largest market share usually and able to establish early in a market in comparison to the competitors.
- (ii) **High ROI:** there exists a high correlation between return on investments and quality of products/services offered. If the quality is high then ROI is high and if quality is poor then the possibility of losses are high. The researches have proved that the companies have superior quality products earn almost three times ROI in comparison to their competitors having relatively low quality products. The ROI difference is 7 % vs. 20%.
- (iii) **Quality does not cost money:** the producers of high quality products charge premium prices from their customers. By using TQM, the cost of producing high quality products can be reduced and on the same time business profitability can be increased. So it can be concluded that producing quality products is not a matter of high cost/money investment.

Both Human resources and quantitative methods are involved in Total Quality management. TQM is an integration of three areas: technical tools, fundamental management techniques and existing improvement efforts. To apply total quality management, organization/ OD practitioner needs to understand duality of tools i.e. quantitative and decision making methods and the people/philosophical issues. To be successful, one needs to concentrate on both because performing one without the other will be a failure with cost of time and money.

Example: A government agency, National Institute of Standards and Technology (NIST) which organize Malcolm Baldrige National Quality Award (MBNQA) award program, conducted a survey in 2002, and presented that impressive financial returns can result through quality management. NIST did an experiment- it invested hypothetical sum of money in S&P's 500 and in competition a few other companies that included 18 parent companies of subsidiaries and two whole companies that have won MBNQA since 1991. The agency tracked their business processes and the functions on day to day basis. After one year, the companies (as a group) outperformed S&P 500 by 3:1. The attributes showcased by the winner were: better employee and customer satisfaction, high growth rate, repeated business and increased market share.

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## 18.2 UNIT OBJECTIVES

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After reading this unit, you will be able to ;

- To understand the concept of TQM, its principles and philosophies.
- To study the evolution of TQM and present scenario.
- To study the tools for effective implementation of TQM intervention.

- To study the advantages, disadvantages and barriers associated with TQM interventions.

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## 18.3 TOTAL QUALITY MANAGEMENT PRINCIPLES

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Total quality management system involves all employees and focuses on their continual improvement to develop such a system that concentrates on better quality products/services/processes for better customer satisfaction experience. TQM is management system for customer focused organizations that use data, strategy and effective communication to imbibe quality into organization culture and day to day activities of the organization. To effectively implement TQM, the organization must focus on a few concepts or principles of total quality management that are discussed as follows:

1. **Customer Focused:** it is the customer ultimately who defines /determines the quality level of any product/service. The companies put multiple efforts to improve quality such as training employees, atomization of processes, change in technology, redesigning the product, upgrading software etc. but in the end, the customer satisfaction or loyalty determines the success or failure of organizational efforts. So while implementing TQM, the organization must be aware of the expectation of consumers from their products.
2. **Total Employee Involvement:** the participation of all employees is required in achieving organizational goals. To apply TQM, the employees must show total commitment and that is possible only when the employees feel secure and empowered at workplace. So the management must focus on providing a proper and high performance work system that continuously harps on improvement in normal business operations. The management must focus on developing self managed teams to effectively implement total quality management in their organization.
3. **Process Centered:** TQM focuses on process improvement instead of product. Reason being, process is a series of activities that transforms raw material into finished goods that are finally delivered to the customers. Now, one cannot change the quality of finished product, but yes, the improvement in the product is feasible if the process of manufacturing is continuously monitored against set performance measures and the unexpected variations are deleted or removed on the spot.
4. **Integrated System:** Every organization has its unique working culture and to achieve excellence in service quality, a good culture needs to be fostered. The organization structure or system is consisting of various horizontal and vertical compartments functioning in their areas to achieve their departmental objectives. The organization must interconnect these systems to focus on one objective throughout the organization and that is TQM. The various micro processes should be managed effectively and continuous improvement should be done so that the larger processes are easy to monitor and ultimately the aggregate business process is able to implement the TQM strategy effectively. Everyone in the organization, from top to bottom should be integrated and should understand the vision, mission, goals and objectives of the organization. All the efforts/unionized efforts must strive for improvement in policies,

procedures and practices. The improvement in performance should be regularly monitored and the status must be shared with all the stakeholders involved.

5. **Strategic and systematic approach:** The management must focus on formulating a strategic plan that integrates quality in all areas/functions as a core component of performance. The organization must integrate quality management with the organization's vision, mission, objectives and goals. This is known as systematic and strategic approach of achieving objectives.

6. **Continual Improvement:** Continuous process improvement is the major thrust of TQM. TQM is not an instant technique to improve; it is about finding the creative and analytical ways to continue improvement in processes. The continuous improvement provides competitive advantage and helps in meeting stakeholders expectations.

7. **Fact-based decision making:** Data on performance measure are required to know the actual level of performance of the organization. The management must collect and analyze data continuously to better forecast, to achieve consensus and improvement in decision making ability to effectively implement TQM.

8. **Communications:** Open and communication is the key to achieve any organizational objective. So during implementation of TQM, the management must share day to day operational changes with the employees so that the employees are able to adapt the change easily. Open communication keeps the motivation and morale of the employees high at all levels due to development of the sense of belongingness with organizational goals.

These are the essential elements of TQM that must be defined by the management and should be integrated with the principles and core values of the organization to improve at all operational levels.

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## 18.4 TOTAL QUALITY MANAGEMENT PHILOSOPHIES

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The Baldrige National Quality Program [NIST, 2006] developed an excellent framework to understand the total quality management philosophies. The TQM philosophy provides criteria for performance excellence. The criteria provide a tool for measuring organization performance against well calibrated standards. The philosophies are:

- (i) Visionary Leadership
- (ii) Valuing employees
- (iii) Customer-driven excellence
- (iv) Management by Fact
- (v) Focus on Future
- (vi) Agility
- (vii) Managing for innovation
- (viii) Organizational and personal learning
- (ix) Social Responsibility
- (x) System perspective
- (xi) Focus on creating values and results

## 18.5 THE EVOLUTION OF TOTAL QUALITY MANAGEMENT

The term TQM was coined by Naval Air Systems Command as a methodology to continuously improve the quality of all processes. It is a Japanese style quality improvement and quality management approach. The principles and practices of TQM have been drawn from various areas such as: process analysis, economic theories, behavioral sciences and analysis of all kind of data (quantitative as well as qualitative).

**Table 1: TQM Timeline and history of TQM**

1920s	<ul style="list-style-type: none"> <li>The seeds of total quality management were planted by F.W. Taylor in his scientific management principles while working in US industry.</li> <li>After this, the Hawthorne experiment conducted by Elton Mayo gave a significant contribution to quality management. This experiment was about the role of employee involvement in decision making to improve the productivity. During 1927-1932, at Hawthorne plant of the Western Electric Company, he experimented and presented that the improvement in work conditions, lighting facility and length of rest periods can improve productivity and reduces faults.</li> </ul>
1930s	<ul style="list-style-type: none"> <li>Parallel to the Hawthorne experiment, Walter Shewhart also developed methods to control quality using statistical analysis.</li> <li>He also created Shewhart Cycle which is popularly known as PDCA cycle which is a scientific method of implementing change in an organization. PDCA means Plan → Do → Check → Act.</li> </ul>
1950s	<ul style="list-style-type: none"> <li>In 1950s, Dr. Joseph M. Juran taught the quality management techniques to the Japanese. The quality management techniques included quality control and managerial breakthrough.</li> <li>In the same time, Edward Deming taught quality control by applying statistical analysis to Japanese engineers and managers. This is known as the origin point of total quality management.</li> <li>A book on 'Total Quality Control' was written by Armand V. Feigenbaum, which presented the understanding of total quality management. It became the base of many total quality management theories developed later.</li> <li>Dr. Philip B. Crosby paved the way for quality improvement through promoting zero defects in many companies.</li> <li>In 1954, Abraham Maslow, gave the pyramid of human needs starting from physiological needs to self actualization needs. The pyramid presented that to</li> </ul>

	<p>improve productivity, the lower level needs of employees should be met first prior to achieving higher levels.</p>
<b>1960s – 70s</b>	<ul style="list-style-type: none"> <li>• In the 1960s, Douglas McGregor presented the Theory X and Theory Y of leadership models. Theory X leadership assumes employees as work shirkers and applies a negative approach to manage employees. Whereas, theory Y leaders believe that workers are self managed, love their work and can handle problems with effective solutions. It uses a positive approach. The Japanese named this ‘companywide quality control’ approach. It was around this time when the term Total Quality Management was coined.</li> <li>• In 1968, Kaoru Ishikawa’s synthesized the philosophy of total quality control. He became the quality leader in Japanese industry with his philosophy of TQC. In 1970s, adoption of this philosophy made Japan the world quality leader. Due to adoption of this approach only, Japan remained quality leader for the most part of the century. But now, almost all the countries are significantly closing this gap with the use of TQM.</li> </ul>
<b>1980s - 90s</b>	<ul style="list-style-type: none"> <li>• The U.S. Navel Air Systems coined the term TQM (Total Quality Management) in 1980s. The principles of TQM were based on the Japanese philosophy of total quality control.</li> <li>• In 80s, TQM spread like a wild fire throughout the world and many companies adopted the principles of TQM. The companies who completely adopted the principles of TQM saw significant gains whereas, the companies who were not ready to change, failed miserably.</li> <li>• In 1990s, more evolutions were brought to TQM by experts, these new methods supported organizations in implementing TQM effectively. These concepts included Lean Manufacturing, Reengineering and Six Sigma.</li> <li>• The Malcom Baldrige National Quality Award (MBNQA) was announced for companies. These awards were given to companies for the most outstanding quality management practices. These awards were decided by the auditors of MBNQA.</li> <li>• The companies were now able to become ISO 9000 certified.</li> </ul>
<b>Today</b>	<ul style="list-style-type: none"> <li>• In 2000s, the International Organization for Standardization (ISO) revised the ISO 9000 to ISO 9001 to focus more on quality management, systematic planning and continuous quality improvement.</li> <li>• The revised ISO 9001 in 2015 included Knowledge management as a standard of measurement of continuous improvement.</li> <li>• Six Sigma became the prevalent problem solving tool, quality improvement tool and waste reduction technique for quality professionals.</li> <li>• A new concept of Lean sigma was coined by the combination of six sigma, 5 S and lean thinking. In addition to this Gemba, Kaizen and Hoshini Kanri concepts</li> </ul>

	are also frequently used by industry professionals.
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**Check Your Progress- A**

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**Q1. What do you understand by term TQM? Why companies need to adopt TQM interventions?**

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**Q2. What are the major principles of TQM?**

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**Q3. What are the famous philosophies for understanding the application of TQM?**

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**Q4. What is the role of Hawthorne experiment in evolution of total quality concept?**

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.....  
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**Q5. Fill in the Blanks**

- i. .... is a comprehensive approach, a set of tools for quality improvement, a managerial philosophy, customer focused organizational development intervention that affect both sides of operations, people as well as business.

- ii. The term TQM was coined by ..... as a methodology to continuously improve the quality of all processes.

**Q6. Choose the correct alternative.**

- i. Profit Impact of Market Strategies survey did not concluded one of the following:
- a) Quality does not cost time
  - b) Quality does not cost money
  - c) High ROI
  - d) Quality does not cost efforts
- ii. Who created PDCA cycle for continuous improvement?
- a) F.W. Taylor
  - b) Elton Mayo
  - c) Walter Shewhart
  - d) None of them

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## 18.6 TOTAL QUALITY MANAGEMENT TOOLS

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A wide range of tools are available under the umbrella of TQM. Some of the tools are presented in this section. The selection an appropriate tool is important because not every tool is best for every application. Specific tools are available for specific applications and the expert or knowledgeable practitioner can help organization in selecting the appropriate tool and can guide for the utility of the same. The tools are:

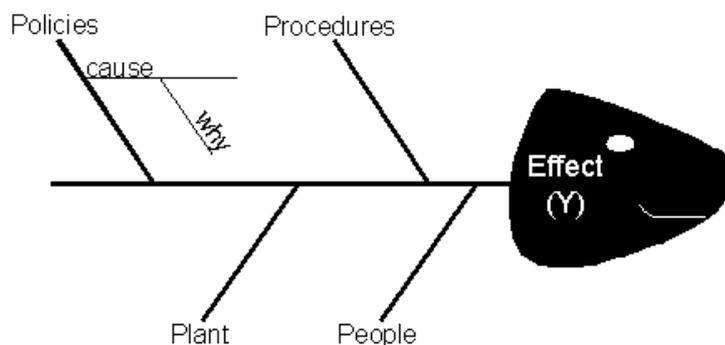
- a. **Process Maps:** To improve the work process, first of all, the company must focus on mapping the process. Several approaches are available to map the process, and the motive of every approach is to determine that who is doing what function at each step of process. Many a times, a simple drawing of the process map is sufficient to identify quality related problems and solve it. It reduces the duplicity of works also. It is easy to identify the problems/defects in the process with process mapping.
- b. **‘Poke-a-Yoke’:** This is a Japanese management philosophy to make a foolproof process without any defect. In this, the process is designed in such a manner that it is able to self-check the defects and incorporates processes that immediately detect problems and rectify it on the spot. For example: color-coding or inserting special keys to ensure that all the parts are assembled in correct way for proper functioning.
- c. **Statistical Tools:** Edward Deming provided statistical tools for quality improvement in the era of 1950s. Statistically grounded approaches were developed to analyze the defects and defect rate. The requirement of statistical tool was felt when the engineers and production

executives were unable to identify the real cause of the problem and were making incorrect decisions to solve issues. The statistical process control charts (SPC), histograms and Pareto charts are a few set of statistical tools that are used to identify actual problems and resolving them.

d. **Force Field Analysis:** Force Field analysis is a tool in which all the forces: resisting as well as supporting forces (while implementing change) are drawn on a chart. These forces may be related to external environment such as political, economic, legal and technological or related to internal environment such as people, process and system. This diagram assist the management in determining the degree of difficulty in implementing changes and provide direction about the exact location of forces need to be exerted to bring desired change.

e. **Root cause Analysis:** This is a Japanese technique and very popular in Japan. This technique is also known as ‘ladder approach’ to problem solving or ‘5 whys’ approach. In this, a series of questions (whys) are asked until it uncovers the root cause of the problem or defect. The main aim of this technique is to reduce defective production by fixing the defective process or removing it completely with replacements.

f. **Ishakawa Diagram (Fishbone Diagram):** This tool is also known as cause-effect analysis or cause and effect diagram. Under this approach, the people involved in process organize a brainstorming session to examine the factors causing the current problem or given situation. The causes are then grouped into different categories such as material, method, process, people or equipment and accordingly the solutions are decided. The resulting diagram takes a shape of a fishbone and that is why the name of the approach.



**Fig 18.1 Ishakawa Diagram (Fishbone Diagram)**

Source: Keri Simon

g. **Loss Functions:** loss function is an activity in which the organization creates a tolerance limit for a product under manufacturing and production situations. A limit is set to produce quality product, if the product is within the set limit then it is rated good and if the product is out of the set limit then the product is considered defective. Several difficulties are associated with this approach. The manufacturer can reclassify products from rejected to accepted category that is just outside the set limit if there is bulk order to be produced. The other difficulty is to set the extreme limit of acceptability and accumulative effect of several parts may leads to defective performance. The loss function tools recognize the cost associated with any deviation.

- h. **PDCA Cycle:** PDCA stands for Plan, Do, Check and Act. This tool is also known as Shewhart cycle. Shewhart Deming popularized this term in Japan and this cycle emphasizes on development of new plans for change and interventions. Under this tool, the tests are carried out on a small scale, the effects are being observed and noted down and the results are studied to determine that has been learned and developed. The cycle can be repeated if needed otherwise the same successful experiment conducted on large scale.
- i. **Brainstorming:** Brainstorming has become an integral part of total quality management intervention. The participants are invited to share their suggestions about a specific problem and to find out the strength of their ideas. Various alternatives are discussed and the most feasible solution is accepted. This is an open communication platform where suggestions are invited by all participants and these suggestions are rotated to evaluate the best. Now a days, several computer software are also available to assist team in this process to make it more effective.
- j. **Tree Diagram:** Tree diagram resembles a lot with organization family tree/chart. This tool is used to systematically draw a map about the full range of tasks and paths used to accomplish the organizational objectives. The tree diagram helps to remove the unnecessary branches that do not contribute in achieving organizational or departmental goals and more focus is provided on the areas of high performance.
- k. **Prioritization Matrices:** This is a kind of decision making tool in which all the tasks, actions and issues are prioritized on the basis of an agreed criteria. Although, this tool does not help in decision making but this tool ensures that all factors are evaluated properly at the time of decision making that increase the effectiveness of the decision.
- l. **Activity network diagram:** This includes a wide range of tools and techniques for a wide range of management projects to create the most appropriate program for complex projects. These tools help in determining the completion time of the project, to forecast the associated effects and provide a standard or method to judge the compliance with the standard plan. Gantt Charts and PERT charts are examples of activity network diagrams. Earlier, these diagrams were made manually by use of statistics but now, several computer programs are available for generating automated solutions.

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## 18.7 IMPLEMENTATION OF TOTAL QUALITY MANAGEMENT

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The TQM implementation process is unique for every organization due to different system, culture and functioning. But the following steps might be considered by any organization for the successful implementation of TQM program:

- (i) **Senior management training and commitment:** total quality management approach depends on the expertise and knowledge of senior professionals. The professionals must be committed towards the approach of applying TQM and should be the champion of the program so that they can lead the required culture change. It is a top down approach and everybody in the organization, from top to bottom should receive formal training regarding tools, techniques, principles, resources required etc. for the successful implementation of

TQM. The senior professionals must demonstrate their commitment towards continuous quality improvement.

m. **Employee Training:** Total quality management requires extensive training to employees to prepare them for their role and depends on the involvement of all employees to improve the systems. To involve all employees, different training formats and time frames are defined to provide some minimal training to all employees. These trainings may vary from 2 weeks to 2 years. The more crucial the role, the extensive is the training. The training content focuses on developing structured problem solving, use of quality tools and developing team dynamics. One of the famous structured problems solving method is Six Sigma's DMAIC.

n. **Initiate Quality Improvement/Six Sigma Projects:** the Six Sigma projects focus on measuring the existing processing, mapping the activities, and then application of methods to improve the work processes by reducing the number of steps required and by reducing variability in output. The quality standards are fixed in advance and deviations are measured in comparison to standards by the teams via product control charts and measures of customer satisfaction. The motive is to reduce the deviations thus reducing the waste and improving the final products.

o. **Monitor progress and reward results:** Internal monitoring of process and quality improvements are important but along with this TQM also considers measurement against external/global market standards. The external standards are the organizations that are 'best-in-class' which are known as quality bearers. TQM focuses on the efforts to close this gap between external benchmark and the organization by designing internal improvement methods. To motivate employees, management may share profit or can issue bonus or shares to employees to increase their contribution in quality management. To improve quality, some organizations have tied quality projects to performance appraisals. The work in itself is a great motivation for employees and employees try to streamline or improve a faulty work process so that their jobs can be more satisfying and easier with production of quality products.

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## 18.8 BARRIERS TO TOTAL QUALITY MANAGEMENT IMPLEMENTATION

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To achieve organization objectives and to cater customer needs, the philosophy of TQM seeks to integrate all the departments or functions of an organization such as marketing, human resource, finance, production, engineering, design, and ware house management etc. TQM always strive to continuously improve all the functions/ processes of the organization by utilizing the experience and knowledge of the workers. It is very easy to talk about TQM, but at the same time very difficult to implement. The organization needs to bring a lot of changes in all areas to follow the principles and philosophies of TQM. Due to this only, the application and implementation of TQM face a few problems in all organizations. These barriers/obstacles make it difficult for the organization to implement change. The

organization must consider these obstacles before implementing TQM and should try to remove it or minimize the effect. Few of the barriers are discussed below:

(i) **Competitive Markets:** Market competition is a driving force and a major reason behind many obstacles to quality. The competitive market has not provided any clear definition of quality or no such standards are defined that can measure quality. In majority of markets, high prices/costs associated to production means high quality and low prices/costs means low quality i.e. quality of a product is associated with a price which is an unacceptable standard. This definition requires a change and companies must continuously thrive to improve quality of products at lower costs.

(ii) **Bad attitude of management:** Usually the one way communication (top to bottom) creates an obstacle in successful implementation of TQM. This attitude proves a popular notion that management is always right and employees are supposed to follow orders and not to give suggestion. In such circumstances, the whole philosophy of TQM gets defeated. The purpose of TQM is about combining all functions of an organization and to continuously improve them with collaborative ideas and efforts. When an organization does not promote innovativeness and creativity then such organizations become lethargic. So first of all, the attitude of management needs to be changes. After that, with proper trainings, the creativity, innovativeness and motivation is fostered into the organizational culture.

(iii) **Lack of leadership for quality:** A long vertical structure i.e. a long hierarchy of management can also defeat the purpose of TQM due to duplication of duties and responsibilities of employees. In such hierarchies, quality management is considered as a management job only and is not taken as a joint responsibility of management and workers. Due to this notion that the management is perfect decision maker, the employees are assigned peripheral roles and are forced to perform functions of quality improvement. As a result, the employees feel de-motivated and do not bother to cater the needs and demands of the customers.

(iv) **Deficiency in culture dynamism:** Culture of an organization presents its unique way of doing things. Culture includes values, philosophies, processes and procedures, and the traditions that define the role of managers and employees to contribute for achieving the organizational goals and objectives. Open cultures promote autonomy of work among employees where the employees can think of their own ways of doing things effectively. On the other hand, some organizations have closed cultures where the employees have to follow the orders of the management without using their ideas. Such cultures make it difficult for employees to implement TQM effectively in organizations.

(v) **Inadequate resources for TQM:** Little attention is being paid on TQM in terms of financial and human resources because many companies do not consider quality management as a part of their strategic plan. The maximum attention is towards maximizing the profits without offering quality products to customers as per their expectations. Employee trainings are considered as wastage of time and money in many organizations instead of a future investment. Training plays a major role in implementing TQM but due to lack of proper vision, the organizations take it as an unnecessary cost which reduces the profit margin. As a

result, TQM is neglected in many organizations due to their short term profit maximization approach.

(vi) **Lack of customer focus:** Although, the definition of marketing starts with identification of customer needs and accordingly changing the production process to cater the need. But most of the organizations' strategic plans are not customer driven. Little researches are conducted to ascertain the performance of product in the market relative to its quality. The organizations do not want to spend on customer expectation or customer satisfaction surveys and little attentions are being paid on the quality improvement and customer satisfaction.

(vii) **Lack of effective measurement of quality improvement:** The process of TQM include: monitoring employees and processes → establishing objectives → anticipating customer needs → producing the expected → serving it to customers → happy and delighted customers → more profit to companies. But different customers have different quality parameters and this pose a considerable challenge in front of many organizations. Usually, to avoid, the companies set their new standards on the basis of past performances. Other than this, the organizations lack in resources, planning, performance measuring tools and equipments and lack of competitor based standards. And further, the statistical tools applied to increase product quality is still not applicable human system processes, so no control over human quality performance.

(viii) **Resistance of workforce:** the employees usually are not willing to embrace TQM due to multiple reasons such as change in machines and technology, change in tasks allocations, redefining goals and targets, change in culture and environment and many more. TQM brings employees out from their comfortable zones and this is not acceptable to many of the employees. So the organization must discuss the concept of TQM with its employees, should involve them in decision making and should motivate them to bring the desired changes in the systems and processes. And this is possible only by imbibing trust among employees and understanding and acceptance of organizational objectives.

(ix) **Lack of proper training and development facilities:** Many surveys and researches have concluded that a large contributor of workers' resistance towards TQM approach is lack of understanding of the concept and lack of appropriate training and development facilities. Even the management and business schools are inefficient in contributing to skill development. TQM requires all employees should have basis understanding of math and should have average reading, writing and communication skills. After this, the companies can heavily invest to train the employees about quality control methods, statistical process control methods, quality circles etc. But the employees lack basic understanding of the concepts due to which companies feel a burden of training employees which involves high cost and time. Due to this, many of the companies avoid to implement TQM principles in their organizations.

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## 18.9 IMPORTANCE OF TQM IN ORGANIZATION DEVELOPMENT

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Approximately 75% of the Fortune 1000 firms have implemented TQM to improve their processes and quality. Survey report pointed that 87% of the users have positive TQM experience. The areas of improvement are financial performance of company, product quality, customer satisfaction and most important better employee relations. TQM supports and strengthen the whole system and structure of a business. The major focus is on:

- (x) Constant purpose of continuous improvement in quality
- (xi) Adopting Zero Defect philosophy of quality culture
- (xii) Removing dependency on regular inspections
- (xiii) Removing the practice of issuing tenders to the organization quoting lowest prices.
- (xiv) Focus on regular employee on-the-job training
- (xv) System improvement- focus on improving every process of production
- (xvi) Developing institute leadership instead of annual rating and grading
- (xvii) To remove fear among competitors, employees, suppliers and the whole environment
- (xviii) Creating open systems in organization to improve communication
- (xix) Imbibing a culture of rewards & recognition instead of exhortations, arbitrary targets and slogans to workmen.
- (xx) Developing project pride among employees
- (xxi) Encouraging education and skill development related to quality management
- (xxii) Eliminating quantitative targets for workers
- (xxiii) Bring everyone, from top to bottom, in the process of organizational transformation.

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## 18.10 ADVANTAGES OF TOTAL QUALITY MANAGEMENT INTERVENTIONS AT WORKPLACE

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There are several advantages to the organizations by applying TQM interventions at workplace such as focus on market need, removal of non-productive activities, ensuring better quality products etc. 6 major advantages of TQM at workplace are discussed as follows:

- (i) **Emphasizing the needs of the market:** the major focus of TQM is to develop quality products according to market need. It highlights the needs of the market and its application is universal. It helps the organization in understanding the market needs and accordingly caters the needs in a better way.
- (ii) **Assurance of better quality performance in all spheres:** the biggest obstacles in any organization's growth, advancement and success are the non-participative and adverse attitude of their employees. TQM major focus is to bring attitudinal changes in employees by promoting effective team work and proper work culture which eventually improve the performance of employees. TQM provides opportunities for self development and build up such a system where employees like their jobs and are interested in improving their jobs.

(iii) **Identify non-productive activities and remove wastage:** To increase the profitability, every organization wants to improve productivity and reduce the cost. Total Quality Management helps organization to achieve their dreams. TQM focuses on application of systematic approach for quality improvement to reduce waste and inefficiency in every system or process of the organization. The use of systematic approaches helps in reducing cost, achieving cost-effectiveness in the organization.

(iv) **Key to challenge competition:** TQM techniques help in understanding competitor's strategies and also provide effective combating strategies for an organization to challenge competition. In this globalized and open market, cut throat competition is present and the survival and existence is the vital issue for many organizations. TQM helps organizations to understand customer need and accordingly cater the market. It provides an opportunity to organization to challenge competition by applying the principles and techniques of TQM.

(v) **Development of adequate system of communication:** The two major stumbling blocks in way of effective organization development are: Improper procedures and Faulty and inadequate communication system. The faulty communication results in misunderstanding the goals, procedures and systems which leads to poor quality, low productivity, conflict between roles, duplication of roles and low motivation and morale among employees. The application of TQM systems focuses on developing techniques for effective communication and interaction between members of various departments, levels and sections.

(vi) **Continuous review of progress:** TQM is to develop a strategy of continuous and never ending improvement system. It focuses on regular check on process, removing unwanted steps/systems/processes, identifying faults and removing them and reducing the length of production cycle. This helps organization in reducing cost and increasing profits by improvement in quality and productivity. So, it can be said that TQM helps in achieving both tangible and intangible gains. Tangible gains are: improvement in productivity, better product quality, increased profit, market shares and ROI etc. the intangible gains include improved job satisfaction level, effective team work, better human relations, enhanced job interest, participative culture, better communication and satisfied customers and better brand image of the company.

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## 18.11 DISADVANTAGES OF TQM INTERVENTIONS

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The ISO (International Organization for Standardization) defines TQM as “a management approach for an organization, centered on quality, based on the participation of all its members and aiming at the long-term success through customer satisfaction, and benefits to all members of the organization and to society.” This definition presents many benefits of TQM such as quality improvement, production improvement, better employee and customer satisfaction and high profit margins etc. Along with advantages, TQM has several disadvantages or challenges associated with it which are as follows:

- (i) Demands a change in culture
- (ii) Demands Planning, Time and Resources
- (iii) TQM is expensive to implement initially

- (iv) TQM is a long process and takes years to show its results
- (v) TQM is about task standardization due to which creativity and innovations are highly discouraged
- (vi) Not a quick fix solution
- (vii) Can lead to production disruption
- (viii) Employee resistance and increase in disputes.



***Check Your Progress- B***

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**Q1. What do you understand by DSS?**

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**Q2. What tools are available to manage the total quality system of an organization?**

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**Q3. What are the major focus areas of TQM application?**

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**Q4. What are various benefits associated with TQM?**

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**Q5. Why commitment of seniors is required in successful implementation of TQM?**

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**Q5. Fill in the Blanks.**

- i. ....is a tool in which all the forces: resisting as well as supporting forces (while implementing change) are drawn on a chart.
- ii. Usually the ..... communication creates an obstacle in successful implementation of TQM.

**Q6. Choose the correct alternative.**

- i. Root Cause analysis approach is also known as:
  - a) 5 What approach
  - b) Process Approach
  - c) Ladder Approach

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**18.12 SUMMARY**

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TQM is an organizational intervention that focuses on continuous improvements in all areas of organization including processes, production, inventory management, human resource management etc. TQM can provide a competitive edge to the organization and helps in improving customer satisfaction level and increase profits. TQM requires the collaborative approach of all departments/functions and team efforts are required to implement the philosophies of TQM. The organization must provide extensive training to their employees regarding the new techniques, tools, statistical processing and technologies to effectively implement TQM in organization to reap due benefits of it. Commitment of Top management is essential and management must focus on long term goals in place of short term objectives for the successful implantation of unique TQM. Organizations should focus on consistency in production and product quality, cease dependence on inspections, introducing well trained-self managed teams, reducing production cycle and time, reducing rate of defects, improving quality of raw material and constant improvement in system of production and service delivery.

The companies who have adopted the TQM principles and philosophies have experienced overall growth and improvements in organization performance in terms of high ROI, better customer satisfaction, improved employee experience, higher productivity, increased market share and increased profitability. The organization must scan its internal and external environment and accordingly should plan about activating TQM in their organization. If proper scanning and planning is not done then application of TQM can led to disastrous

results. So each company must incorporate quality management according to its requirements and the decisions should be fact based instead of intuition based. The companies must appoint an expert or TQM practitioner to successfully implementing it in the organization.



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## 18.13 GLOSSARY

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**Total Quality Management** is a comprehensive approach, a set of tools for quality improvement, a managerial philosophy, customer focused organizational development.

**‘Poke-a-Yoke’:** This is a Japanese management philosophy to make a foolproof process without any defect. In this, the process is designed in such a manner that it is able to self-check the defects and incorporates processes that immediately detect problems and rectify it on the spot.

**Force Field Analysis:** Force Field analysis is a tool in which all the forces: resisting as well as supporting forces (while implementing change) are drawn on a chart. These forces may be related to external environment such as political, economic, legal and technological or related to internal environment such as people, process and system.

**Root cause Analysis:** This is a Japanese technique and very popular in Japan. This technique is also known as ‘ladder approach’ to problem solving or ‘5 whys’ approach. In this, a series of questions (whys) are asked until it uncovers the root cause of the problem or defect.

**Ishakawa Diagram (Fishbone Diagram):** This tool is also known as cause-effect analysis or cause and effect diagram. Under this approach, the people involved in process organize a brainstorming session to examine the factors causing the current problem or given situation. The causes are then grouped into different categories such as material, method, process, people or equipment and accordingly the solutions are decided.



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## 18.14 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

#### **Q5. Fill in the Blanks**

- i. Total quality management
- ii. Naval Air Systems Command

#### **Q6. Choose the correct alternative.**

- i. h Quality does not cost efforts
- ii. c Walter Shewhart

### Check Your Progress –B

#### **Q5. Fill in the Blanks.**

- i. Force Field analysis
- ii. One way

#### **Q6. Choose the correct alternative**

- i. c Ladder Approach



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## 18.15 REFERENCES

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## 18.16 SUGGESTED READINGS

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1. Cummings T.G., Worley C.G., (9<sup>th</sup> Ed.). *Organization Development & Change*. Cengage Learning Publishers.
2. Gary N. McLean, (2<sup>nd</sup> Ed.). *Organization Development Principles, Processes, Performance*. Published by Berrett-Koehler Publishers
3. French, Wendell L., and Cecil H. Bell (5<sup>th</sup> Ed.), *Organizational Development: Behavioral Science Interventions for Organization*. Englewood Cliffs, Prentice Hall.



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## 18.17 TERMINAL QUESTIONS

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- Q1. What are the major three assumptions about TQM that are wrong and why?
- Q2. How TQM evolved over time? Explain the contributions of Shewhart in developing the methods of quality control.

Q3. How organizations can apply the concept of TQM? What types of tools are available to help them? Why Fishbone approach is famous as a TQM tool?

Q4. Why managers are not able to successfully implement TQM in their organizations? What major barriers they have to face during implementation phase?

Q5. How application of TQM can provide competitive advantage to the organizations? Explain with suitable examples.

Q6. The two sides of a coin walk hands in hand; similarly, TQM has many advantages as well as many disadvantages too. What are the disadvantages associated with TQM and what strategies companies can adopt to avoid them?

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## **UNIT 19 ORGANIZATIONAL CREATIVITY**

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### **19.1 Introduction**

### **19.2 Objectives**

### **19.3 Understanding Creativity**

### **19.4 Process of Creativity**

### **19.5 Understanding Innovation**

### **19.6 Components of Organizational Creativity**

### **19.7 Increasing Organizational Creativity**

### **19.8 Summary**

### **19.9 Glossary**

### **19.10 Answer to Check Your Progress**

### **19.11 Reference/ Bibliography**

### **19.12 Suggested Readings**

### **19.13 Terminal Questions**

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## **19.1 INTRODUCTION**

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An organization's most important asset is the workforce. Employees that can be creative and innovative are able to pioneer new technologies, coming up with ideas of new products and services and are able to recognize an advantage for the organization, when it arises. Organizational Creativity apprehends the concepts, principles and understanding relating to transforming an organization, redesigning organizations and organizational dynamics that result from an exploration of creativity in the workplace and subsequent exploration of our individual creativity. Creativity, in itself refers to the process by which novel but situationally appropriate outcomes are brought about. The whole essence of creativity resides on the element of freshness, originality, and novelty that is also appropriate to the context. In this chapter, you will be introduced to the idea of creativity and innovation, how organizations can be creative and why is it important to be creative.

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## 19.2 OBJECTIVES

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After reading this unit you will be able to;

- Understand the meaning of creativity and innovation
- Understand the process of creativity and innovation.
- Understand the importance of organizational creativity.
- Learn how an organization can become more creative.

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## 19.3 UNDERSTANDING CREATIVITY

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If it is taken for granted that the organization needs creativity and innovation to succeed then the next question is what one means by creativity. Creativity can be defined as production of high quality, original and elegant solutions to a problem. This rather simple definition of creativity sheds light to the characteristics of creativity.

- a) Firstly, it is based on performance; this performance may be individual or group.
- b) Secondly, the creative process takes place for problem solving, so in some sense it is deeply related to the human cognition of the problem.
- c) And lastly, the cognition of the problem comes with a conscious decision to invest scarce resources in the solution of the problem.

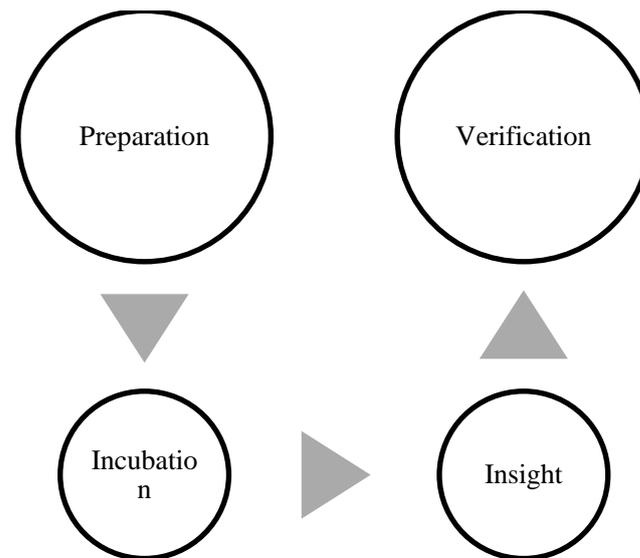
When creativity is defined as an elegant solution to a problem, then one must understand that the problem that we are discussing is a problem that is rather abstract, that can be understood and solved in multiple ways. These problems may be novel, complex and ill fitted to the ordinary problem-solving techniques.

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## 19.4 PROCESS OF CREATIVITY

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Although it cannot be specified how individuals come up with their creativity, a four-phase process tries to define it. The process is given as follows:



**Fig:19.1 Creative Process**

- a) **Preparation:** Creative ideas do not come out of thin air. Preparation is both an important aspect and condition for creativity. Preparation involves developing a clear understanding of what one wants to achieve through a novel solution.
- b) **Incubation:** Incubation is a process of reflective thought and is often conducted subconsciously. During incubation, the individual engages in other pursuits while the mind considers the problem and works on it. Incubation plays a powerful role in dissolving previously held notions about a problem. This does not involve forgetting about the problem or issue; rather it involves putting the problem on the back burner. The problem is still simmering in one's mind, but it is not at the forefront of his or her attention. Along with dissolving fixed notions of the problem, incubation assists in divergent thinking. Divergent thinking involves reframing the problem in a unique way and generating different approaches to the issue.
- c) **Insight:** Individuals experience insight at some point during the incubation stage. Insight refers to the experience of suddenly becoming aware of a unique idea. These flashes of inspiration do not follow any particular schedule; they might come at any time of the day whether it is night or day. They are also fleeting and can be lost if they are not documented properly. With this in mind, many people keep dictaphones to allow them to catch their ideas. Based on the same, artists keep their sketch pads and writers keep journals with them so that they can capture their ideas whenever their aspirations strike them.
- d) **Verification:** Ideas are generated at the insight stage. But coming up with an idea is one thing, and verifying whether they are of value or not is quite another. Assessing the usefulness of an idea requires consciously thinking about it and subjecting it to evaluation and experimentation. At the verification stage, tenacity may be critical, because other people often resist creative ideas or quickly reject them as impractical.



### Check Your Progress- A

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#### Q1. What do you understand by creativity?

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#### Q2. Explain the process of creativity?

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#### Q3. Fill in the Blanks with appropriate word or words.

- i. \_\_\_\_\_ is a process of reflective thought and is often conducted subconsciously.
- ii. \_\_\_\_\_ can be defined as production of high quality, original and elegant solutions to a problem.
- iii. The steps to the process of creativity are \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

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## 19.5 UNDERSTANDING INNOVATION

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A creative idea needs to be converted into a product so that it can fulfill needs and wants of the user. The process of converting a creative idea into a useful product is called innovation. Specifically, innovation may be defined as the successful implementation of creative ideas within an organization.

One needs to understand the process of innovation to understand how it follows creativity. Innovation, like creativity, does not occur instantaneously. The process is spread over several stages and consumes several months and/or years. The process is as given:

- a) **Idea Generation:** Idea generation is the first step of an innovation process, where the organization resolves on the concept that they want to develop and come up with reasons why they would want to improve upon the idea. Involving many knowledgeable people will enable the organization to get a better understanding of the market and important for the organization to involve its employees and customers.

Besides, it will also give it an opportunity to look at the idea from different angles. At this stage also, experts will also be able to come up with many viable ideas. There are five places where an organization can draw ideas for its innovation:

- a. *Customer Innovation:* As the organization works on an innovation, it should remember that they need to have their customer in mind. The customers should be the inspiration for all innovations. Hence, consider the feedback that they give to come up with an innovative idea. This is an important source because if the organization innovates something that does not meet the needs of the customer, then the innovation is likely to fall. The company can get the feedback from the social media platforms, customer feedback forms, and its employees can report to the company about what the customers said.
- b. *Employee Innovation:* The employees tend to relate with the customers so closely that they know their needs. Moreover, they also get first hand compliments, complains, and suggestions from the customers. When a customer wants a service or a product, they explain to your employees so they can keep tabs on what customers want. Besides, they are in a position to identify products that are irrelevant to the customer. When an organization innovates a product, its employees will be important so as to explain how a product is used to the customers. In contrast, if they do not feel as part of the innovation, they might disregard the product. As a result, they may never speak well of the product.
- c. *Public Innovation:* Public innovation depends on information gathered from the public. The amount of feedback received through public innovation is a lot so the organization must have the required expertise and equipment to handle it. Public innovation produces helpful information but the company has to be ready to sieve through the information to pick what is helpful. As the organization considers this model, make sure you do not use it before the others: as the organization needs have the capacity to digest the information, only then the organization can use public innovation.
- d. *Partner/Supplier Innovation:* The organization can share its thoughts and opinions with its partners and suppliers. Opening up to them helps them improve on the goods and services they supply. A good example is wedding planners who outsource companies to provide flowers. The wedding company may have realized that the flowers wither after a short time and they look unattractive. By sharing this information with the flower company, they can brainstorm on ways to keep the flowers looking fresh for a longer time. This innovation helps both the supplier and the business.
- e. *Competitor Innovation:* This is a very challenging but very efficient when it takes place. As a fact, competitors are very careful with the information they share but with a good strategy, an organization can learn a lot from its competitors. This can only happen when the organization can admit that there

are other competent people outside its boundaries. However, it does not mean that the employees are not competent enough, they are competent, but listening from others can give them a different point of view concerning a matter.

- b) **Advocacy and Screening:** It is not possible for an organization to have every idea worth implementing, for this reason alone the organization must screen all the ideas presented. While screening an idea, it must ensure to measure the benefits and risks of each idea to determine its viability. Any idea that has a futuristic approach or has high customer viability may be chosen for the next stage. Moreover, the participants in this stage should develop the idea in such a way as to enhance it. If an idea for some reason is not considered ideal, it should be communicated to the person who came up with idea. This can be especially important if the person who had shared the idea is an employee, as this feedback will help the employee come up more ideas in the future. For a company that wants to instill a culture of innovation, it should take three steps at this stage;
- a. Ensure the evaluation and screening process takes place in a transparent way.
  - b. Create a number of avenues for employees to receive feedback and advocacy.
  - c. As an organization, it should understand that evaluating an innovative idea is a difficult assignment
- c) **Experimentation:** A pilot test of the idea is done at this stage. This testing of the idea takes place within a targeted market. The organization mostly wants to test the product based on these ideals like the acceptability of the idea to the consumers, the price of the product and overall innovation idea. It also aims to test if the idea is ideal and suitable for the company at that particular time. Therefore, if an idea is too complex for the organization or if it's a premature idea, then the organization should not be implemented. The idea could also be set aside for reviewing by the organization at a later date. Apple Company once set aside an idea until the company knew it was the right time to release it to the public. When the Mp3 player was introduced in the market, Apple held back the idea of an iPod. Apple released the iPod three years after the Mp3 had already hit the market. The iPod idea was premature for the market back then and would not have attracted as many customers as it did three years later. So, even if the organization realizes that the idea has been accepted in the market and the price is affordable, they might want to hold back until they are sure the time is right to release it in the market. It is only at the stage of experimentation that the organization can get this information. So, an organization should not and cannot assume that the idea is beyond reproach to the extent that the market cannot reject it. However, one should keep in mind that experimentation can be both a continuous process or a one-time activity. In some instances, it is seen that the experimentation stage also generates new ideas. The organization can generate new ideas from this stage by considering the feasibility of the original idea and by analysing the information from the results.

- d) **Commercialization:** When the organization gets to this stage, it's with the knowledge that the product is now ready for the market. The major work of the organization at this stage is to influence the target audience that the innovation is good for them. To do this, it is essential to explain how the innovation will be useful to them, when can be used, and demonstrate the benefits of the innovation using the samples and simulations. The organization needs to be very specific about the information in regards to idea as that could attract customers to the innovative idea.
- e) **Diffusion and Implementation:** Diffusion and implementation are two different stages in the process of innovation: diffusion is the acceptance of the innovative idea by the organization and implementation is setting up everything that is needed to develop and utilize or produce the innovative idea. It mostly requires some knowledge brokers to diffuse the idea in an organization. These knowledge brokers specialize in communicating the specification about the idea and its usability. This information then assists the employees to understand the idea in an in depth way. After they understand the innovation, then they are able implement the idea. Diffusion and implementation requires access to production files, logistics, and market routes amongst other information. For the idea to succeed, work has to completed in collaboration with industries and businesses, that may require getting into partnership and subcontract management to ensure the innovation is fully embraced and implemented. The feedback that the organization receives at this stage can be used to come up with future innovations or for making future improvements in the idea. Five factors that have been identified to affect the extent and rate of diffusion of a new product in the market. They include relative advantage, complexity, observability, compatibility, and trial-ability.
- a. *Triability:* Trialability is the ability of an innovation to be experimented on. In simple words, how many people can actually try that particular product or service. Any innovation that has or can be experimented only on a limited basis has low level of uncertainty to potential adopters. However, if the negative effects from the experimentation stage is higher than the positive effects, then the customers might not be quickly adopt the innovation. Consequently, if the customer cannot separate the desirable from the undesirable consequences of an innovation, the trialability might reduce the chances of adoption.
  - b. *Relative advantage:* When an organization releases a new product or service to the market, its customers will compare it with the previous product or service. They will also compare it with other products or services provided by the competitors. The product will only diffuse easily if it compares well in both the scenarios. This is called relative advantage. The higher the relative advantage of the product, the faster will be its adoptions. For the product to have a relative advantage, the organization must consider both the primary and the secondary attributes that have led to the diffusion of the innovation.

Primary attributes of the innovation will include the size and cost of the product and in contrast, secondary attributes include compatibility and relative advantage. In most cases, the primary attributes do not matter a lot to the audience and may remain the same for all adopters. However, it should be noted that secondary attributes will vary from one adopter to another. Therefore, to overcome the challenges that are posed by secondary attributes, the organizations can use incentives to market their products. The incentives (like a free product) will increase the relative advantage while at the same time reducing cost of incompatibilities and subsidizing trials.

- c. *Observability*: This is the measure of the results of an innovation. The more visible the results from an innovation are, the easier it is to adopt an innovation. A good example is treatment for acne. If you come up with a treatment that works within a short time without negative side effects, then it will be adopted very soon. This is because people will see the effectiveness of the medicine and seek to know what remedy the person who had acne has used. More and more people will be more open to use the treatment. Hence, the innovation will be adopted within a short time.
- d. *Compatibility*: When talking about compatibility, it is how well the product is consistent with the existing needs, values and experience of potential adopters. Compatibility has two distinct aspects: values and norms, and existing skills and practices. How the innovation fits in with the procedures, equipment, performance and existing skills affect the adoption process. If your innovation is a technical innovation, the adopter may be faced with two kinds of costs; the cost of purchasing and using the innovation and the cost of buying it. So, if there is information about the innovation and there are trained personnel to use the innovation, then the cost will be reduced for the adopter. In that case they will be more receptive to acquire the innovation. When it comes to norms and values, the organization or the innovation or the two have to change to fit in to the existing norms and values. This reduces misalignment between the adopter and the innovation. If the innovation is compatible, then it is easily adoptable. This is why it is important to carry out continued research and development during and after the innovation process. It ensures that your innovation remains compatible throughout its lifetime.
- e. *Complexity*: This is how complicated an innovation is perceived to be. If it is difficult to use or understand, then adopters might stay away from it. Innovations that require customers to acquire new knowledge might take time to be adopted. If the organization is trying out something that requires new knowledge or skill, it needs to be patient and make plans to provide the knowledge needed. Otherwise, it may get very disappointed with the innovation.

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## 19.6 COMPONENTS OF ORGANIZATIONAL CREATIVITY

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Creativity in the organizations is based on three basic components - domain relevant skills, creativity relevant skills and intrinsic task motivation.

- a) **Domain Relevant Skills:** in this component, it is necessary that the individual has to have relevant domain skills. They are well versed about the field where they want to be creative in. The relevant domain skills in this case would be that innovation in the field of computer programming can be done by a person who is well versed with the process of writing the computer codes and develop lines after lines of new codes for his program. It becomes hard to be creative in a field where you are not very well versed in the processes and skills required to understand the needs and want of the field. Any task that we undertake would require certain talents, knowledge or skills in the field, as without the capacity to perform a certain task at even a basic level, one has no hope of even demonstrating creativity in that field.
- b) **Creativity Related Skill:** Beyond the basic skills, being creative also requires additional skills – special abilities that help people approach the things they do in a novel way. When it comes to fostering creativity, it helps to do the following:
  - a. *Divergent Thinking:* Creativity is enhanced when people do not limit themselves to the old ways of doing things. Restricting oneself to the past can inhibit creativity. There is a need to take a fresh look at things. This is known as divergent thinking. It is a process of reframing familiar problems in a unique way, creating multiple or alternative solutions from the available information.
  - b. *Understanding Complexities:* Instead of making things overly simplistic, don't be afraid to consider the complex ways in which ideas may be interrelated.
  - c. *Avoiding Premature Judgments:* Creative people are willing to consider all options. They avoid all the angles and avoid reaching to conclusions. People are particularly good at this when they are new to the organization and therefore don't know enough to accept everything the way it is. With this in mind some organizations prefer to hire executives from outside the organization.
  - d. *Creativity Heuristics:* People sometimes follow certain strategies, known as creativity heuristics, to help them come up with new creative ideas. These are the rules that help them approach tasks in a novel way.
  - e. *Use Productive Forgetting:* Sometimes, creativity is inhibited by our becoming attached to certain ideas that we just can't seem to get out of our heads. With this in mind, it helps to practice productive forgetting – the ability to abandon unproductive ideas and temporarily put aside stubborn problems until new approaches can be considered.
- c) **Intrinsic Task Motivation:** The first two components of creativity, domain-relevant skills and creativity-relevant skills, focus on what people are capable of

doing. However, the third component, intrinsic task motivation, refers to what people are willing to do. The idea is simple: for someone to be creative, he or she must be interested in performing the task in question. In other words, there must be a high degree of intrinsic task motivation – the motivation to do work because it is interesting, engaging or challenging in a positive way. An individual who has the capacity to be creative, but who isn't motivated to do what it takes to produce creative outcomes, certainly wouldn't be considered creative. People are most likely to be highly creative when they are passionate about their work. Intrinsic task motivation tends to be high under several conditions. When an individual has a personal interest in the task at hand, he or she will be motivated to perform it – and may go on to do so creatively. Likewise, task motivation will be high whenever an individual perceives that he or she has internal reasons to be performing that task. People who come to believe that they are performing the task for some external reason – pressure from boss, high pay etc. – are unlikely to find the work inherently interesting, in and of itself, and are unlikely to show much creativity when performing it.

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## 19.7 INCREASING ORGANIZATIONAL CREATIVITY

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- a) **Understanding Creativity, Innovation and its process:** Though innovation is defined above but innovation changes in its focus, orientation, nature, and scope. It may be administered or technical in its focus, product and process in its orientation, radical or incremental in its nature and architectural and component in its scope. Administrative innovations involve new organizational structures and administrative processes such as recruiting personnel, allocating resources etc. technical innovations can be product or process innovations. Product innovations are new products or services introduced to meet a market need while process innovations are new elements introduced into an organization's production or service operations. Radical innovations are those that go beyond the existing ideas to build something new to the industry and they irrevocably change how things are typically done in a field or domain. Incremental innovations reflect additive improvements to the ideas that already exist in the business. An innovation is component in nature if it does not change the overall system configuration of the product and architectural in nature if it requires changing the system configuration.

There is also a need to understand the process of innovation. The process of innovation can be broadly divided into 2 phases: a phase of creativity and a phase of implementation. Creativity refers to the 'generation of new idea that is regarded as novel and useful while implementation implies transforming the idea into reality'. The idea generation phase is also typically viewed as a fuzzy front end. A lot of ideas from the first stage typically do not proceed to the second stage because of numerous problems cropping up, ranging from feasibility to compatibility with the strategic direction. The implementation phase has 2 stages. In the first stage of the frequently

encountered is the structured methodology phase which typically consists of some type of stage gate system. (Ahmed, 1998) The stage gate system consists of some hoops that the idea has to pass from to its feasibility and the compatibility with the organizational objectives. The second stage is that of the commercialization of the idea. It is the phase of actually making the idea commercially feasible.

b) **Finding Innovative Workforce:** Dyer, Gregson and Christensen (2009) in their article in Harvard Business Review studied that innovators are different from other intelligent people and that the organizations need to identify them. They identified ‘discovery skills’. These discovery skills are:

- Associating
- Questioning
- Observing
- Experimenting

Associating is the ability to successfully connect seemingly unrelated questions, problems or ideas from different fields. It is seen that the world’s most innovative companies prosper by capitalizing on the divergent associations of their founders, executives and employees. Steve Jobs is able to generate new ideas after ideas because he has spent a lifetime exploring new and unrelated things – the art of calligraphy, meditation practices in an Indian ashram and the fine details of a Mercedes Benz.

Innovators constantly ask questions that challenge common wisdom or as Tata Group Chairman Ratan Tata puts it, ‘question the unquestionable’. The innovators spent a long time asking the question ‘Why does it happen in this way?’ They like to think out of the box and question the status quo that exists in this world. Innovators also keep on observing the things that go around them. Discovery driven executives produce uncommon business ideas by scrutinizing common phenomena, especially the behavior of potential customers. People keep on getting ideas from observing plight of people in some kind of trouble. Ratan Tata got inspired to make the world’s cheapest car by observing the plight of a family of four seated on a scooter. Experimentation also engages an innovator a lot. The innovators constantly keep on experimenting to keep transforming their ideas. The innovators are not satisfied because they want to keep on changing their ideas. Devoting time and energy to finding and testing ideas through a network of diverse individuals gives innovators a radically different perspective. To extend their own knowledge domains, innovators mostly go out of their way to meet people that have different kinds of ideas and perspectives.

c) **Celebrate Mistakes of your Employees:** To set up an innovative culture in your organization, it is important to celebrate mistakes of your employees. The founders of Google say they love when their employees make mistakes because that means that

they can launch the new-improved version of the product. A failed product should not be penalized but treated as a good try. This approach works if managers follow a typical guideline, 'Fail cheap and fast.'

- d) **Risk Tolerance:** Business leaders must have a risk tolerance. For this risk tolerance, leaders must first closely examine their own attitudes towards risk taking and failure and then avoid any behaviors that discourage risk taking (such as punishing people when their ideas don't work out) the organization has to decide what percentage of failure is acceptable. The percentage will vary from organization to organization, based on industry, the type of project and other factors.
- e) **Provide the right compensation:** To encourage the risk taking and innovation, the organization must reward it. The question is not whether the reward is financial or non-financial. Research shows that innovators view recognition from management, colleagues and others than other financial rewards. Moving an idea from imagination to reality entails hard work and people need rewards and incentives to go beyond what is expected from them. Effective rewards can take various forms including public recognition, exposure to influential executives and opportunities to undertake special projects a person feels passionate about.
- f) **Create distinct career paths for innovators:** Innovators know that they can help launch and establish billion-dollar companies but they might never find themselves in those positions in the organization that may be leadership one. O'Connor, Corbett and Pierantozzi in their article suggested creating three distinct career paths for innovators. Proposing that innovation can be broken up in three phases the HR team of an organization can make three distinct career paths for innovators. In discovery phase the employees mostly end up doing bench science or technological experiments because they are thinking how their experiment can satisfy a need in the marketplace. The bench scientist of this phase eventually may want to be involved in the policy discussions about emerging technologies and how it may influence the company's future. During incubation, the employee's experiment recurring with technology and market opportunities so as to see the shift the innovation can bring in the market opportunities. The incubator of the organization may be interested in pursuing a technological path. During the acceleration phase, the established business capabilities such as scaling business processes, imposing discipline and specialization is required. The accelerator of the organization may want to take a leadership role as the business grows but in a functional specialty or might want to move in the other general management roles in the organization.

Just assuming that as an innovation grows the innovator also grows from one skill set to another is a wrong assumption. Discover in which three phases of innovation (discovery, incubation and acceleration) is the innovator of the organization most comfortable in and create a career path accordingly. An innovator with a broad skill set is hard to find. Best would be to help the innovator grow in the organization in those roles he is most comfortable in.

- g) **Manage Creative and Innovative people effectively:** Uncreative people put a bad impact on creative people. They tend to be creativity killers, killing good ideas and encouraging bad ones and asking for multiple rounds of improvements if they don't like or understand the idea. The leadership of the innovative people should be such that the innovators don't feel threatened by their leaders. Innovative leaders have traits like that they are willing to do things differently and that they are visionary about new products and innovations.
- h) **Innovative culture and corporate culture:** Having a clear cut corporate philosophy enables the employees working in the organization to get proper and precise instructions and to do their tasks in a more coordinated and precise way. Ineffective statements are unable to motivate and encourage people to follow their tasks that take the organizations towards a common goal. An effective corporate philosophy or statements can help in motivating people not only in completing their tasks effectively and efficiently but also in going beyond the call of duty, in achieving their creative goals and caring a bit more about their work.
- i) **Empowering Employees:** The responsibility of empowering employees falls on the shoulders of the employers. Empowering people to creative and to innovative is one of the best ways for leader to mobilize the energies of his employees. Empowerment in the presence of strong culture that can guide actions and behavior produces both energy and enthusiasm for consistent work towards innovative goals. Empowerment when it occurs in an organization without a strong value system capable of driving activities in a unified and aligned manner to the super ordinate goals of the organization. Empowerment alone may be ineffective in providing the employees freedom to innovate. The organizational barriers may become a problem for them and it might inhibit an innovation. Some organizational barriers that may be encountered are:
- Unwarranted assumptions about innovations
  - One correct answer thinking
  - Failing to challenge the obvious
  - Pressure to conform
  - Fear of looking foolish

**Check Your Progress- B**

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**Q1. Explain innovation with examples?**

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**Q2. Write a short note on idea generation for innovation?**

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**Q3. Elucidate the steps that help an organization be more creative?**

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**Q4. Fill in the Blanks:**

- i. The process of converting a creative idea into a useful product is called \_\_\_\_\_.
- ii. Commercialization is the \_\_\_\_\_ of the product innovation.
- iii. The responsibility of empowering employees falls on the shoulders of the \_\_\_\_\_.
- iv. \_\_\_\_\_ is the ability to successfully connect seemingly unrelated questions, problems or ideas from different fields.
- v. The first two components of creativity, \_\_\_\_\_ and \_\_\_\_\_ focus on what people are capable of doing.

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## 19.8 SUMMARY

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An organization's most important asset is the workforce. Employees that can be creative and innovative are able to pioneer new technologies, come up with ideas of new products and services and recognize an advantage for the organization, when it arises. Organizational Creativity captures the concepts, principles and understanding relating to organizational transformation, organizational design and organizational dynamics resulting from an exploration of creativity in the workplace and subsequent exploration of our individual essential creativity. A creative idea needs to be converted into a product so that it can fulfil needs and wants of the user. The process of converting a creative idea into a useful product is called innovation. Specifically, innovation may be defined as the successful implementation of creative ideas within an organization.



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## 19.9 GLOSSARY

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**Creativity:** refers to the way creative but appropriate ideas are brought out.

**Innovation:** It is the process of converting ideas into useful goods and services.

**Triability:** Trialability is the ability of an innovation to be experimented on.

**Intrinsic Task Motivation:** It refers to what people are willing to do.

**Observability:** Visible the results from an innovation



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## 19.10 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

#### **Fill in the Blanks:**

- i. Innovation

- ii. Creativity
- iii. Perception, Incubation, Insight and Verification.

### **Check Your Progress –B**

#### **Fill in the Blanks:**

- i. Innovation
- ii. Product Ready
- iii. Employer
- iv. Associating
- v. Domain Relevant and Creativity Relevant



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## **19.11 REFERENCES**

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## **19.12 SUGGESTED READINGS**

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1. Handbook of Organizational Creativity by Michael D. Mumford
2. Creative Organization Theory: A Resource Book By Gareth Morgan



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## 19.13 TERMINAL QUESTIONS

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- Q1. What do you understand by creativity? Discuss the process of creativity?
- Q2. What is the meaning of innovation? How can an organization process innovation?
- Q3. What are the different components for organizational creativity?
- Q4. How can an organization increase its creativity?

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## UNIT 20 OD IN INTERNATIONAL CONTEXT

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### 20.1 Introduction

### 20.2 Objectives

### 20.3 Understanding OD in International Context

### 20.4 Understanding Cultural Context

### 20.5 Understanding Economic Development

### 20.6 Effect of Cultural Context and Economic Development on OD

### 20.7 Global Organizational Development

### 20.8 Implementing OD across Strategic Orientation

### 20.9 Summary

### 20.10 Glossary

### 20.11 Answer to Check Your Progress

### 20.12 Reference/ Bibliography

### 20.13 Suggested Readings

### 20.14 Terminal Questions

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## 20.1 INTRODUCTION

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In the previous units, you have learned how the organizational development interventions are used in India, now we will focus on organizational development in the global context, understanding how various cultural and economic contexts around the world have an impact on it. In worldwide organizations, managers can use OD to help firms operate in multiple countries. Referred to as international, global, multinational, or transnational corporations, these firms must fit their organizational strategies, structures, and processes to different cultures. OD can help members gain the organizational skills and knowledge needed to operate across cultural boundaries, enhancing organizational effectiveness through better alignment of people and systems with international strategy.

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## 20.2 OBJECTIVES

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After reading this unit you will be able to:

- Understand the importance of OD internationally.

- Understand how culture is related to OD.
- Understand and relate how economic development can have an impact on OD.
- Learn the different orientations of the organizations that work internationally.
- Understand how OD can help these organizations with different strategic orientation.

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### **20.3 UNDERSTANDING OD IN INTERNATIONAL CONTEXT**

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The dramatic restructuring of socialist and communist economies and the rapid economic growth of developing countries are numbing in scope and impact. Projected growth rates in East Asia and Pacific and South Asia remain strong. The European Union continues its push for integration through fiscal policies, the admission of new countries, and the rationalizing of economic standards. Political transformations in the Middle East, China, Russia, and South Africa will produce both uncertainty and new growth oriented economies. Organizations operating in these invigorated or newly emerging economies are increasingly turning to OD practices to embrace opportunities and improve effectiveness.

The second trend contributing to OD applications in global settings is the extraordinary availability of technological and financial resources on a worldwide scale. The development of the Internet and e-commerce has increased foreign governments' and organizations' access to enormous information resources and fuelled growth and development. OD interventions can smooth the transition to a new reporting structure, clarify roles and relationships, and reduce the uncertainty associated with implementing new techniques and practices.

The final trend fuelling international OD applications is the emergence of a global economy. Many foreign organizations are maturing and growing by entering the global business community. Lowered trade barriers, deregulation, and privatization aid this international expansion. The established relationships and local knowledge that once favoured only a small number of worldwide organizations no longer are barriers to entry into many countries. As organizations expand globally, they are faced with adapting structures, information systems, coordinating processes, and human resources practices to worldwide operations in a variety of countries. This has led to OD interventions geared to planned change across different cultures and economies. The success of OD interventions depends on the responsiveness of these interventions to the cultural context and organizational values of the host country. The more a country's cultural values match the traditional values of OD, the less likely it is that an intervention will have to be modified. Second, a country's economic development can affect the success of OD interventions. For example, organizations operating in countries with moderate levels of economic development may need business-oriented interventions more than OD kinds of changes. Indeed, little may be gained from addressing interpersonal conflict in a top-management team if the organization has difficulty getting products shipped or delivering service.

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## 20.4 UNDERSTANDING CULTURAL CONTEXT

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Researchers have proposed that applying OD in different countries requires a “context based” approach to planned change. This involves fitting the change process to the organization’s cultural context, including the values held by members in the particular country or region. These beliefs inform people about behaviors that are important and acceptable in their culture. Cultural values play a major role in shaping the customs and practices that occur within organizations as well, influencing how members react to phenomena having to do with power, conflict, ambiguity, time, and change. There is a growing body of knowledge about cultural diversity and its effect on organizational and management practices. Researchers like Hofstede and Trompennar have identified five key values that describe national cultures and influence organizational customs: context orientation, power distance, uncertainty avoidance, achievement orientation, and individualism.

1. **Context Orientation:** This value describes how information is conveyed and time is valued in a culture. In low-context cultures, such as Scandinavia and the United States, information is communicated directly in words and phrases. By using more specific words, more meaning is expressed. In addition, time is viewed as discrete and linear—as something that can be spent, used, saved, or wasted. In high- context cultures, on the other hand, the communication medium reflects the message more than the words, and time is a fluid and flexible concept. For example, social cues in Japan and Venezuela provide as much, if not more, information about a particular situation than do words alone. Business practices in high-context cultures emphasize ceremony and ritual. For example, knowing how to exchange business cards, participate in a reception, or conducting a banquet in China honors the client and facilitates business relationships. How one behaves is an important signal of support and compliance with the way things are done. Structures are less formal in high-context cultures; there are few written policies and procedures to guide behavior. Because high-context cultures view time as fluid, punctuality for appointments is less a priority than is maintaining relationships.
2. **Power Distance:** This value concerns the way people view authority, status differences, and influence patterns. People in high power-distance regions, such as Latin America and Eastern Europe, tend to accept unequal distributions of power and influence, and consequently autocratic and paternalistic decision-making practices are the norm. Organizations in high power-distance cultures tend to be centralized, with several hierarchical levels and a large proportion of supervisory personnel. Subordinates in these organizations represent a lower social class. They expect to be supervised closely and believe that power holders are entitled to special privileges. Such practices would be inappropriate in low power-distance regions, such as Scandinavia, where participative decision making and egalitarian methods prevail.
3. **Uncertainty Avoidance:** This value reflects a preference for conservative practices and familiar and predictable situations. People in high uncertainty-avoidance regions, such as Asia, prefer stable routines over change and act to maintain the status quo.

They do not like conflict and believe that company rules should not be broken. In regions where uncertainty avoidance is low, such as in many European countries, ambiguity is less threatening. Organizations in these cultures tend to favor fewer rules, higher levels of participation in decision making, more organic structures, and more risk taking.

4. **Achievement Orientation:** This value concerns the extent to which the culture favors the acquisition of power and resources. Employees from achievement-oriented cultures, such as Asia and Latin America, place a high value on career advancement, freedom, and salary growth. Organizations in these cultures pursue aggressive goals and can have high levels of stress and conflict. Organizational success is measured in terms of size, growth, and speed. On the other hand, workers in cultures where achievement is less of a driving value, such as those in Scandinavia, prize the social aspects of work, including working conditions and supervision, and typically favor opportunities to learn and grow at work.
5. **Individualism and Collectivism:** This value is concerned with looking out for oneself as opposed to one's group or organization. In high-individualism cultures, such as the United States and Australia, personal initiative and competitiveness are valued strongly. Organizations in individualistic cultures often have high turnover rates and individual rather than group decision-making processes. Employee empowerment is supported when members believe that it improves the probability of personal gain. These cultures encourage personal initiative, competitiveness, and individual autonomy. Conversely, in low individualism countries, such as China, Japan, and Mexico, allegiance to one's group is paramount. Organizations operating in these cultures tend to favor cooperation among employees and loyalty to the company.

Value	Definition	Organizational Values and Cultural Context	Countries representing cultural values
Context	The extent to which words carry the meaning of a message; how time is viewed	Ceremony and routines are common. Structure is less formal; fewer written policies exist. People are often late for appointments.	High: Asian and Latin American countries Low: Scandinavian countries, United States
Power	The extent to which	Decision making is	High: Latin American and

Distance	members of a society accept that power is distributed unequally in an organization	autocratic. Superiors consider subordinates as part of a different class. Subordinates are closely supervised. Employees are not likely to disagree. Powerful people are entitled to privileges.	Eastern European countries Low: Scandinavian countries
Uncertainty Avoidance	The extent to which members of an organization tolerate the unfamiliar and unpredictable	Experts have status/authority. Clear roles are preferred. Conflict is undesirable. Change is resisted. Conservative practices are preferred.	High: Asian countries Low: European countries
Achievement Orientation	The extent to which organization members value assertiveness and the acquisition of material goods	Achievement is reflected in wealth and recognition. Decisiveness is valued. Larger and faster are better. Gender roles are clearly differentiated.	High: Asian and Latin American countries, South Africa Low: Scandinavian Countries
Individualism and Collectivism	The extent to which people believe they should be responsible for themselves and	Personal initiative is encouraged. Time is valuable to individuals. Competitiveness is	High: United States Low: Latin American and Eastern European countries

	their immediate families	accepted. Autonomy is highly valued.	
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## 20.5 UNDERSTANDING ECONOMIC DEVELOPMENT

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In addition to cultural context, an important contingency affecting OD success internationally is a country's level of industrial and economic development. Economic development can be judged from social, economic, and political perspectives. For example, it can be reflected in a country's management capability as measured by information systems and skills; decision-making and action-taking capabilities; project planning and organizing abilities; evaluation and control technologies; leadership, motivational, and reward systems; and human selection, placement, and development levels.

1. **Subsistence Economies:** Countries such as Pakistan, Nepal, Nigeria, Uganda, and Rwanda have relatively low degrees of development and their economies are primarily agriculture-based. Their populations consume most of what they produce, and any surplus is used to barter for other needed goods and services. A large proportion of the population is unfamiliar with the concept of "employment." Working for someone else in exchange for wages is not common or understood, and consequently few large organizations exist outside of the government. In subsistence economies, OD interventions emphasize global social change and focus on creating conditions for sustainable social and economic progress.
2. **Industrializing Economies:** Malaysia, Venezuela, India, Turkey, the Philippines, Iran, and the People's Republic of China are moderately developed and tend to be rich in natural resources. An expanding manufacturing base that accounts for increasing amounts of the country's gross domestic product fuels economic growth. The rise of manufacturing also contributes to the formation of a class system including upper-, middle-, and low-income groups. Organizations operating in these nations generally focus on efficiency of operations and revenue growth. Consequently, OD interventions address strategic, structural, and work design issues.
3. **Industrial Economies:** Highly developed countries, such as Sweden, Japan, France, and the United States, emphasize nonagricultural industry. In these economies, manufactured goods are exported and traded with other industrialized countries; investment funds are available both internally and externally; the workforce is educated and skilled; and technology is often substituted for labor. Because the OD interventions described in this book were developed primarily in industrial economies, they can be expected to have their strongest effects in those contexts. Their continued success cannot be ensured, however, because these countries are advancing rapidly to postindustrial conditions. Here, OD interventions will need to fit

into economies driven by information and knowledge, where service outpaces manufacturing, and where national and organizational boundaries are more open and flexible.



### *Check Your Progress- A*

**Q1. What is the idea behind studying OD in the international context?**

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**Q2. What are the different contexts that are related to culture?**

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**Q3. State whether the following statements are True or False:**

- i. An expanding manufacturing base that accounts for increasing amounts of the country's gross domestic product fuels economic growth is known as Industrializing Economy.
- ii. This value reflects a preference for conservative practices and familiar and predictable situations is known as Uncertainty Avoidance.
- iii. The extent to which words carry the meaning of a message; how time is viewed by a country is known as context.

**Q4. Fill in the Blanks with appropriate word or words.**

- i. \_\_\_\_\_ play a major role in shaping the customs and practices that occur within organizations as well, influencing how members react to phenomena having to do with power, conflict, ambiguity, time, and change.
- ii. \_\_\_\_\_ have low uncertainty avoidance.
- iii. \_\_\_\_\_ are characterized by subsistence economy.
- iv. \_\_\_\_\_ have high individualism.
- v. In \_\_\_\_\_ economies, manufactured goods are exported and traded with other industrialized countries; investment funds are available both internally and externally; the workforce is educated and skilled; and technology is often substituted for labor.

## 20.6 EFFECT OF CULTURE AND ECONOMIC DEVELOPMENT ON ORGANIZATIONAL DEVELOPMENT

The contingencies of cultural context and economic development can have powerful effects on the way OD is carried out in various countries. They can determine whether change proceeds slowly or quickly; involves few or many members; is directed by hierarchical authority or by consensus; and focuses on business, organizational, or human process issues. When the two contingencies are considered together, they reveal four different international settings for OD practice. These different situations reflect the extent to which a country's culture fits with traditional OD values of direct and honest communication, sharing power, and improving their effectiveness and the degree to which the country is economically developed.

Subsistence economies are not included because they afford little opportunity to practice traditional OD; in those contexts, a more appropriate strategy is global social change (bringing radical social change for the upliftment of the society). In less developed situations, OD focuses on business issues, such as procuring raw materials, producing efficiently, and marketing successfully. On the other hand, when the country's culture supports traditional OD values, the planned change process can be applied to organizational and human process issues with only small adjustments. The more the cultural context differs from OD's traditional values profile, the more the planned change process will need to be modified to fit the situation.

	Low	CULTURAL FIT WITH OD VALUES	High
Moderate	South Pacific Countries South America Middle East		India South Africa
<b>LEVEL OF ECONOMIC DEVELOPMENT</b>	Central America Eastern Europe		United Kingdom Scandinavia
High	Asia		USA

**Fig 20.1 Effect of Culture and Economic Development on Organizational Development**

Source: Adapted from Cummings and Worley

1. **Low Cultural Fit, Moderate Industrialization:** This context is least suited to traditional OD practice. It includes industrializing economies with cultural values that align poorly with OD values, including many Middle East nations, such as Iraq, Iran, and the United Arab Republic; the South Pacific region, including Malaysia and the Philippines; and certain South American countries, such as Brazil, Ecuador, Guatemala, and Nicaragua. These regions are highly dependent on their natural

resources and have a relatively small manufacturing base. They tend to be high-context cultures with values of high power distance and achievement orientation and of moderate uncertainty avoidance. They are not a bad fit with OD values because these cultures tend toward moderate or high levels of collectivism, especially in relation to family.

These settings require change processes that fit local customs and that address business issues. As might be expected, little is written on applying OD in these countries, and there are even fewer reports of OD practice. Cultural values of high power distance and achievement are inconsistent with traditional OD activities emphasizing openness, collaboration, and empowerment. Moreover, executives in industrializing economies frequently equate OD with human process interventions, such as team building, training, and conflict management. They perceive OD as too soft to meet their business needs. For example, Egyptian and Filipino managers tend to be autocratic, engage in protracted decision making, and focus on economic and business problems. Consequently, organizational change is slow paced, centrally controlled, and aimed at achieving technical rationality and efficiency.

2. **High Cultural Fit, Moderate Industrialization:** This international context includes industrializing economies with cultures that align with traditional OD values. Such settings support the kinds of OD processes, especially techno-structural and strategic interventions that focus on business development. According to data on economic development and cultural values, relatively few countries fit this context. India's industrial base and democratic society are growing rapidly and may fit this contingency. Similarly, South Africa's recent political and cultural changes make it one of the most interesting settings in which to practice OD. South Africa is an industrializing economy. Its major cities are the manufacturing hubs of the economy, although agriculture and mining still dominate in rural areas. The country's values are in transition and may become more consistent with OD values. South Africans customarily have favored a low-context orientation; relatively high levels of power distance; and moderate levels of individualism, uncertainty avoidance, and achievement orientation. Organizations typically have been bureaucratic with authoritarian management, established career paths, and job security primarily for Caucasian employees. These values and organizational conditions are changing, however, as the nation's political and governance structures are transformed. Formerly, apartheid policies reduced uncertainty and defined power differences among citizens. Today, free elections and the abolishment of apartheid have increased uncertainty drastically and established legal equality among the races. These changes are likely to move South Africa's values closer to those underlying OD. If so, OD interventions should become increasingly relevant to that nation's organizations.
3. **Low Cultural Fit, High Industrialization:** This international setting includes industrialized countries with cultures that fit poorly with traditional OD values. Many countries in Central America, Eastern Asia, and Eastern Europe fit this description.

Reviews of OD practice in those regions suggest that planned change includes all four types of interventions described in this book, although the change process itself is adapted to local conditions. For example, Mexico, Venezuela, China, Japan, and Korea are high-context cultures where knowledge of local mannerisms, customs, and rituals is required to understand the meaning of communicated information. To function in such settings, OD practitioners must know not only the language but the social customs as well. Similarly, cultural values emphasizing high levels of power distance, uncertainty avoidance, and achievement orientation foster organizations where roles, status differences, and working conditions are clear; where autocratic and paternalistic decisions are expected; and where the acquisition of wealth and influence by the powerful is accepted. OD interventions that focus on social processes and employee empowerment are not favored naturally in this cultural context and consequently need to be modified to fit the situations. OD interventions that focus on social processes and employee empowerment are not favored naturally in this cultural context and consequently need to be modified to fit the situations. To be successful, OD practitioners need sufficient status and legitimacy to work with senior management and to act in expert roles. Status typically is associated with academic credentials, senior management experience, high-level titles, or recommendations by highly placed executives and administrators. In Asia, OD is an orderly process, driven by consensus and challenging performance goals. Organizational changes are implemented slowly and methodically, so trust builds and change-related uncertainty is reduced. Changing too quickly is seen as arrogant, divisive, and threatening. Managers have been encouraged to contact more and more foreign organizations, to develop relationships and contracts, and to learn marketing and organization development skills. Because Asian values promote a cautious culture that prizes consensus, dignity, and respect, OD tends to be impersonal and to focus mainly on work-flow improvements. Human process issues are rarely addressed because people are expected to act in ways that do not cause others to “lose face” or to bring shame to the group.

4. **High Cultural Fit, High Industrialization:** This last setting includes industrialized countries with cultural contexts that fit well with traditional OD values. Finland, and Denmark—and countries with a strong British heritage, such as Great Britain, Northern Ireland, Australia, and New Zealand. Scandinavians enjoy a high standard of living and strong economic development. Because their cultural values most closely match those traditionally espoused in OD, organizational practices are highly participative and egalitarian. OD practice tends to mirror these values. Multiple stakeholders, such as managers, unionists, and staff personnel, actively are involved in all stages of the change process, from entry and diagnosis to intervention and evaluation. The Norwegian government, for example, was instrumental in introducing industrial democracy to that nation’s companies. It helped union and management in selected industries implement pilot projects to enhance productivity and quality of work life. The results of these sociotechnical experiments were then diffused

throughout the Norwegian economy. In many ways, the Scandinavian countries have gone further than other global regions in linking OD to national values and policies.

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## 20.7 GLOBAL ORGANIZATIONAL DEVELOPMENT

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An important trend facing many business firms is the emergence of a global marketplace. Driven by competitive pressures, lowered trade barriers, and advances in information technologies, the number of companies offering products and services in multiple countries is increasing rapidly. The organizational growth and complexity associated with managing worldwide operations is challenging. Executives must choose appropriate strategic orientations for operating across cultures and geographical locations, and under diverse governmental and environmental requirements. They must be able to adapt corporate policies and procedures to a range of local conditions. Moreover, the tasks of controlling and coordinating operations in different nations place heavy demands on information and control systems and on managerial skills and knowledge.

1. **Global Strategic Organizations:** Worldwide organizations can be defined in terms of three key facets. First, they offer products or services in more than one country and actively manage substantial direct investments in those countries. Consequently, they must relate to a variety of demands, such as unique product requirements, tariffs, value-added taxes, governmental regulations, transportation laws, and trade agreements. Second, worldwide firms must balance product and functional concerns with geographic issues of distance, time, and culture. American tobacco companies, for example, face technological, moral, and organizational issues in determining whether to market cigarettes in less-developed countries, and if they do, they must decide how to integrate manufacturing and distribution operations on a global scale. Third, worldwide companies must carry out coordinated activities across cultural boundaries using a wide variety of personnel, including expatriates, short-term and extended business travelers, and local employees. Workers with different cultural backgrounds must be managed in ways that support the overall goals and image of the organization. The company must therefore adapt its human resources policies and procedures to fit the culture and accomplish operational objectives. From a managerial perspective, selecting executives to head foreign operations is an important decision in global organizations. Global integration refers to whether or not business success requires tight coordination of people, plants, equipment, products, or service delivery on a worldwide basis. Local responsiveness, on the other hand, is the extent to which business success is dependent on customizing products, services, support, packaging, and other aspects of operations to local conditions. Based on that information, worldwide organizations generally implement one of four types of strategic orientations: international, global, multinational, or transnational.

- a) **The International Strategic Orientation:** The international orientation exists when the key success factors of global integration and local responsiveness are low. This is the most common label given to organizations making their first attempts at operating outside their own country's markets. Success requires coordination between the parent company and the small number of foreign sales and marketing offices in chosen countries. Similarly, local responsiveness is low because the organization exports the same products and services offered domestically. When an organization has decided to expand internationally, it has most often determined that:
- i. other country-markets appear to offer specific advantages large enough to exceed the tangible and intangible costs of implementing a new strategy,
  - ii. the organization's products, services, and value propositions are sufficiently powerful to counteract the initial disadvantages of operating in a foreign location, and
  - iii. the organizational capabilities exist to extract value from the foreign operations in excess of simpler contracting or licensing of the organization's technology, products, or services in the foreign location.
- b) **The Global Strategic Orientation:** This orientation exists when the need for global integration is high but the need for local responsiveness is low. The global orientation is characterized by a strategy of marketing standardized products in different countries. It is an appropriate orientation when there is little economic reason to offer products or services with special features or locally available options. Manufacturers of office equipment, consumer goods, computers and semiconductors, tires, and containers, for example, can offer the same basic product in almost any country.

<b>High</b>	<b>Global Orientation</b>	<b>Transactional Orientation</b>
<b>Need for Global Integration</b>	<b>International Orientation</b>	<b>Multinational Orientation</b>
<b>Low</b>	<b>High</b>	<b>Low</b>
	<b>Need for Local</b>	

**Fig 20.2 The Integration-Responsiveness Framework**

**Source: Adapted from Cummings and Worley**

- c) **The Multinational Strategic Orientation:** This strategic orientation exists when the need for global integration is low, but the need for local responsiveness is high. It represents a strategy that is conceptually quite different from the global strategic orientation.
- d) **The Transnational Strategic Orientation:** This orientation exists when the need for global integration and local responsiveness are both high. It represents the most complex and ambitious worldwide strategic orientation and reflects the belief that any product or service can be made anywhere and sold everywhere.

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## 20.8 IMPLEMENTING OD CHANGES ACROSS STRATEGIC ORIENTATIONS

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1. **International orientation:** Changing from a domestic to an international organization represents an incremental shift in scope for most firms, and is typically handled as a simple extension of the existing strategy into new markets. Despite the logic of such thinking, the shift is neither incremental nor simple and OD can play an important role in making the transition smoother and more productive. Strategic planning, techno-structural, and human resource interventions can help to implement an international orientation. Managers can use integrated strategic change or an organization redesign process to design and manage the transition from the old strategic orientation to the new one. Environmental scans, competitor analyses, and market studies can be done to calibrate expectations about revenue goals and determine the levels of investment necessary to support the division. Team building and large-group interventions, such as search conferences, can aid the process through which senior executives gather appropriate information about international markets, distinctive competencies, and culture, and then choose a strategic orientation. Similarly, managers can apply technostructural interventions to design an appropriate organization structure, to define new tasks and work roles, and to clarify reporting relationships between corporate headquarters and foreign-based units. Based on these decisions, OD interventions can help the organization to implement the change.
2. **Global Orientation:** OD interventions can be used to refine and support the global strategic orientation as well as assist in the transition from an international orientation. Several OD interventions support the implementation of this orientation. Career planning, role clarification, employee involvement, conflict management, and senior management team building help the organization achieve improved operational efficiency. This ensures that each individual knows specific details about how, when, and why a job needs to be done. As a result, necessary activities are described and efficient transactions and relationships are created. Senior management team building can improve the quality of strategic decisions. Centralized policies make the organization highly dependent on this group and can exaggerate decision-making errors. In addition, interpersonal conflict can increase the cost of coordination or

cause significant coordination mistakes. Process interventions at this level can help to improve the speed and quality of decision making and improve interpersonal relationships. Career planning can help home-country personnel develop a path to senior management by including foreign subsidiary experiences and cross-functional assignments as necessary qualifications for advancement. At the country level, career planning can emphasize that advancement beyond regional operations is limited for host-country nationals. OD can help here by developing appropriate career paths within the local organization or in technical, non-managerial areas. Finally, employee empowerment can support efficiency goals by involving members in efforts at cost reduction, work standardization, and minimization of coordination costs. In addition to fine tuning this strategic orientation, OD can help the organization transition from an international to a global strategic orientation. The organization's experience with the international strategic orientation has helped to build basic knowledge and skills in international business. The successful transition to a global strategy assumes that managers believe global integration is more important than local responsiveness and that the organization has strong centralized operating capabilities.

3. **Multinational Orientation:** the decentralized and locally coordinated multinational orientation suggests the need for a complex set of OD interventions. The key is to tailor OD to fit the specific cultural and economic context where the subsidiary is located. When OD is applied across different regions and countries, interventions must account for differences in cultural and economic conditions that can affect its success. Appropriate interventions for multinational corporations include intergroup relations, local management team building, sophisticated management selection and development practices, and changes to reward systems. Team building remains an important intervention. Unlike team building for the senior management team in global orientations, the local management teams require attention in multinational firms. This presents a challenge for OD practitioners because polycentric selection policies can produce management teams with different cultures at each subsidiary. Thus, a program developed for one subsidiary may not work with a different team at another subsidiary, given the different cultures that might be represented. Intergroup interventions to improve relations between local subsidiaries and the parent company are also important for multinational companies. Decentralized decision making and regiocentric selection can strain corporate–subsidiary relations. Local management teams, operating in ways appropriate to their cultural context, may not be understood by corporate managers from another culture. OD practitioners can help both groups understand these differences by offering training in cultural diversity and appreciation. They can also smooth parent–subsidiary relationships by focusing on the profit-center control system or other criteria as the means for monitoring and measuring subsidiary effectiveness.
4. **Transnational Orientation:** Transnational companies require OD interventions that can improve their ability to achieve efficient global integration under highly decentralized decision-making conditions. These interventions include extensive

management selection and development practices in support of the geocentric policies described above, intergroup relations, and development and communication of a strong corporate vision and culture. Knowledge management interventions help develop a worldwide repository of information that enables members' learning. Effective transnational firms have well-developed vision and mission statements that communicate the values and beliefs underlying the firm's culture and guide its operational decisions. Once vision and mission statements are crafted, management training can focus on clarifying their meaning, the values they express, and the behaviors required to support those values. This process of gaining shared meaning and developing a strong culture provides a basis for social control. Because transnationals need flexibility and coordination, they cannot rely solely on formal reports of sales, costs, or demand to guide behavior. This information often takes too much time to compile and distribute. Rather, the corporate vision and culture provide transnational managers with the reasoning and guidelines for why and how they should make decisions. This form of social control supports OD efforts to improve management selection and development, intergroup relationships, and strategic change. The geocentric selection process can be supplemented by a personnel policy that rotates managers through different geographical regions and functional areas to blend people, perspectives, and practices.



### *Check Your Progress- B*

**Q1. What do you understand by Integrated-Responsiveness Framework?**

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**Q2. How can OD help a multinational strategic organization?**

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**Q3. What OD interventions can help an organization with transnational orientation?**

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**Q4. Fill in the Blanks:**

- i. \_\_\_\_\_ orientation exists when the need for global integration is high but the need for local responsiveness is low.
- ii. \_\_\_\_\_ orientation exists when the need for global integration and local responsiveness are both high.
- iii. \_\_\_\_\_ refers to whether or not business success requires tight coordination of people, plants, equipment, products, or service delivery on a worldwide basis.

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**20.9 SUMMARY**

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OD activities to improve international, global, multinational, and transnational strategic orientations increasingly are in demand. Each of these strategies responds to specific environmental, technological, and economic conditions. Interventions in worldwide organizations require a strategic and organizational perspective on change to align people, structures, and systems. Traditional approaches to OD need to be adapted to fit the cultural and economic development context in which they are applied. This adaptation approach recognizes that OD practices may be culture-bound: What works in one culture may be inappropriate in another. The cultural contexts of different geographical regions were examined in terms of five values: context orientation, power distance, uncertainty avoidance, achievement orientation, and individualism. This approach also recognizes that not all OD interventions may be appropriate. The prevailing economic situation may strongly favor business-oriented over process-oriented interventions. The process of OD under different cultural and economic conditions was also described, although the descriptions are tentative. As OD matures, its methods will become more differentiated and adaptable.



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**20.10 GLOSSARY**

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**Regiocentric:** The regiocentric approach uses managers from various countries within the geographic regions of business. Although the managers operate relatively independently in the region, they are not normally moved to the company headquarters.

**Ethnocentric:** When a company follows the strategy of choosing only from the citizens of the parent country to work in host nations, it is called an ethnocentric approach.

**Polycentric:** When a company adopts the strategy of limiting recruitment to the nationals of the host country (local people), it is called a polycentric approach.

**Geocentric:** When a company adopts the strategy of recruiting the most suitable persons for the positions available in it, irrespective of their nationalities, it is called a geocentric approach.



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## 20.11 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

Q3. True or False:

- i. True
- ii. True
- iii. True

Q4. Fill in the Blanks

- i. Context
- ii. European Countries
- iii. Nepal, Pakistan, Bangladesh
- iv. USA
- v. Industrialized Economies

### Check Your Progress –B

Q4 Fill in the Blanks

- i. Global Strategic Orientation
- ii. Transnational Strategic Orientation
- iii. Global integration



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## 20.12 REFERENCES

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- Rugman, A. M., & Hodgetts, R. M. (1995). *International business: A strategic management approach*. New York: McGraw-Hill.



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## 20.13 SUGGESTED READINGS

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1. S. Camden-Anders, and T. Knott, “Contrasts in Culture: Practicing OD Globally,” in *Global and International Organization Development*, eds. P. Sorensen, T. Head, T. Yaeger, and D. Cooper-rider (Chicago: Stipes Publishing, 2001).



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## 20.14 TERMINAL QUESTIONS

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- Q1. What are the different cultural contexts that an organization faces in different cultures?
- Q2. What are the different types of economies that a nation can belong to?
- Q3. What is the integrated responsiveness framework in the global organizational context?
- Q4. Discuss the effect of culture and economic development on organizational development.

**Block IV**  
**Perspectives of Organisation Development**

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## UNIT 21 LEARNING ORGANIZATIONS

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- 21.1 Introduction
- 21.2 Objectives
- 21.3 Meaning of Learning Organizations
- 21.4 Development of Learning Organization
- 21.5 Characteristics of a Learning Organization
- 21.6 Model of Learning Organizations
- 21.7 Strategies for Building Learning Organizations
- 21. 8 Benefits of Learning Organizations
- 21.9 Barriers to Learning Organizations
- 21.10 Summary
- 21.11 Glossary
- 21.12 Answer to Check Your Progress
- 21.13 Reference/ Bibliography
- 21.14 Suggested Readings
- 21.15 Terminal & Model Questions

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### 21.1 INTRODUCTION

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A clear vision, right incentives and providing training may help in organization learning, but looking at this assumption is flawed as it is risk prone in the face of intense competition, advances in technology and automation, and shifts in the customer preferences. There is an urgent need for the organization to shift as these forces mount pressure to shift to becoming a learning organization.

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### 21.2 OBJECTIVES

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After reading this unit you will be able to;

- Understand the meaning of learning organization.
- Familiarize with the development of learning organizations.
- Explain the objectives of learning organizations.
- Understanding the characteristics of a learning organization.

- Learn the benefits of learning organization.

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## **21.3 MEANING OF LEARNING ORGANIZATION**

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Learning organizations is an organization that continuously transforms itself. Learning organizations develop as a result of the pressures facing modern organizations and enables them to remain competitive in the business environment. A learning organization is an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights. Learning organizations are unique in handling the dynamisms of the environment they exist in.

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## **21.4 DEVELOPMENT OF LEARNING ORGANIZATIONS**

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Organizations do not organically develop into learning organizations; there are factors prompting their change. As organizations grow, they lose their capacity to learn as company structures and individual thinking becomes rigid. When problems arise, the proposed solutions often turn out to be only short-term and re-emerge in the future. The eight most significant forces that have changes the current work environment and that has made organization-wide learning are: (Michael Marquardt)

- 1) Globalization and the global economy.
- 2) Technology and the internet.
- 3) Radical transformation.
- 4) Increased customer power.
- 5) Emergence of knowledge and learning as major organizational assets.
- 6) Changing roles and expectations of the workers.
- 7) Workplace diversity and mobility.
- 8) Rapidly escalating change and chaos.

These factors have propelled the need for a learning organization that is constantly evolving itself.



### Check Your Progress- A

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#### Q1. State the meaning of a learning organization?

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#### Q2. Explain the development of a learning organization?

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#### Q3. MCQs

- i. Learning organizations are mostly focused on:
  - a. Increased overall learning of the organization
  - b. Rapid changes in technology
  - c. Rapid economic changes
  - d. None of the above
- ii. What caused the emergence of learning organization:
  - a. Globalization and the global economy
  - b. Changing roles and expectations of the workers.
  - c. Workplace diversity and mobility
  - d. All of the Above.

#### Q4. Fill in the Blanks with appropriate word or words.

- i. Learning organizations are most effective in fighting the \_\_\_\_\_ environment of the economy they exist in.

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## 21.5 CHARACTERISTICS OF LEARNING ORGANIZATION

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Though a lot of research on learning organizations has been done that has dealt with its definition and its typologies, Peter Senge in his book about the learning organizations stated that learning organizations are a group of people coming together to create results that they

really care about. These results can only be achieved if the organization has the following characteristics:

- 1) **Systems Thinking:** The idea for a learning organization originated from the concept of systems thinking in the organization. That an idea is a system of interrelated and interactive elements is the origin of systems' thinking. In a system, all elements are constantly interacting with each other and mostly have a feedback loop. A change in one element would be felt across the entire environment. Learning organizations embrace this method of thinking when assessing their company and have information systems that measure the performance of the organization as a whole and of its various components.
- 2) **Personal Mastery:** The commitment that an individual possess towards the process of learning is known as personal mastery. There exists a competitive advantage for an organization whose workforce is equipped to learn more quickly than the workforce of other organizations. Individual learning can be acquired through staff training, development and continuous self-improvement; however, one must remember that learning cannot be forced upon any individual in the organization who is not open to learning. Research has shown that most of the learning in the organization is incidental, rather than the product of formal training; therefore, it is important to emphasize development of a culture where personal mastery is practiced in everyday life. A learning organization can be labeled as the sum of individual learning, but there must be mechanisms in the organization that can transfer individual learning into organizational learning.
- 3) **Mental Models:** The assumptions that are held by both individuals and organizations are called mental models. It is important to challenge these mental models, if an organization wants to a learning organization. Individuals tend to adopt theories, which are what they have full intention to follow, and there are also, theories-in-use, which are what they actually do. Similarly, organizations tend to have 'memories' which preserves certain behaviors, norms and values. To create a learning environment, it is of utmost importance to replace hostile attitudes with an open culture that promotes both inquiry and trust. To create a culture that achieves this, the learning organization needs instruments for locating and assessing organizational theories of action. Unwanted values need to be discarded in a process called 'unlearning'. This is also known as 'triple loop learning'. In triple loop learning, the individual is not focused only on action and results but also takes into account the assumptions and the context of that particular event. It is about answering questions like 'Are we doing things, right?', 'Are we doing the right things?' and 'How do we decide what is right?'. This gives us the opportunity to go beyond the simple loop of action and results and look at a strategic and long-term future of the organization.
- 4) **Shared vision:** The development of a shared vision in the organization is considered vital in motivating the staff to learn, as it begins to create a common identity that further provides focus and energy for learning. Shared vision provides an opportunity

to the staff to identify with the organization, no matter how different they may be individually. The most successful visions are built on the individual visions of the employees at all levels of the organization. Traditional structures can create a hindrance in the creation of a shared vision, especially where the company vision is imposed from above. Therefore, learning organizations tend to have flatter organizational structures that are characterized by a high degree of decentralization. This shared vision is often used to succeed against a competitor; however, these may be taken as transitory goals and that there should also be long-term goals that are intrinsic within the company.

- 5) **Team Learning:** Team learning is the accumulation of individual learning. The benefits of team or shared learning is that staff tends to develop more quickly and the problem-solving capacity of the organization is improved through better access to knowledge and expertise. Organizational structures that facilitate team learning and have feature like boundary crossing and openness are essential to learning organizations. Team learning requires that individuals must engage in dialogue and discussion; therefore, team members must also develop open communication channels, have shared meaning, and shared understanding. Learning organizations are typically characterized to have excellent knowledge management structures that allow for creation, acquisition, dissemination, and implementation of knowledge in the organization.

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## 21.6 MODEL OF LEARNING ORGANIZATION

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Most organizations now realize the critical importance of becoming a learning organization. The challenge for them is to eventually imbibe the concept of becoming a learning organization and evolve into one. Some organizations tend to take shortcuts to become a learning organization and fail abysmally. They fail to take into account the complexities in creating and maintaining a learning organization. They have lacked either in examining or maintaining the inherent components of a learning organization.

**Micheal Marquardt** through his experience and exposure to multiple organizations proposed a model of learning organization. He proposed that learning organizations are related through the understanding and development of five related sub-systems. These subsystems are learning, organizations, people, knowledge and technology deeming all five necessary to sustain a viable learning organization. The five elements are dynamically interrelated and complement each other. If there is an issue with any one of the subsystems or any one of the subsystems has been compromised, then it would in turn have an impact on all the subsystems and the organization.



**Fig 21.1 A model of Learning Organizations**

Source: Adapted from Micheal Marquandt

1. **Understanding Learning Subsystems:** Learning is the core subsystem of learning organization as it takes place at multiple levels – individual, group or team, organizational. The learning subsystem refers to the levels and types of learning and the relevant organizational skills.
  - a. **Levels of learning**
    - i. **Individual learning:** refers to the changes in skills, insights, knowledge, attitudes and values acquired through self-study and self-directed learning which may include technology based instruction and observation.
    - ii. **Group learning (also referred as team learning):** covers the increase of knowledge, skills and competencies acquired by a group or by an individual within the group.
    - iii. **Organizational learning:** Represents the enhanced intellectual and productive capabilities gained through commitment and to opportunities across the organization for continues growth.
  - b. **Types of learning:** three methods or types of learning has the maximum significance or value to a learning organization
    - i. **Adaptive Learning:** When we reflect on past learning and modify future operations.
    - ii. **Anticipatory Learning:** is the process of acquiring knowledge and envisioning various futures.
    - iii. **Action Learning:** is the ability to learn while engaged in action, be it by oneself, with another person or in a group.

2. **Understanding Organizational Subsystems:** The organization itself, the setting and the body in which the process occurs, is a subsystem of a learning organization. The key dimensions to an organization are:
  - a. **Vision:** Vision is the hopes, goals and the organizations' long term plan for the future. It can be defined as the image the organization inculcates within its employees and projects outside to other parties.
  - b. **Culture:** Culture refers to the organizations values, beliefs, practices, rituals and customs. It helps shape behavior and fashion perceptions. In a learning organization, the culture is critical as it the one in which the employee is learning. This culture becomes a habit for the employee in later stages and is integrated in all organizational decisions. A rich, adaptive culture creates an environment that is conducive to constant learning, team-work, self-management and empowerment.
  - c. **Strategy:** refers to the action plans, methodologies, tactics and steps employed to achieve a company's mission and goals. In any learning organization, strategies are used to optimize the learning acquired and transferred.
  - d. **Structure:** includes the company's department, levels and configurations. A learning organization needs to have a flat, streamlined and unbound structure where the flow of information is high with increased people contact and high collaboration both inside and outside the organization.
3. **Understanding People Sub-System:** The people subsystem of the learning organization will include employees, managers, leaders, customers, vendors, suppliers, business partners and alliances and the community as a whole. Each group is valuable to the learning organization and they must be enabled and empowered to learn. A rundown to all the learners in the organization, managers and leaders is to carry out all the learning in the organization, as coaches and mentors and models with the primary responsibility to make opportunities to learn for people around them. Employees in the same context are expected to learn and grow, empowered to plan for future competencies, to make plans and take appropriate actions. Customers are expected to participate by identifying needs, receiving training and establishing a connection to learning of the organization. Business partners and alliances by sharing competencies and knowledge, suppliers and vendors received and contribute to instructional programme, and the community helps in providing social, educational and economic learning and agencies.
4. **Understanding the Knowledge Sub-System:** The knowledge subsystem of learning organization manages both acquiring and generating knowledge for the organization. It includes generating, acquiring, creation, storage, analysis and data mining, transfer and dissemination and application and validation of knowledge. There are six elements in the knowledge sub-system. It includes acquisition of knowledge (i.e. acquiring knowledge from within or outside the organization), creation involves creating new knowledge. This new knowledge generation may take place from multiple new processes that may include research and development. Storage includes

preservation of acquired knowledge for easy retrieval by an employee. Analysis means that the data is analyzed for validation. This process actually helps make sense of already acquired data or give new meaning to the data. Application means use of this data by the employees for some events or resolution of some issues.

5. **Understanding the Technology Sub-System:** The technology sub-system includes the use of technology and network for supporting and integrating information tools that allow access to and exchange of information and learning. It may include any technological process, systems and structure that allow for collaboration and coordination. It encompasses electronic tools and large methods for encompassing knowledge that further help in creating a knowledge freeway.

The organization that encompasses all five sub-systems has tremendous capacity for becoming a learning organization.

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## 21.7 STRATEGIES FOR BUILDING A LEARNING ORGANIZATION

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An organization can follow the given strategies to become a learning organization:

1. **Develop Modular, Exciting and Portable Learning Content:** The Idea is for the organization to use nimbler learning systems. The use of modules in learning content, only imparting chunks of knowledge instead of opening floodgate of knowledge. Also, new technological revolution makes it imperative that organizations incorporate it in imparting content that can be carries with employees, that is not delivered only in class rooms in a lecture method but in a portable environment. The employees can now learn when they might be commuting to work. Targeted information can reduce the overall need of the employee to go through a lot of data to come through usable information.
2. **Increasing the Organization's Overall Ability to Learn:** According to the leading researchers and organizations, the overall key pathway to personal mastery us through learning how to learn. This may be done through meta-cognitive skills. Meta cognition refers to the understanding one must have of their own knowledge. Metacognitive skills help people understand, acquire and new knowledge quickly. Organizations must train their employees to understand their own knowledge and enhance their own metacognitive skills.
3. **Develop the Discipline of Organizational Knowledge:** The discipline of dialogue is central to organizational learning as it enhances team learning. A two way communication allows for new way to process acquired assumptions and information that causes people to rethink about the events. The idea behind dialogue is to allow better communication. A facilitator can be used in cases where new dialogues/communication route needs to emerge. Also, proper learning about active learning also needs to be imparted.

4. **Design Career Development Plans for Employability:** The dynamic environment requires that a very proactive approach towards learning needs to be taken by every employee. Each individual in the organization needs to have a well-articulated career plan showing what they want to achieve over their career. These career goals should also entail what learning needs to be done by the employee to achieve that. The benefit of that is that it allows employees to have well-articulated career goals and learning objectives and also establish long term employability.
5. **Establish Self Development Programs:** Learning organizations must help employees in establishing and rewarding self-development goals. The performance appraisal systems must not only seek information about the employees' self-development goals but must also reward the achievement of the same. The organization in this way reaps multiple benefits like more flexible work force, alignment of the individual learning goals to the organizational learning goals and an employee with high employable skills.
6. **Build Team Learning Skills:** It is essential that the organization values team learning and group learning. The idea behind establishing team learning goals is that the established of these goals will align with the individual learning goals of the employees of the organization. This helps in breaking down of larger team learning objectives into smaller individual learning objectives, making their achievement simpler for both the team and the individual. This in turn creates a comprehensive learning environment in the organization.



### *Check Your Progress- B*

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**Q1. Enlist the characteristics of a learning organization?**

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**Q2. Write a short note on the learning subsystems of the learning organization?**

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**Q3. How can an organization become an effective learning organization?**

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**Q5. State True or False.**

- i. Individual Learning is not included in levels of learning.
- ii. Modular content is more useful for organizational learning.
- iii. Team learning and individual learning must be aligned for a learning organization.
- iv. The organization must have well-articulated career plans for its employees.
- v. It is simpler to impart knowledge if the employees have good metacognition skills.

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## **21.8 BENEFITS OF A LEARNING ORGANIZATION**

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There are many benefits to creating a strong organizational learning culture in the organization, including:

- a) Efficiency gains: Higher learning creating new knowledge, better transfer of knowledge, higher efficiency and less wastages.
- b) Increased productivity
- c) Increased profit
- d) Decreased employee turnover, as employee satisfaction levels rise and loyalty and commitment is increased
- e) Raising the bar by creating a continuous improvement mindset, shared ownership for projects and shared accountability for results
- f) Developing leaders at all levels, which helps with succession planning
- g) Creating a culture of inquiry, adaptive capacity, and knowledge sharing (vs. knowledge hoarding)
- h) Enhanced ability for individuals and teams to embrace and adapt to change.

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## **21.9 BARRIERS IN A LEARNING ORGANIZATION**

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1. Some organizations find it hard to embrace personal mastery because as a concept it is intangible and the benefits cannot be quantified; personal mastery can even be seen as a threat to the organization. If individuals do not engage with a shared vision, personal mastery could be used to advance their own personal visions. In some organizations a lack of a learning culture can be a barrier to learning. An environment must be created

where individuals can share learning without it being devalued and ignored, so more people can benefit from their knowledge and the individuals becomes empowered.

2. Organizational size may become the barrier to internal knowledge sharing. When the number of employees exceeds 150, internal knowledge sharing dramatically decreases because of higher complexity in the formal organizational structure, weaker inter-employee relationships, lower trust, reduced connective efficacy, and less effective communication. As such, as the size of an organizational unit increases, the effectiveness of internal knowledge flows dramatically diminishes and the degree of intra-organizational knowledge sharing decreases.
3. It is also harder to implement learning organization if the structure is traditional or bureaucratic in nature as these structures tend to have high complexity and politics that hamper the flow of information in the organization.

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## 21.10 SUMMARY

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A learning organization is an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights. Learning organizations are most effective in fighting the dynamic environment of the economy they exist in. The eight most significant forces that have changes the current work environment and that has made organization-wide learning are: Globalization and the global economy, technology and the internet, radical transformation, increased customer power, emergence of knowledge and learning as major organizational assets, changing roles and expectations of the workers, workplace diversity and mobility, rapidly escalating change and chaos. Learning organizations can only be achieved if the organization has the following characteristics, Systems thinking, personal mastery, mental models, shared vision and team learning.



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## 21.11 GLOSSARY

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**Learning organization:** an organization that is skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights.

**Meta Cognition:** awareness and understanding of one's own thought processes and knowledge.



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## 21.12 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

Q3. Multiple Choice Questions:

- i. A
- ii. D

Q4. Fill in the Blanks:

- i. Dynamic

### Check Your Progress –B

Q5. True or False

- i. False
- ii. True
- iii. True
- iv. True
- v. True



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## 21.13 REFERENCES

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- Marquardt, M. J. (1996). *Building the learning organization: A systems approach to quantum improvement and global success*. New York: McGraw-Hill.
- Senge, P. M. (1990). *The fifth discipline: The art and practice of the learning organization*. New York: Doubleday/Currency.
- Garvin, David A. (1993). Building a learning organization, Harvard Business Review, July-August 1993 pp.78-91.
- [https://en.wikipedia.org/wiki/Learning\\_organization](https://en.wikipedia.org/wiki/Learning_organization)



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## 21.14 SUGGESTED READINGS

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1. The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization by Peter Senge, Art Kleiner.
2. Building the Learning Organization: Achieving Strategic Advantage through a Commitment to Learning by Michael Marquardt.



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## 21.15 TERMINAL QUESTIONS

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- Q1. What is a learning organization? What are the characteristics of a learning organization?
- Q2. Discuss in detail the model of a learning organization?
- Q3. What barriers hamper the growth of a learning organization? What strategies can be used to make an effective learning organization?
- Q4. Discuss in detail the development and benefits of a learning organization?

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## **UNIT 22 KNOWLEDGE MANAGEMENT AND ORGANISATIONAL DEVELOPMENT**

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- 22.1 Introduction**
- 22.2 Objectives**
- 22.3 Enablers of Knowledge Management in organizations**
- 22.4 Strategic framework for mapping knowledge**
- 22.5 Strategic Knowledge Management in Indian Organizations**
- 22.6 Knowledge Management and Organizational Change**
- 22.7 Organizational Development**
- 22.8 Definitions and concept of OD**
- 22.9 OD as Action Research process**
- 22.10 Need for OD in organizations**
- 22.11 Strategic aspect of OD**
- 22.12 History or evolution of OD**
- 22.13 Principles of OD**
- 22.14 OD in different type of organization**
- 22.15 OD and Management Development**
- 22.16 Important triggers for OD**
- 22.17 OD and Organizational involvement**
- 22.18 Role of external consultant in OD Processes**
- 22.19 Summary**
- 22.20 Glossary**
- 22.21 Answer to Check Your Progress**
- 22.22 Reference/ Bibliography**
- 22.23 Suggested Readings**
- 22.24 Terminal Questions**

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## 22.1 INTRODUCTION

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We live in worlds that change by the minute. Change often moves organizations and advances people's intellect. For change to be effective, organizations as well as people must change. However, even the most intelligent individuals can become handicapped ineffective organizations. People, being creatures of habit, are so busy working the job that they fail to see change around them. They use to follow the similar pattern as they did in the past and fail to recognize the current challenges. Everyone should try to recognize the changing requirement and should modify according to it before the competitors do.

Knowledge management is growing rapidly. More and more companies have built knowledge repositories, supporting such knowledge varieties as customer knowledge, product development knowledge, customer service knowledge, human resource management knowledge, and the like.

### 22.1.1 KNOWLEDGE MANAGEMENT

Knowledge management is a newly emerging, interdisciplinary business model that has knowledge within the framework of an organization as its focus. It is rooted in many disciplines

Including business, economics, and psychology and information management. It is the ultimate competitive advantage for today's firm. Knowledge management involves people, technology and processes in overlapping parts.

In some ways knowledge management is about survival in a new business world- a world of competition that increases in complexity and uncertainty each day. It is a world that challenges the traditional ways of doing things. The focus is not only on finding the right answers but also on asking the right questions.

Knowledge management is the process of capturing and making use of a firm's collective expertise anywhere in the business.

The goal of an organization is to view all its processes. Thos includes knowledge creation, dissemination, upgrade, and application toward organizational survival.

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## 22.2 OBJECTIVES

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After reading this unit, you will be able to understand;

- What is knowledge management?
- Why knowledge management is necessary.
- Knowledge management practices in Indian Organizations

- Knowledge management and resource-based competitive advantage
- The relationship between knowledge management and change management
- The meaning, definitions, and concepts of organizational development (OD)
- The need for OD in organizations
- OD as an action research process
- The strategic dimensions of OD
- The history of evolution of OD
- The features and characteristics of OD
- The principles of processes of OD
- The goals and steps of OD
- Important triggers for OD
- The relationship between OD and organizational involvement
- OD and leadership development
- OD and the role of consultants
- values and ethical issues of OD
- organizational life cycle analysis

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## **22.3 ENABLERS OF KNOWLEDGE MANAGEMENT IN ORGANIZATION**

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Traditionally, there has been a predefined way of success where companies have been run by company mottos and existing business practices that were accepted without any discussions as an approach of success. Doing the same thing to achieve the goal. The success of past cannot be easily transferred as future success. The environment is so dynamic that one cannot achieve success until or unless they are not employing the concept of Knowledge management as per the requirement. Eyes needed to be kept on the factors that can hinder and bring success in an organization.

The two important factors are knowledge and information which act as important inputs to HR. Hence, organizations believe that their knowledge management efforts should be led by the HRD. However, some organizations separately assign the knowledge management function under a CKO, independent of their HR function. In reality, however, knowledge management is more an integrated function, as knowledge encompasses all areas of organizational activities. From these perspectives, all managers, leaders, and employees of an organization could be enablers of the knowledge management function in any organization, provided the work culture sets that appropriate premise.

As an enabler of knowledge management practices in an organization, the CKO first tries to understand where the knowledge is located in the organization, or who possesses the knowledge that provides an organization its competitive advantage. We all know that knowledge is essentially created and possessed by individuals within the context of organizational interactions that allow them to use and renew knowledge. There may be very dynamic industries in which individuals may possess knowledge that may be more important and embedded in the organizational context.

Organizational learning/knowledge consists of a combination of the knowledge of all individuals in an organization and can be acquired broadly in the following ways:

- When individual members within organizations learn.
- When individuals learn, it has the potential of changing the stock of knowledge in the organization, thus leading to a change in organizational knowledge
- When new knowledge comes in with new members joining the organization and old knowledge going out with those leaving it.
- When there is a change in the structure and system of an organization that necessitates acquiring new knowledge.
- when there are significant organizational changes requiring previously neglected knowledge to come into prominence, while some of the previously dominant knowledge may lose its importance

The knowledge management practices of the Indian power utility major, NTPC, are discussed below

### **Knowledge management system at NTPC**

In 2001, National Thermal Power Corporation Limited (NTPC), the largest thermal power generating company in India took a major initiative for organizational transformation under Project Disha. This ambitious project started with a review of the goals and strategies, formulation of action plans, and finally, implementation at the various plant levels. NTPC's core business is engineering, construction, operation of power generating plants, and providing consultancy to power utilities in India and abroad. The organization aims to diversify into related businesses in the near future through horizontal and vertical integration, which is also one of its corporate objectives.

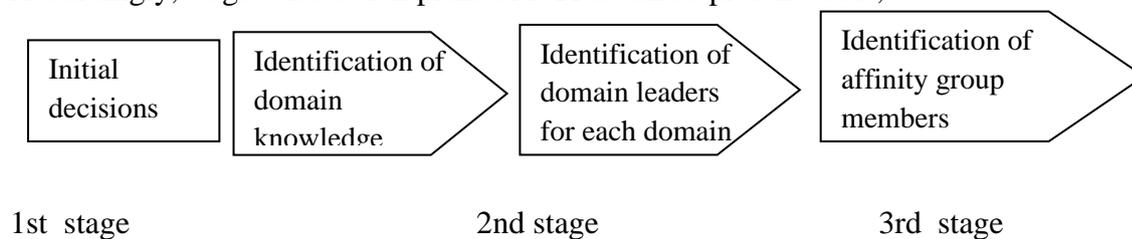
NTPC's broad strategy for realizing its overall objectives is to build on four building blocks, that is, competency, commitment, culture, and systems, derived from its HR vision of enabling its people to be a family of world-class professionals, and making NTPC a learning organization. To implement the above model, a knowledge management process has been initiated throughout the organization as a competency and systems building measure. NTPC's knowledge management imperatives are derived from its strategic objectives and HR vision

of becoming a learning organization. It also realized that to facilitate the implementation of the business as well as HR strategy, an integrated knowledge management system is needed so that employees can transfer/share their knowledge and expertise for rapid growth and development.

A typical strategy map of knowledge management practices at NTPC is presented is based on the initial strategy map, NTPC draws its typical action plans by answering the following questions:

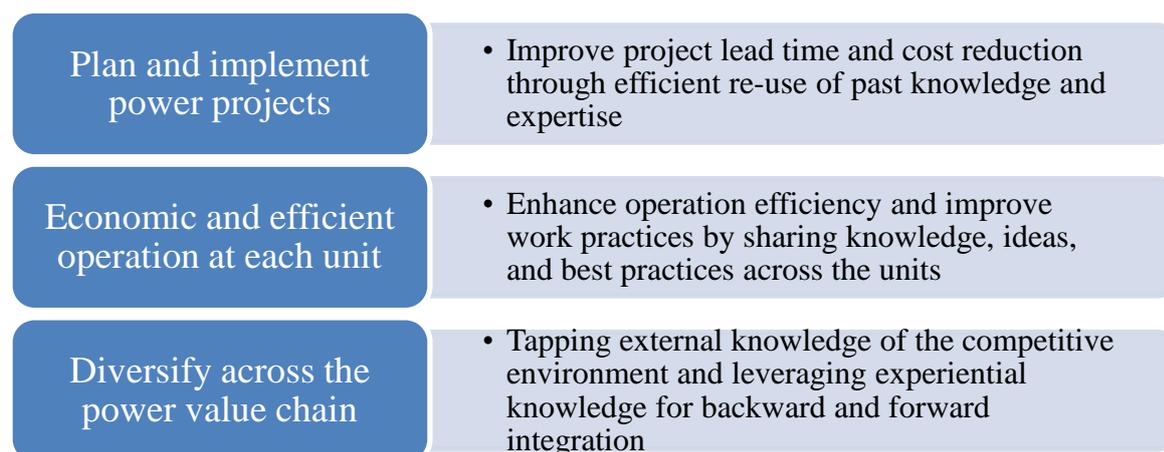
1. What knowledge does NTPC have?
2. Who will lead the knowledge domain?
3. Who will structure and contribute to the knowledge base?

Accordingly, stage-wise action plans of NTPC can be presented as ;



**Fig 22.1 Stage-wise action plans for NTPC's KM strategy**

To make knowledge management an organization-wide activity, NTPC does not make KM a standalone function, but involves its core groups. In addition to their current job, employees are involved in KM activities and processes under the overall support of the CKO. Among Indian companies, NTPC's KM practices are one of the best that other organizations can emulate.



**Fig 22.2 Knowledge Management Strategy of NTPC**

### KNOWLEDGE MANAGEMENT PRACTICES AT CHEVRON

Knowledge management practices at Chevron achieved a 30 per cent productivity gain, a 50 per cent improvement in safety performance, and more than \$2 billion in operating cost reductions during the 1990s. Today, Chevron believes that managing knowledge is not just a performance issue but a reputation issue as well. It helps to achieve business results and so also increases the retention of talented top employees. Using knowledge management techniques, Chevron was able to re-structure its gasoline retailing business, and drill oil and gas wells much faster and cheaper. It was also able to enhance its refinery performance. Chevron's global information link (GIL) system replaced every personal computer in the Organisation with a common machine and other connective system which are operating worldwide. That is how the company achieved the success in knowledge management.

A recent McKinsey survey of 40 companies in the US, Europe, and South-East Asia showed that many executives think that KM 'begins and ends with sophisticated IT systems' (Hauschild et al. 2001). KM efforts have been primarily focused on developing new applications of information technology, supplemented to a lesser degree with implementing new organizational forms. The link between an organization's knowledge and business strategy has been widely ignored in practice (Davenport et al. 1998). If knowledge management is to take hold rather than become merely a passing fad, it will have to be solidly linked with the creation of economic value and competitive advantage. This can be accomplished by grounding KM within the context of business strategy.

The creation of unique strategic knowledge takes time, forcing the organization to balance short-term and long-term strategic resource decisions. Hence, the organization must determine whether it should focus on knowledge creation, exploitation, or both. Only then should it balance its knowledge resources and efforts accordingly. The firm must determine properties of knowledge and the processes for its creation, transfer, and utilization that provide a competitive advantage yet are not easily imitated by other forms.

Guarding against weaknesses (internal to the organizations) and threats (external to the organizations). Knowledge, like information, is now considered an essential resource input for organizations. Hence, while exploiting new opportunities organizations need to strategically use their knowledge resources to gain competitive edge over others. To illustrate, after acquiring a government-managed food-processing unit, Videocon transformed it into a computer assembly shop, redeploying its traditional workers in computer assembly jobs. To do this, Videocon exploited its existing knowledge base for LCD TC manufacturing. Changing market environments now requires every organization to innovate. Hence, a new product or service development is a great challenge.

Strategic use of knowledge resources helps greatly in this respect. Organizations need to make many such strategic choices, leveraging their knowledge resources. This may extend to selection of technologies, designing manufacturing processes, differentiating products and services, etc. Internationally, Wal-Mart is a great example for strategic use of knowledge resources. Wal-Mart leverages the focused knowledge of vendors, asking them to share their perceived consumption habits, needs, and tactics with the retailers. Wal-Mart's retail shops act as knowledge integrators to meet the expectations of its customers in a better way. However, it is now experiencing difficulty as there is increased competition from two major rivals-Target and Costco and trying hard to re-invent its strategies with a back-up of knowledge resources.

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## **22.4 STRATEGIC FRAMEWORK FOR MAPPING KNOWLEDGE**

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To assess the knowledge position requires cataloguing the intellectual resources through creating a knowledge map. The knowledge map means the basic task of defining what an organisation knows. The importance of it is to remain competitive the market and to maintain the market share. Though practice of sharing knowledge with others won't end. Only the way they use their knowledge will make them competitive.

The knowledge management framework helps in increasing the ability of gathering, sharing, applying and retention of knowledge for the future development. The basic objective of knowledge management is to improve the performance of organisation by applying the right information at the right time.

Innovative knowledge is knowledge that enables a firm to lead its industry and competitors, and to significantly differentiate itself from its competitors. Innovative knowledge often enables a firm to change the rules of the game. Based on its extensive knowledge of cost accounting and economics, KPMG challenged the traditional way of accounting, and introduced strategic finance and corporate governance to measure the financial value and performance of its clients. Not only did this create confusion among competitors and an

advantage for KPMG but it also allowed the firm to identify many profitable opportunities passed over by competitors while avoiding potentially unprofitable ventures.

Knowledge is not static and what is innovative knowledge today will ultimately become the core knowledge of tomorrow. Thus, defending and nurturing a competitive position requires continual learning and knowledge acquisition.

The ability of an organization to learn, accumulate knowledge from its experiences, and re-apply that knowledge is itself a skill or competence that may provide strategic advantage over and above the core competencies directly related to delivering its product or service (Patnaik 2003).

Using the strategic knowledge framework, organizations can compare its desired strategic knowledge profile (to assess its internal gaps) to that of its competitors (to assess its external knowledge gaps). Additionally, it can be used to plot an organization's past knowledge path as well as the desired future state. The framework may be applied by an area of competency or, taking a more traditional strategic perspective, by strategic business units (SBU), product line, function, or market position. Regardless of the particular way each organization categorizes its knowledge, each category can be further broken down into elements that are core, competitive, or innovative, to produce a strategic knowledge map.

In cases where organizational knowledge significantly lags behind that of its competitors or the organization is defending a knowledge position, an aggressive knowledge strategy will be required to remain competitive.

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## **22.5 STRATEGIC KNOWLEDGE MANAGEMENT IN INDIAN ORGANIZATIONS**

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### **22.5.1 INDIAN COMPANIES AND KNOWLEDGE MANAGEMENT PRACTICES**

Indian companies have so far tended to look at knowledge management more from the exploitation angle than from the perspective of exploration and creation. Part of what is happening under the rubric of knowledge management is actually information storage and retrieval, albeit in more sophisticated and user-friendly forms than before. Some companies are, however, graduating to real KM. Engineering major, Larsen & Toubro (L&T) is creating a knowledge base of major projects undertaken by it with technical and managerial learning from each other.

To ensure the reliability of this effort, L&T instituted processes for the verification and validation of such learning before they are available to the rest of the organization as best practices. The importance of this step cannot be overemphasized because true knowledge is created only through such a process of verification and validation. Once it is created, information technology can play a very useful role in allowing it to be catalogued, searched, and accessed in different forms. Organizations, such as NGOs that provide funding for development activities and venture capital firms that achieve their objectives through the performance of other organizations, are also looking towards knowledge management as a way of learning from success stories, identifying best practices, and transferring this to other organizations within their networks.

Just as any other strategy needs to be aligned with the structure and systems of an organization for it to be effective; knowledge management strategy also needs some organizational conditions if it is to succeed. Functional or divisional silos, hoarding of information and poor communication are anathema to knowledge management. Knowledge management is generally associated with decentralized decision-making, and a belief in specialization and the value of deep expertise. Many Indian organizations will, therefore, have to change their entire way of thinking, structure, and culture, to make knowledge management work to their benefit.

Today, when firms in India are subject to competition from the best companies in the world on their home turf, paying greater attention to knowledge and its management is inevitable.

### **22.5.2 KNOWLEDGE MANAGEMENT AND RESOURCE-BASED COMPETITIVE ADVANTAGE**

Organizational resources can be tangible, such as land, buildings, plants, and machinery, or intangible, such as brands and reputations. Tangible resources are unlikely to be the basis for competitive advantage, for the simple reason that they can often be easily duplicated by anyone who has money. Intangible resources are much more likely to meet the tests of inimitability, slow depreciation, difficulty of substitution, and competitive superiority. Perhaps, the strongest intangible resources are organizational capabilities. Reliance's legendary capability to conceive and implement mega-projects based on its ability to think on a global scale, its skills in project management, and its resource mobilization abilities meets all these tests.

Understanding what capabilities need to be created and taking the necessary steps to create them is again an exercise in knowledge management. For example, the tractor and utility automobile manufacturer, Mahindra and Mahindra (M&M) realized that to compete effectively, it would have to create a stream of new products on a continuous basis. Given its limited resources and global ambitions, it identified good projects management skills as a key

ingredient and initiated an organization-wide process, guided by external consultants, to create a robust project management capability.

Another company that has taken a conscious approach to create organizational capabilities is the two-wheeler manufacturer, TVS Motor Company. Like M&M, the TVS Motor Company realized that a strong product development capability was being the ability to match user needs to product concepts and seamlessly transfer designs. It is useful to note that a single resource, however strong, is often not a good basis for strategy. The sustained performance of Hindustan Unilever Limited (HUL) is the result not only of strong brands, but also of leveraging its collective knowledge of brand management, logistics, and distribution management, and expertise and research skills of its scientists and engineers.

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## **22.6 KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL CHANGE**

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Organizational change raises a conflict because of its potentiality to imbalance the relationship between employers and employees. According to Kubr (1993), employees can cope with organizational change when they see the benefit and purpose in doing so. Knowledge management as a tool can reduce the resistance through identifying and analyzing both the definable and indefinable parameters of individual behaviour. According to Hayek (1953), the way something is perceived depends on a process of cognitive reflection and involvement. The essential components of this process are interpretation based on personal interests and categorization, which puts the decision object into a contextual framework.

The important point is that decisions are not only defined by the result of rational choice behaviour, but also by procedural rule behaviour. This means identifying the context in which something happens and connecting the actual event with the environmental configuration. In this sense, decision-making is a holistic process of perception, interpretation, and evaluation within a framework of rules.

Chandler (1991) indicated that individual competence is configured by knowledge and motivation. Hence, knowledge has to be managed in a way that both the individual and the organization can get the benefits of synergy. Hence, knowledge management, per se, is not to motivate people but to awaken the individual motivation by nurturing and environment, which enables people to relate themselves with the organization. For individual employees, knowledge management defines individual performance through the analysis of specialization and work experience, which can be subsequently measured in terms of observed abilities, such as professional, communicative, and social competence.

When organizational change (due to the changing environment) is imperative, individual employees' knowledge becomes the critical success factor for organizations.

Management of knowledge, therefore, is crucial to successfully implement changes in organizations to sustain them in a globally competitive economy.

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## 22.7 ORGANIZATIONAL DEVELOPMENT

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### Organizational development through Work Culture Transformation

A legacy-bound multinational electronics major in India had to revisit its business strategies due to Korean entry in industry. Being the first in India to produce conventional black and white and colour TVs, the company took pride in its captive market and believed that it offered the best to its customers. However, it had made no change in variety or models for years. With the entry of the Korean company, it had to bear the brunt of the competition in the consumer electronics industry.

The price competition rendered its products uneconomical and the multiple models introduced by the Koreans made the company's products less attractive to the customers. The employees also made demands for salary increases and other benefits.

Finally, it was taken over by another traditional Indian electronics major that had a price advantage and enabled it to compete more successfully against the Koreans. The trade unions legally challenged the acquisition and were violently opposed to it. Several workers decided not to work with the new entity. After the acquisition, the company tried to assuage the feelings of irate employees and unions, and informed them that its employment was protected with a golden parachute option, that is, the service conditions, salary, and benefits would remain unaltered. However, it did not help them to earn their confidence. Many employees took early separation and older ones opted for voluntary retirement which their original employers had offered them before the takeover. Many employees decided to wait and see.

During the first phase of operations, the company undertook rigorous communication and transparency of information with all cross sections of employees. The Chief Operating Officer spent over 80 per cent of his time meeting and talking to them, clarifying their doubts and answering queries. He met employees on the shop floor in groups and individually in his office at designated times to discuss various issues. Thus, he set an example, not hitherto seen, for all managers and executives to be punctual and disciplined at work.

Manager demanded similar behavior from the workers. When workers felt that things were not moving at the right pace, they were given the freedom to manage the gang level activities, deciding every aspect of their jobs on their own. Management extended support and facilitated their activities.

Organizational development (OD) activities in an organization set the premises for bringing the desired change in an organization. OD is a planned change which is based on the understanding of the environment and benchmarked with the best practices of organizations worldwide. Global benchmarking is necessary for the integration of economic activities. Some experts call it action-research activities. OD can also be described as a learning process. Justification for OD activities rests on the premise that with OD the organizational change process can take place holistically. It facilitates behavioural conditioning both at the individual and organizational level.

Before further deliberation of OD, let us first understand the methods of organizational change. According to Kanter et al. (1992), organizational change takes place in three directions. These are as follow:

### **Organizational change with respect to relationship with the environment:**

This emphasizes the response of organizations to market changes, and the change in relations with stakeholders by restructuring or redefining the identity and boundaries through various forms of business combinations, such as mergers, acquisitions, collaborations, partnerships, etc.

**Organizational change with respect to the way it operates** this reviews the way people and units relate to each other, and focuses more on changes in the internal coordination, culture, and structure. This forms a part of the planned change.

### **Organizational change in terms of control structures**

This considers the way members of the organization get involved in a dominant coalition of interests, even encompassing the distribution of benefits among interest groups.

Various types of OD intervention are undertaken depending on the pattern of organizational change. Primarily, such interventions can be classified into person centered approach, structural approach, structural approach, and relationship approach. The person-centered approach focuses on developing the social competence, general intellectual competence, and the ability of members of the organization to innovate. The structural approach emphasizes the integration or re-integration of work sequences, and decentralization of decision-making. And, the relationship approach focuses on team development, job role negotiations, and transparent feedback mechanism. Another approach to OD that has emerged recently emphasizes organizational transformation (OT). OT-led OD basically rests on re-engineering. Often, it is argued that the term OD can be better replaced by the term OT, as OD essentially is a process of organizational transformation. But OT encounters more resistance for change as it is often linked to manpower redundancies.

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## 22.8 DEFINITION AND CONCEPT OF OD

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Keeping in mind the magnitude of organizational change, particularly after global economic integration, organizations are now bound to build their capabilities and manage change. This necessitates more thought-provoking discussions on OD, primarily based on industry practices and the contributions of world-class OD scholars. With this perspective in mind, we will review some more definitions of OD. Nielsen (1984) and Matt Minahan of MM Associates, Silver Spring, Maryland, provided more elaborate definitions.

Reviewing these definitions, we can say that OD is planned as it requires systematic diagnosing of organizational change issues, developing of organizational improvement plan, and mobilization of resources to implement the improvement plans. OD is organization-wide as it involves the entire system. It is a planned intervention as it strategically makes use of behavioral science to study the existing methods of working and develops alternative methods. According to Beckhard (1969), OD requires strong commitment from the top management. They need to understand the OD programmes and actively extend support.

In summary, it is possible to understand *prima facie* techniques, policies, and managerial practices required for OD to improve individual members as well as the organization as a whole, so that the desired outcome is achieved. Obviously, achievement of increased productivity, turnover, and profit resulted in achieving positive change in 51 per cent of the cases, while process-focused OD interventions resulted in positive change in 46 per cent. It is imperative to follow focus on the following areas in order to believe in and practice OD:

**Human resources** it is about believing that people can make a difference between the success and failure of the organization.

**Workplace culture or climate** This area is about believing that an appropriate culture in the workplace brings positive change. Creating and sustaining a performance oriented work culture requires introduction of performance-based feedback systems, designing a job to ensure that workers feel a sense of accomplishment, of value and worth, and a shared vision. Often we use the term, work culture because culture is more holistic while climate is specific to the organization.

**Global market dimension** Organizations now operate in ever-changing environments, the market is global, and that global players may compete even when they operate in local markets. Hence, in order to sustain and grow organizations need to partner with customers, and resolve problems in a systematic and planned manner with OD practices.

Accelerated pace of change This is very important as without market information and knowledge organizations can lose their competitive edge to cope with the change. The liquidation of the 200 year old, Encyclopedia Britannica, because it failed to understand that people can meet their information requirement through electronically available media (such as CD/DVD) in a cost-effective and efficient manner, is an example. So also the legacy-bound Philips in India, who failed to understand the Korean competition in consumer electronics and had to sell out to Videocon.

Having understood and believing in the need for change, organizations initiate OD activities either through internal change agents or by hiring external consultants. As OD expertise requires a more holistic knowledge and competence, it is desirable to retain external consultants also, so that new insights to organizational activities and the required areas of change can be properly mapped to undertake appropriate interventions. OD professionals need to be well-experienced in managing organizations.

Through a landmark study, David Gleicher developed an equation to help understand when exactly the organization is ready for change. The equation is as follows:

Dissatisfaction x Vision x First steps > Resistance to change

Dissatisfaction with the present situation will make an organization draw a vision for the future and translate that vision into action. Organizations need to take the first step towards reaching the future. If any of these three is missing, the product will be at zero or near zero level and the resistance to change will dominate. This model is a quick diagnostic measure to understand the possibility of change in an organization. OD can highlight these components and facilitate the process of change.

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## **22.9 OD AS ACTION RESEARCH PROCESS**

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Action research is a process model for OD interventions. French and Bell (1990) definition, delineate the steps in action research as follows:

Entry- This initial step requires marketing, which means finding the need for change within the organization to make people quickly understand the nature of the organization, identify the right decision-maker, and build trustworthy relationships.

Start-up and contracting-This step identifies critical success factors and relates them to the culture and process of the organization, clarifying the roles of the change agents (both internal and external) and the employees. At this phase, the mechanism to tackle the resistance of change within the organization is also drawn, duly mapping the degree of formal or informal contract while defining the change process.

Assessment and diagnosis- In this step, data is collected to understand the problems and opportunities within the organization. The framework of data collection can preferably be done using the model of Dissatisfaction x Vision x First steps > Resistance to change, as it could provide the best possible way for needs assessment. With the diagnosis, it is also possible at this stage to recommend appropriate interventions.

Feedback- This is a two-way process to communicate what has been observed based on the data analysis. Feedback gives all those who have contributed an opportunity to learn about the findings of the assessment process. This encourages them to be more involved in the change process, develops their capabilities to understand and relate how their actions concern the organization, and makes them more committed to participate in selecting appropriate change interventions.

Action planning- This is the step when recommendations are extracted from the assessment and feedback, and adoption of appropriate actions and interventions(s) to

### **Definitions of OD**

‘Organization development is the attempt to influence the members of an organization to expand their candidness with each other about their views of the organization and their experience in it, and to take greater responsibility for their own actions as organization members. The assumption behind OD is that when people pursue both of these objectives simultaneously, they are likely to discover new ways of working together that they experience as more effective for achieving their own and their shared (organizational) goals.’

-Neilson

‘Organization development is a body of knowledge and practice that enhances organizational performance and individual development, viewing the organization as a complex system of systems that exist within a large system, each of which has its own attributes and degrees of alignment. OD interventions in these systems are inclusive methodologies and approaches to strategic planning, organization design, leadership development, change management, performance management, coaching diversity, and work/life balance.’

-Matt Minahan

for such all-encompassing activities, OD interventions can range from trivial work simplification to redesigning the organization as a whole, with new missions, goals, objectives, strategies, and action plans. Often, piecemeal change interventions are misconstrued as OD. For example, a management development programme (MDP) is considered synonymous with OD. But MDPs focus on development of individual managers

or group of managers. In organizational systems, a manager is part of a sub-system, whereas OD considers the system (which is all-inclusive) and not the sub-systems only.

Although some contributors emphasized the area specific issues of OD, their observations also form part of the definitions and concepts of OD. Sashkin and Burke (1987) discussed the prospects of OD duly identifying certain contemporary trends. Such trends focus on integration of task and process aspects, managing conflict in mergers and acquisitions, improving the methodology of OD research, focusing on OD theories, and intensifying efforts to design suitable organizational culture to manage change. Woodman (1989) added three more trends to discuss the prospects of OD. These are interest on high performance-high commitment work systems, application of change research in internal activities of the organization, and in social movements. Even scholars such as Pasmore and Fagans (1992) extended the origins of OD to philosophic roots of participation for individual development. In fact, their review provides in-depth treatment of various participative processes, as espoused by Siskin and Burke (1987) and Woodman (1989).

### **Certain Clarifications about OD**

1. OD is not sensitivity training. Sensitivity training may be a subset of OD, but OD as a whole is much more holistic.
2. OD cannot be a specific technique. It may use a specific technique or techniques. Based on the diagnosis of a situation.
3. OD cannot make people happy but it is concerned with the skill and competence of the organization through the individual development of people.

By quoting Lundberg (1974), we can understand the meaning and the context of OD, which requires answers to two questions, namely 'what is our current status?' and 'where we want to reach? Reviewing all the definitions and contexts of OD, we can define it as a comprehensive, cohesive, connected, structured, and systematic organization-wide development programme designed to meet organizational objectives.

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## **22.10 NEED FOR OD IN ORGANIZATIONS**

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To sustain in a competitive world, organizations need to deliver results, nurturing a culture of performance. Organizational performance is the outcome of many factors, such as the way the organization designs, allocates, deploys, and delivers its resources. This requires members of the organization to perform both at the individual and group levels, so that an aggregation can lead to the performance of organization as a whole. Through their behavioral inputs, the members perform their job roles in accordance with the agreed standards. Organizational

change requirements alter the process of doing jobs (and at times even alter their job roles). Which obviously requires design of new performance standards? OD interventions are required to supplement such organizational change.

OD sets the premise for change focusing on development both at the individual and organizational levels. The primary need for OD is to facilitate organizational change and can further be understood in the context of its benefits. Both the organization and individuals benefit from OD. The nature of these benefits varies with the type of intervention. When the focus is on the development of individuals, it ensures positive behavioral change. When it is for the group or team, it brings positive change in the work culture, enhances team spirit, and makes people cultivate a sense of togetherness, which ultimately culminates in a sense of commitment to the organization.

When the focus is for the organization, OD ensures increased efficiency and effectiveness, bringing change in the work structures and processes. Thus, OD is needed to bring three-tier changes in the organization. From industry practices, it is evident that the best benefits of OD can be derived when all the three levels of benefits are combined. Porras and Berg (1978) reviewed 35 OD studies of organizations, which indicated that performance-focused OD interventions, that is, bring positive change in the organization are considered. As revised implementation plans, thus drawn, are based on the assessment of data, they are more logical, result oriented, measurable, and rewarding, as they make the process of decision making more participative.

**Intervention-** This is the stage where the change process is actually carried out in conformity with the sequence of action plans. Intervention needs to be flexible enough so that intermediate changes, depending on the new information required, if any, can be made to modify the process.

**Evaluation-** This stage helps in understanding the level to which the process of OD can bring a meaningful change in the efficiency and effectiveness of people and the organization as a whole. A good evaluation process not only ensures verification of the success, duly identifying needs for new or ongoing OD activities, but also facilitates the improvement of the intervention process for achieving better efficiency and effectiveness in the future.

**Adoption-** After the evaluation step, the stage of adoption institutionalizes the OD interventions with the provision for follow-up of implementation processes, making it an ongoing organizational improvement activity. Sustaining OD activities is very important for organizations as the requirements of change never cease.

Separation although ongoing OD activities are recommended for continuous organizational improvement, it may be necessary at times to discontinue the use of external expertise as too much consultation on the same issue may make the process counter-productive.

Although these steps have been shown as action learning steps for the OD process, following these sequential steps in real-life OD can, in fact, benefit an organization. There may be a need to reenter the process, such as back-tracking to previous steps, depending on the situational needs. Some of the major contributors on real life OD processes in organizations are Cummings and Worley, Rothwell, Sullivan and McLean, etc.

The author extensively exercised OD in two plants of Hindustan Paper Corporation, a public sector unit in India, at a time when they were really in bad shape in terms of profitability, productivity, and even in industrial relations. Although this can partly be attributed to governmental control, which has now eased, the employees of the company were transformed and now actively partner with the management, resulting in a high degree of efficiency and effectiveness in their performance, despite the fact that they operate in a fiercely competitive environment.

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## 22.11 STRATEGIC ASPECTS OF OD

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From the discussions so far, it is clear that the Organizational Development is such kind of strategy which is planned and managed by the top level management. The strategic dimensions of OD are:

### **OD interventions at HPC**

Hindustan Paper Corporation (HPC), a public sector unit specializing in manufacturing papers, predominantly operates in the north-eastern states of Assam and Nagaland in India. Another unit located in Kerala specializes in the production of newsprint. Pollution control norms in the paper industry are very stringent as caustic soda ash is used for bleaching. HPC units have a captive caustic soda and power unit, which gives them a substantial cost advantage.

Raw materials are sourced from forest products in the north-eastern states and this is a major problem due to issues of insurgency. HPC units source raw material largely during the peak harvesting season and even stock pile a six-month requirement, as storage of forest products is relatively easy and does not naturally deteriorate even if stored for long periods in the open. But to protect against fire, safety requirements are very high.

This is a continuous process industry and production continues 24x7 in different shifts. The units are closed only for annual maintenance. All the units of HPC produce only

some specific variety of paper as changing from one variety to another can increase the machine interchangeability time. Following a production-centred approach, the units produced to their maximum capacity. However, with less focus on marketing, there was a huge stock pile of finished paper, which had a limited shelf life. It would be difficult to sell anything over six months old. HPC had hardly any control over the sale price determination as the dictum came from the ministry of heavy industries whose lack of market focus added to its woes of huge unsold stock.

Over and above this, there were problems with the trade union who felt that management did not protect workers' interests and the only option was to pressurize the management. Such a cult was also embedded in the minds of some sections of management who felt a similar antagonism towards the workers. The culture of cooperation and collaboration was totally absent.

OD interventions ultimately brought back a positive work culture to the extent of joint sharing of ideas. Trade union representatives were also taken through a series of programmes, including the ways and means of trade union marketing, negotiation, and collective bargaining. Similarly, management and all cross sections of employees were made to understand the market realities and a need to change in order to survive competition. With trade union support, HPC today is a success story of transformation

that OD interventions are well-planned and structured, and need on the analysis of the change premises. Strategies, per se, provide direction to achieve the intended missions and objectives of the organization, keeping in view the resource allocation aspect, defining, and re-defining the scope of activities, and providing for uncertain situations. All these definitive contexts of strategies match with the OD processes discussed earlier and we can, therefore, also say that OD interventions have some strategic dimensions.

Burke's (1982) definition considers OD as a planned process of change. French (1990) considers OD as a long-range effort to improve the organization. Beckhard's holistic definition, that is, planned, organization-wide, and managed from the top to increase effectiveness through planned interventions, fits in perfectly with the strategies of organizations.

Beer's way of explaining OD as a method of enhancing congruence among the structure, process, strategy, people, and culture of the organization to develop the self-renewal capability, again talks about strategic dimensions.

The strategic dimensions of OD can further be understood in the context of its process of evolution. Historically, OD has emerged in the era of new economics to build capabilities of organizations to thrive in competition. Bennis (1969) viewed this OD primarily rests on three basic premises:

1. Revitalize and rebuild the organization keeping pace with the changes.

2. Create the desired climate in the organization by changing the existing systems of beliefs and values.
3. Introduce new social awareness to the people working with the organization

All these premises, therefore, require a strategic approach to build the capability of the organization to respond to the changes through OD interventions.

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## 22.12 HISTORY OR EVOLUTION OF OD

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Lewin (1898-1947) is widely recognized as the father of OD. However, it was recognized in a more institutionalized form in the mid-1950s. Group dynamics and the action research concepts of Lewin form the basis of OD. Thus, this concept is more than half a century old. Initially, however, the term organizational design was used interchangeably with the term 'organizational development'. As a result, the OD concept of the early 1970s does not hold well in today's context. For example, in the UK, OD was hardly recognized as a specialized academic or professional discipline until recently. In the US, however, it was well-recognized as a separate discipline. From an academic point of view, OD draws inputs from social psychology, sociology, psychology, and anthropology.

Some well-known behaviorists and organization theorists, such as Abraham Maslow, Chris Argyris, Rensis Likert, Douglas McGregor, etc., substantiate the benefits of participative methods, small group activities, etc. to motivate and increase the performance of individuals working in organizations. Some even substantiate how T-group movement can lead to achieving results through focus on group dynamics. The T-group concept attributes causal factors of behavioral problems as lying in the individual's perceptions, assumptions, and feelings concerning events and the people around. Solutions to problems can be obtained with feedback from—a T-group or sensitivity group led by a non-directive trainer.

We can, thus, understand OD from three different stems. The first stem is sensitivity training or T-groups. The second is from survey, research, and feedback concepts. Both concepts primarily rest on the work of Kurt Lewin. The third stem is the socio-technical approach of the Tavistock Institute of Human Relations. Let us go into more detail about these three.

### Laboratory Stem

This has its origin at the National Training Laboratories and the Research Centre for Group Dynamics of the Massachusetts Institute of Technology (MIT), under the leadership of Kurt Lewin in 1946. The process started with the research and training for community leaders, where they were brought together to discuss problems. Their discussions led to two conclusions: (a) that feedback in group interaction could be a rich learning experience and (b) that this experience could apparently lead to an organizational change through group

building. In fact, this study leads to the institutionalization of T-groups in organizations to bring a behavioural change in people, which is a precursor for organizational change and development.

### **Survey Research Feedback Stem**

This stem emerged with the use of attitude surveys to study group dynamics in 1945, in the MIT research Centre mentioned earlier. It was a two-year study covering 8000 non-supervisory employees of Detroit Edison. The scope of the study was to collect data on perceptive attitudes on non-supervisory employees towards their supervisor, promotion opportunities, and work satisfaction with fellow employees. In the same line, similar reactions from first and second line supervisors and from higher levels of management have been collected, to ultimately draw the process for change.

### **Socio-technical Stem**

Through its studies, the Tavistock Institute of Human Relations in London was able to identify the existence of a closed technical system in organizations, which make people to adapt to prevailing organizational systems. This closed system is synonymous with the traditional production and operations activities that are protocol-bound. As an alternative model, the Tavistock Institute suggested the open socio-technical system which does not consider human and technical dimensions of work in isolation but focuses on the interaction and inter-relatedness of the two.

Many international organizations embraced the Tavistock model. However, it first began in 1948 at Glacier Metal, a British company, followed by its adoption in coal mines, and even in textile mills in India. The Tavistock model was followed in the Scandinavian countries, in Great Britain, and also in many other parts of the world. However, the nature of usage differed. For example, in countries, such as Norway and Sweden its focus was on individual job enrichment, while in the US, its focus was to redesign work systems with a union management collaborative approach.

Over a period, OD theories have added many new dimensions making it a more application-oriented subject with inputs from HRM, strategic management, organizational design, and organizational theory. We can map the process of development of OD.

During the 1950s and 1960s, the focus of OD was more on the social dimensions of organizations, and on the humanistic values to promote openness, trust, and collaboration. In the 1970s, it was influenced by the organizational theory and the human side of technology, with emphasis on structural change, employee involvement, and work design. With a management-centric OD approach, by the 1990s it became an applied discipline with action research. Today, OD is considered as the tool to achieve organizational transformation, obviously to carry out both transformational and transactional changes. Cummings and

Worleys (1997) observed that the scope and dimensions of OD will continue to change with the passage of time, as future change requirements of organizations are unpredictable.

## **FEATURES OF OD**

All the definitions discussed so far may vary in emphasis, but there are some common characteristics:

1. OD basically deals with changes in structure, processes and strategy of an entire system.
2. OD is distinguished by its ability to transfer such knowledge and skill so that the system is capable of carrying out more planned change in the future.
3. OD is concerned with managing planned change in a flexible manner that can be revised as new information is gathered.
4. OD involves both the creation and the subsequent reinforcement of change by institutionalization to gain the skills and knowledge necessary to solve problems by involving them in the change process. It also requires promoting high performance, including financial returns, continuous improvement, and a high quality of working life.

## **CHARACTERISTICS OF OD**

Although in the process of explaining OD we have already discussed its characteristics briefly, these are now explained in more detail.

### **OD is a planned organization change**

It identifies problems, diagnoses, and develops strategies for improvement. In this planned process of change, OD programmes make use of values, attitudes, culture, and team development.

### **OD is a planned intervention**

An OD intervention programme is well-structured, as the intervention strategy is developed after duly studying the present working norms and values and conflicting areas examining present working norms, values, and possible areas of conflict, considering various alternatives for better results. Some of the important areas of intervention are thinking in advance and decision making, objective setting, group work, values, and culture, so that in the process it can upgrade employees' skills and abilities.

### **OD involves commitment from the top**

Unlike other change programmes through QCs (small group activities), etc., OD is essentially a top-down approach, but culminating in mutual trust and collaborative relationships with all cross sections of people in the organization. Top management must support efforts and commit themselves in the process else OD efforts are not likely to succeed.

### **OD makes use of social philosophy as norms of change**

The bureaucratic approach of OD interventions neglects the human factors of change. To apply social philosophy, OD implementers required to make use of behavioral science knowledge and ensure that the process of change takes place in a humane and democratic manner.

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## **22.13 PRINCIPLES OF OD**

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The OD process is influenced by many disciplines, such as psychology, sociology, anthropology, and also many modern areas, such as theories of motivation, personality, learning, group dynamics, general systems theory, leadership, power organization design, etc. Because of such a wide spectrum of influence from various disciplines, the OD process follows certain principles for individuals, people, and organizations as a whole. Based on the work of McLean (2005), we can elaborate such principles of OD as follows.

### **Individuals**

The principles regarding individuals are as follows:

1. Individuals have needs for personal growth and development that can be satisfied in a supportive and challenging environment.
2. Most workers can take more responsibilities and make greater contributions to organizational goals than is possible in most organizational environments. Therefore, the job design, managerial assumptions, or other factors frequently influence individuals in formal organizations.

### **Groups**

The principles regarding groups are as follows:

1. Groups are highly important to people and most people satisfy their needs within groups, especially the work group. This includes both peers and the supervisor, and greatly influences the individual within the group.
2. Work groups are essentially neutral and can be either helpful or harmful to the organization.

3. When working together collaboratively, work groups can greatly increase their effectiveness in attaining individual needs and organizational requirements. Group members can be more effective in assisting one another, including the exercise of leadership functions.

### **Organizations as Human Entities**

The principles regarding organizations as human entities are as follows:

1. Since the organization is a system, changes inside a sub-system (social, technological, or managerial) will affect other sub-systems.
2. The culture of the organization tends to suppress the expression of the feelings and attitudes of most people, adversely affecting problem-solving job satisfaction, and personal growth.
3. In most organizations, the level of interpersonal support, trust, and cooperation is much lower than is desirable and necessary.
4. Although win-lose strategies can be appropriate in some situations, many such situations are dysfunctional to both employees and the organization.
5. Many personality clashes between individuals or groups are functions of organizational design rather than of the individuals involved.
6. When feelings are seen as important data, additional avenues for improved leadership, communications, goal-setting, intergroup collaboration, and job satisfaction open up.
7. Shifting the emphasis of conflict resolution from evading or smoothing to open discussion of ideas facilitates both personal growth and accomplishment of organizational goals.

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## **22.14 OD IN DIFFERENT TYPES OF ORGANIZATIONS**

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Globally, some of the big companies that have engaged in OD are General Electric, General Motors, Union Carbide, Exxon, Corning Glass Works, Texas Instruments, American Airlines, DuPont, The Hotel Corporation of America, John Hancock

Precise approaches will vary according to the circumstances but will broadly cover the following stages:

- Analyze current position within the organization
- Prepare to change (usually involving gathering information)
- Design (i.e., plan the response that will be the most effective in the situation)
- Communicate
- Deliver the change

- Evaluate (measure the effectiveness of the intervention)

Insurance Company, Polaroid, Ralston Purina, General Foods, Procter & Gamble, IBM, TRW Systems, Bank of America, And Cummins Engines. OD processes have been used in schools, communities, local and state government, and at the federal level, including armed services. In the US army, such approaches are called organizational effectiveness (OE). Schools and universities have used both groups training and survey feedback relatively early in the history of OD. OD is used in different organizations, including public and private sectors in India. Similarly, OD efforts have been applied extensively in many countries, such as Canada, Sweden, Norway, Germany, Yugoslavia, Japan, Australia, Philippines, Israel, New Zealand, and the Netherlands. It is now being used not only for development of individuals and groups, but also for proper structuring and design of the organization.

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## **22.15 OD AND MANAGEMENT DEVELOPMENT**

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In organizations, OD is often confused with management development programme (MDP). MDP helps to develop managers, while OD improves organizational systems in totality. Thus, MDP can be considered as a subset of OD.

### **Transformation at Cisco**

Cisco System Inc. is a worldwide leader in Internet infrastructure. Cisco's OD intervention for organizational transformation was primarily through incubating future leaders and empowering them to drive the organization through change. This helped Cisco to transform from a loss-making to a profit-making venture. The quality of its leadership is a critical success factor to enable the company to tackle present and future business challenges.

The leadership and people development manager at Cisco Emphasizes that the company incubates all the passions and principles of leadership to develop people. Such processes of developing leaders within the organization and empowering them have enabled Cisco to emerge as a very successful organization. For the last eight successive years, Cisco has been one of the Fortune magazine's 100 best places to work.

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## 22.16 IMPORTANT TRIGGERS FOR OD

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Although it has been acknowledged that changes, per se, necessitate OD, we need to understand the important triggers of change that persuade such initiatives. Some of these are as follows:

### **Knowledge Explosion**

Knowledge becomes obsolete with the passage of time. It is said that by the time a technology graduate passes out from his/her college, one-third of the learnt knowledge has already become obsolete. This means that even before they enter the organizations, the acquired knowledge of such graduates is outdated. This also holds good for management graduates although the degree of obsolescence for them is relatively low. Also, for organizations, the knowledge repository needs to be periodically shunned, adopting effective knowledge management practices. Among other things, this requires documentation of existing knowledge (both through internal and external benchmarking with the best performers), sharing the knowledge with others (to develop the capability of people), and finally retiring the old knowledge. Therefore, knowledge explosion, per se, requires organizations to develop continuously.

### **Rapid Product Obsolescence**

As new knowledge is acquired, old knowledge and products quickly become redundant. Greater effort and resources are required to be put into research and development that may result in developing new products and services. Organizations gain when they quickly avert such product obsolescence through knowledge renewal and new product design. This requires organizational development. Hence, rapid product obsolescence is also an important trigger for organizational development.

### **Changing Composition of the Labour Force**

This is also another important trigger for organizational development. New generations of workers always prefer to embrace new work processes, acquire new knowledge, skill and set of competencies, and bring innovative changes in the organization. Therefore, organizations stress on continuous development through planned OD interventions.

### **Growing Concern over Personal and Social Issues**

New generation workers are well-informed about social and environmental issues. They expect personal changes through grabbing opportunities, and consider the organization as their vehicle to advancement. Such expectations provide a trigger for OD.

### **Increasing Internationalization of Business**

With greater internationalization, organizations become larger and constantly need to adapt to the changes, responding to cross-cultural issues, global economic changes, etc. These apart, other changes brought in by increasing internationalization are the communications explosion, increase in professionalism, changes in the relations between line and staff, including the establishment of specialists, and the unionization of workers. OD is an important prerequisite for a manager to cope with all these.

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## **22.17 OD AND ORGANIZATIONAL INVOLVEMENT**

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The scope of OD is potentially huge, encompassing both management and leadership theory and practice. Decisions as to which approach organizations should adopt and what interventions they should apply can be difficult to determine and prioritize, if the organization and individuals within it do not have a clear understanding of where they are now (present state) against where they want to be (desired state).

OD interventions are levers for change that will prompt changes in organizational behavior to focus on performance improvement at the personal, team, or group and organizational levels. These include the following:

**Organizational arrangements** Goal-setting, strategic and operational planning, structure, policy and procedures, system and process design, integration and alignment of activity.

**Social factors** Organizational culture, individual attributes, styles and behaviour, patterns of working, partnership working and relationship building, interaction and connectivity.

**Physical setting** Space configuration, interior design, ambience, safety.

**Technology** Tools and techniques, materials, machinery and equipment, job design, workflow design, technical expertise, systems and procedures.

### **OD AND LEADERSHIP DEVELOPMENT**

The emphasis on leadership development intensified throughout the 1990s. The importance of balancing transactional management characteristics against transformational leadership characteristics was recognized. This view was supported by Stephen Covey in his best-selling book, *The 7 Habits of Highly Effective People*. There is a highly significant relationship between the leadership style adopted by the management and the culture of the organization and, furthermore, employees' behavior is acutely affected by their relationship with their manager. Studies have shown that the most stressful aspect of employees' roles is mostly their immediate managers, and the managers are often unaware of their effect on staff stress levels.

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## 22.18 ROLE OF AN EXTERNAL CONSULTANT IN OD PROCESSES

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OD consultants are different from management consultants at least in one major aspect, that is, while management consultants are retained by the organization to troubleshoot a single or specific aspect, for the OD consultant the client becomes the total organization. OD consultants are required to consider the interactions between processes, departments, people, customers and shareholders, board of directors, and the community, and all other stakeholders. While management consultants troubleshoot specific problems and suggest remedial measures, OD consultants need to empower employees, involve them in decision-making, create opportunities for open communication, facilitate the change process, and make people feel accountable for the change outcomes, promote the culture of collaboration, and institutionalize the culture of continuous learning.

To choose an OD consultant, it is necessary to consider certain aspects:

1. He/she must fit in with the management team and the culture of the organization. This requires consideration of personality and style, the experience, and the expertise profile of the consultant. As a person, the consultant should be attitudinally flexible to adapt the work culture of an organization.
2. He/she must be able to adjust with the requirement of an the organization. This is because organizational perspectives of OD vary. The consultant has to would himself/herself to such requirements and be prepared to initiate OD programmes in line with organizational needs.
3. He/she must accommodate the human dimension while initiating the change process. Many organizations embrace OD interventions that do not respect the human dimensions, which often escalate tension within the organization and defeat the process of change.

Based on this, we can list the role of external OD consultants as follows;

1. Manage leadership conflicts.
2. Manage communication blocks.
3. Improve the motivation level of employees during the transition phase.
4. Ensure that people restrain themselves from becoming overconfident.
5. Ensure the customer complaints are within manageable limits during the process of transition.
6. Check decline in profit, sales, and productivity rate.
7. Avoid the risk of reduced innovation and increased bureaucracy.
8. Avoid decline in HR focus.
9. Avoid distortion of facts.
10. Avoid autocratic decision on the change process.

An OD consultant performs all these roles through

- organizational assessment
- strategic planning
- succession planning
- scenario planning
- organizational design
- organizational culture shift
- organizational work process improvement
- integrating the organization with a group, management, and individuals

Every OD consultant performs such roles at different phases of OD to facilitate the process of change. During all these phases of change, the OD consultant must check the personal biases and listen to others. He/She must also confidentiality.



### ***Check Your Progress- A***

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#### **Q1. Fill in the blanks:**

- i. Sensitivity training may be a subset of .....
- ii. The OD process is influenced by many disciplines such as .....
- iii. OD is concerned with managing planned change in a ..... manner.
- iv. Knowledge management technique can be another way of effecting organizational change and .....
- v. Effective knowledge management helps organizations to overcome market .....

#### **Q2. State whether True and false:**

- i. Effective knowledge management helps an organization to overcome market uncertainties and ever-increasing competition.
- ii. A linkage between strength and knowledge can be established in the SWOT framework.
- iii. Knowledge analyst collect, organize and disseminate knowledge, usually on demand.
- iv. Kurt Lewin is widely recognized as a father of OD.
- v. OD can be a specific technique.

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## 22.19 SUMMARY

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In this unit we have discussed about knowledge management and organizational development.

Knowledge is a fundamental basis for competition. Competing successfully on knowledge requires either aligning strategy to what the organization knows, or developing the knowledge and capabilities needed to support a desired strategy. Knowledge management practices play a very crucial role in organizational change and development. To effect successful change organizations strategically assess their knowledge resources and capabilities in order to reduce the knowledge gaps.

Today, knowledge management as a strategy is practiced globally. Knowledge management as a strategy is practiced globally. Knowledge management is all about providing people with environment that can contribute to enhancing their existing knowledge.

The unit focuses on the concept and evolution of OD. The OD process as action research. The unit also discussed the history, evolution, features, characteristics, principles etc. All these inputs from the basis of our understanding of OD as a specialized discipline for the holistic development of organizations.




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## 22.20 GLOSSARY

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**Gap analysis:** It is the gap between what organizations must do to complete and what it is actually doing.

**Knowledge Analyst:** They collect, organize and disseminate knowledge, usually on demand.

**Knowledge engineers:** They convert explicit knowledge to instructions and programmes, systems and codified applications.

**Thinking skill:** These skill deals with the vision of how the product or the company can be improved.

**Ethics and values of OD professionals:** OD professionals whether in house or external, need to follow certain professional ethics and values system.

**Management development:** It is virtually the development of managers skill and abilities.

**Organizational lifecycle analysis:** Organizations move through different stages, such as infant, growth, prime and aging or declining stage. For OD professionals, it is important to understand such a potential sequence of change to initiate appropriate corrective actions so that organizations can perpetuate their existence through continuous renewal.



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## 22.21 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

#### Q1. Fill in the blanks

- i. Organizational Development.
- ii. Psychology
- iii. Flexible
- iv. Development
- v. Uncertainties

#### Q2. State True or False

- i. True
- ii. True
- iii. True
- iv. True
- v. True

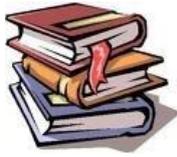


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## 22.23 SUGGESTED READINGS

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2. Madhukar Shukla, 'Understanding Organisations' – 'Organisational Theory & Practice in India', Prentice Hall of India, 2005
3. Adrian Thornhill, Phil Lewis, Mike Millmore and Mark Saunders, 'Managing Change: A Human Resource Strategy Approach', Wiley, 2005.
4. Robbins Organisation Theory; 'Structure Design & Applications', Prentice Hall of India, 2005.
5. Robert A Paton, James Mc Calman, 'Change Management; A guide to effective implementation', Response books, 2005.



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## 22.24 TERMINAL QUESTIONS

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- Q1. Define knowledge management. Indicate its benefits.
- Q2. Explain how knowledge organizations can be created.
- Q3. Explain how knowledge management is strategically important for organizational change and development.
- Q4. Give a brief outline of knowledge management in Indian and foreign organizations.
- Q5. Explain the concept of OD. How it is different from Management Development programmes?
- Q6. What are the steps involved in implementing OD? Why an organizational life cycle is important in implementing OD measures?
- Q7. Explain the goals and steps in OD. Explain how OD and leadership development are related.

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## **UNIT 23 ORGANISATIONAL DESIGN AND WORK CULTURE**

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**23.1 Introduction**

**23.2 Objectives**

**23.3 Normative and descriptive culture**

**23.4 Organizational design**

**23.5 Models of organizational design**

**23.6 Influence of critical success factors in organizational design**

**23.7 Organizational culture and design**

**23.8 Situational aspect of organizational design**

**23.9 Organizational culture and change**

**23.10 Concept of Organizational culture**

**23.11 Dimensions of cultures and their influence on organization.**

**23.12 Definitions and characteristics of organizational culture**

**23.13 Types of organizational culture**

**23.14 Work culture**

**23.15 Application of culture at the work place**

**23.16 Organizational culture from a global perspective**

**23.17 Merger and their impact on organizational culture**

**23.18 Summary**

**23.19 Glossary**

**23.20 Answer to Check Your Progress**

**23.21 Reference/ Bibliography**

**23.22 Suggested Readings**

**23.23 Terminal Questions**

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## 23.1 INTRODUCTION

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In simple terms, an organization is made of a group of people with specific goals and objectives. An organization is also defined as the relation among components of a system. Organizational structure denotes these components and relations that bind people working in an organization. The three pillars of an organization are the people, the organization itself (considered as a separate entity), and technology. The people-related issues encompass education, training, and attitudes.

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## 23.2 OBJECTIVES

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After reading this unit, you will be able to understand;

- The concept and principles of an organization.
- Organization in form of system view.
- Components and structure of organization.
- Organization as an open system.
- Socio-technical systems
- The business process approach of an organization
- The concept, and different components of organizational culture
- Culture dimensions and its influence on organization.
- Concepts and characteristics of organizational culture
- Organizational culture and its types.
- Concept of merger and its impact on organization culture.
- Process of organizational culture change
- Organizational culture change and its models
- Concepts of Organizational design

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## 23.3 NORMATIVE AND DESCRIPTIVE MODELS

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Normative models of business process reflect or establish standard behavior. These values or norms set expectations for individuals and groups. Normative models are designed to authoritatively impose what should be done in a specific case. Prescriptive research-based models make hypothetical claims that outcomes specified within the model will be achieved if certain preconditions are met. According to some researchers, the advantage of normative/prescriptive models is that first, they are more open to scientific testing, and second, when policies and practices are established in a way that is consistent with the model and integrated with the business strategy, it will lead to desirable outcomes for people and organizations.

Descriptive models describe how organizations try to reflect exactly what has or is happening when it is implemented. Legge (1995) sub-divided descriptive models into two types: (i) descriptive-functional, and (ii) descriptive-behavioral. Descriptive-behavioral models state more precisely what the actual behavior of specialists and managers engaged in organizational activities are.

Analytical models of organization refer to the use of logical reasoning about a subject or problem. Tyson (1997) summarized that analytical models of organization should be applicable to both cause and effect in terms of their influence on the relationships between people.

Thus, a normative model of business process describes what the function of the organization should be and what is good for business. An analytical model describes the causes and effects of the business process through the use of logical reasoning. Therefore, an analytical model could be either normative or descriptive.

Thus, every organization effectively functions through an integrated interlocking network of sub-systems and possesses the following attributes:

1. The system is goal-oriented.
2. The whole is more than the sum of all parts in a system.
3. A system is engaged in processing or transformation of inputs into output.
4. Various components of a system are interrelated and interdependent. They interact with each other.
5. A system acts upon its environment and is also acted upon by the environment.

The organization is considered to be a system, as it draws inputs from the environment along with other resources such as men, materials, machines, and knowledge processes, and then obtains the output, that is, the end product or service. Finally, through feedback, it tries to further adjust to the environmental requirements.

A systems approach is primarily followed in managing an organization because of the following:

1. It emphasizes the dynamic character of business, equating it with a living organism.
2. It focuses on the interrelationship between business and the environment.
3. It stresses on the changing environment and accordingly makes an adjustment by managing the change.
4. It provides information inputs for decision-making and managerial control.
5. It guides the formulation of business objectives which are sustainable, keeping pace with the environment.
6. It subsumes the organization as a whole, considering each unit or department as part of the sub-system that are interrelated and interdependent.

7. It frames an integrated structure, incorporating each sub-system as part of the total system

The concept of systems in organizations primarily emerged due to the interconnectedness of occurrences, which could be external or internal to the organization. With a systems approach, organizations can manage the process of transformation of inputs to outputs. Although this approach has many manifestations, we are primarily concerned here with the organizational structure, which improves when the organization is seen from a systems viewpoint.

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## **23.4 ORGANIZATIONAL DESIGN**

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Design is defined as a model of an object to be realized. Likewise, organizational design is a model to depict the relationship among employees and groups, and precedes the creation process, that is, realizing the organizational goals and objectives. Daft and Lewing (1990) defined organizational design as a formal architecture of culture, strategy, and employment relationships. Lewin and Stephens (1994) further considered organizational design as the macro property of organization.

Designing organizations is the process of creating a structure or chart to indicate the action for employee groups to realize some common objectives. From a traditional percept, the organizational design process starts with the division of labor. After this, it develops the mechanism of coordination of the individual along with a group of employees. Modern views on organizational design, however, reflect on the future organization of a group and appropriate design of organization, and then develop some mechanism of coordination between an individual and groups of employees. As appropriate organizational design contributes to effective performance of employees and groups, every company tries to strategically design its organization and derive the advantages of high performance. Globalization, turbulent business environments, increased competition, advanced communication systems, among others; persuade organizations to explore the best and most relevant design. Pettigrew et al. (2003), therefore consider that organizational design has strategic significance. Network organizations, virtual teams and organizations, formal and informal alliances, project-based organizations, etc. are some of the new-age designs.

It is not common for many organizations to shift from the functional organization type to a product-oriented one, focusing on self-managing groups to decrease the throughput time and costs. There are examples of organizations that have shifted from semi-independent clusters to a kind of matrix organization to respond to customization issues. For example, even an automobile manufacturer with tight assembly line-based workstations may be required to

tune to the matrix structure for obvious reasons of accommodating customized car designs and manufacturing. TCS, for example, follows a mix of organizational design. Although at the corporate level they follow a functional structure, at the operations level they opt for a matrix design in order to accommodate specific customers' requirements.

In every organizational change process, we may require a new organizational design, as change triggers adopting new strategies which require a new approach to solving problems, and hence there may be a need for a new design. Both Quinn (1980) and Chandler (1962) highlighted the strategic relevance of organizational design. Burns and Stalker (1966) emphasized the need for organic structures to cope with the turbulence of the environment. Woodward (1965) and Perrow (1967) considered the influence of technology on the organizational structure. Katz and Kahn (1966) however, conceded the impact of the environment on the organizational structure. Likewise, many other authors suggested using specialization, standardization, formalization, and age and size of the organization, as variables for organizational design. Similarly, Khandwalla (1977), Galbraith (1995), and also Burton and Obel (2004), discussed various important aspects of organizational design. Mintzberg's (1979) work on configurations, which explains the important typology of organizations, is considered to be one of the most appropriate for effective organizational design.

Effective organizational design depends on the interrelationships of principles of job specialization, departmentalization, coordination, and line and staff positions. It is defined as a total pattern of structural elements and patterns, which are used to manage the overall organization. Effective organizational design is instrumental in implementing organizational strategies for achievement of organizational goals. Broadly, organizational design rests on two models-the bureaucratic model and the behavioural model-as summarized in the following section.

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## **23.5 MODELS OF ORGANISATIONAL DESIGN**

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### **23.5.1 BUREAUCRATIC MODEL**

The bureaucratic model stems from the work of Max Weber's theory of bureaucracy, a political economist and a historian. He established six distinct and interrelated characteristics of the bureaucratic model that distinguish it from traditional organisational structures. The model is basically the way of organising people so there are clear reporting relationships from top to the bottom of the organisational chart.

In the changing business environment, despite its fundamental strength in simplifying the process or organizational design, and operational efficiency and effectiveness, the bureaucratic model is criticized for the following drawbacks:

1. It cannot cope with the changing external environment.
2. Formal rules and procedures often dissuade achievement of organizational goals.
3. It often neglects the human aspects of organization, as it considers people to be an economic rational entity (primarily driven by money).
4. It traditionally considers upper management people as being more knowledgeable than those reporting to them, which may not always be true in today's global organizations.
5. It often creates a feeling of insecurity among people. It emerges from a typical ritualistic behavioral pattern of managers, particularly those who are in authority. Such behavior may be counter-productive in achieving organizational effectiveness and growth.

### **23.5.2 BEHAVIORAL MODEL**

The Behavioral model of organizational design is an extension of the human relations school of management thought. It duly recognizes the weaknesses of the relational and mechanistic characteristics of the bureaucratic model, and emphasizes the social and psychological implications of organizational life. The two behavioral models used in organizational design are socio technical system theory and likert system.

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## **23.6 INFLUENCE OF CRITICAL SUCCESS FACTORS IN ORGANIZATIONAL DESIGN**

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MIT's Sloan school is the place where John Rockart (1982) develop critical success factors analysis to guide businesses for creating and measuring the success.

It is a widely used top-down technique that is also suitable for designing systems. It is a nice method for going from an abstract vision to absolute requirements. It is a key area where satisfactory performance is required for the organization for the achievement of its goals. It is a means of identifying the requirements needed for success. At the lowest level, CSFs become the absolute requirements or a means to favour requirements. The CSF analysis method starts with vision and mission statements. Hence, it is very important to develop some high level goals, a hierarchy of goals, and their success aspects.

It leads to concrete requirements at the lowest level of decomposition (a single, implemental idea). These apart, it identifies the problems being solved and the assumptions being made. Its cross-reference usage helps to identify scenarios and problems with requirements. (CSF analysis produces results that express the needs of the enterprise clearly and (hopefully) completely, and allows measuring success and prioritizing goals in a sensible way. When used together with traditional usage scenarios, it ensures that the needs of both the user and the enterprise are met.

The critical success factors (CSF) analysis provides

- objective and definable end results
- clear definition of entities and relationships
- access to source data in required formats
- Understanding of data and business context create and analyses competency database.

Therefore, it is a good idea to ensure that inputs from all the key players are considered when designing an organization. Not only does this help to identify requirements that may have been missed, but it also guarantees some degree of consistency to fit into the model of organization.

### **Implications of HRIS in organizational design:**

HRIS are a range of computerized technology used to store, record, and link, analyze, and present data about the human element within the organization. In HRIS, while the external environments are connected through the Internet, Intranet allows organizations to communicate from within, more rapidly and effectively. HRIS thus encompasses both internal and external information processing. Application of HRIS is now possible in all HR functions to reinforce information sharing, as HR information is now considered a strategic input.

Here we will discuss in detail the application of HRIS in human resource development (HRD). It is now well established that effective HRD can enhance the competitive success of an organization.

### **Challenge 1: Linking HRD with business objectives**

This is the greatest challenge for HR professionals today. It involves convincing the top management about the value of HRD, questioning and reevaluating the traditional perception of organizational effectiveness, and ensuring its alignment with business objectives. The process of analyzing the behavior or skills that are likely to determine the organization's

survival and advancement is critical in this regard, and involves a review of existing skills and competencies, and selecting appropriate learning activities for future action.

It can play an important role at each of these stages. Use of Intranet technology allows the key management team to confer more readily about the characteristics that are seen as necessary to move the organization forward. Newly developed HR databases can provide customized reports about existing employees on any aspect of their characteristics.

Systems, building an electronically held knowledge resource for the organization. This process was empirically explored by Martin sons in 1997. Some scholars even specified general linkages between the types of HRIS used and company strategy. This work thus corroborates the belief that effective HRD (reinforced with HRIS) supports organizational strategy.

### **Challenge 2: Achieving integration between HRD processes and other HR initiatives**

This is again an important challenge concerning the issues of integration and the practical difficulty .Performance management is the key to this type of integration. When HRIS is part of a performance management system, it can contain and record criteria and performance to achieve a balance between HR processes, and can become a centralized point where each HR function is articulated and integrated. Performance management systems operate most effectively in a good, transparent environment. It can play an important role in communicating the vision articulated by top management, as it allows the rapid transfer of information.

### **Challenge 3: Creating an environment within which individuals can take responsibility for their own learning**

HRIS also provides a huge potential for people to play an active role in their own development, provided they recognize and address the challenges. To achieve this, employees' self-service and widespread access to HRIS for training and development purposes is most significant. This can also be achieved through workstation-based interactive training that provides an opportunity to test new skills and allows people to work at their own pace.

### **Challenge 4: Gaining the support and commitment of line managers in the learning process**

HRIS also has a great potential to allow line managers to become involved in the HRD process. They can bring together the developmental experiences of their subordinates and make informed decisions about how best to use their team. Access to related HR data, such as working patterns, absenteeism, and rewards, places the line manager in a stronger position in terms of understanding issues that may impact positively or negatively on the HRD process.

Activities which support strategic business objectives are as follows:

- Achieving integration between HRD processes and other HR initiatives
- Creating an environment within which individuals can take responsibility for self-learning
- Gaining the support and commitment of line managers in the learning process

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## 23.7 ORGANIZATIONAL CULTURE AND DESIGN

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Analysis of organizational culture as an approach to organizational design is a difficult task. The culture of an organization is deep-rooted in its history and is below the surface of awareness. Any organizational culture change process follows certain well-defined and structured steps.

1. Uncover core values and beliefs, which may include stated values and goals, but they are also embedded in organizational metaphors, myths, and stories, and in the behaviour of members.
2. Acknowledge, respect, and discuss differences between core values and beliefs of different sub-cultures within the organization.
3. Look for incongruence between conscious and unconscious beliefs and values, and resolve these by choosing the ones that the organization wishes to commit to. Establish new behavioral norms (and even new metaphor language) that clearly demonstrate the desired values.
4. Repeat these steps over a period of time. As new members enter the organization, ensure that they are surrounded with clear messages about the culture they are entering.
5. Reinforce desirable behavior.

### Culture changes

A major multinational company engaged itself in a purposeful culture change process. The company had a large number of female employees on their payroll who were no less in their performance track records, but always believed they were being discriminated against. They wanted a meeting with the CEO of the company to complain about such perceived discrimination.

Meeting with the CEO and subsequent discussions with the managers ultimately revealed that discrimination, both racist and sexist, did exist. The problem was identified as a conflict with espoused values. The statement specified the company's commitment to communication, ethical management practices, employee empowerment, and recognition for those who contributed to the mission of the company. All these were reinforced by the training sessions

on leadership, diversity, and ethics. The experience of the company underscored the fact that an organization's culture change takes a long time.

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## 23.8 SITUATIONAL ASPECTS OF ORGANIZATIONAL DESIGN

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The four important situational factors in organizational design are technology, environment, size, and organizational life cycle.

### **Technological aspects**

Technology is one of the major contingency factors that influence organizational design. Technology, per se, facilitates the conversion process, which transforms organizational inputs (materials, equipment, labor, etc.) into outputs (products and services). Rigorous technological change in Indian organizations during the post reform days have played a crucial role in redesigning organizations, and includes even public sector enterprises and departmental undertakings.

### **Environmental aspects**

Environmental issues affect the organizational structure and designs in a large way. These are discussed in separate units incorporating broader issues, such as globalization and cultural changes. Even a bureaucratic or mechanistic organization (resembling Likert's System 1 or Max Weber's bureaucratic type organization) today needs to respond to environmental issues in order to sustain itself competitively or to survive. Even though the theory of stable and unstable environments propounded by Burns and Stalker (1961) advocated that environments might remain fairly stable over time, and organizations can survive in them without redesigning their structure, it is hardly possible now, as the environment for every organization constantly changes. Organic organizations (resembling the behavioural model or Likert's System 4), however, always prepare to face environmental uncertainties and change accordingly.

### **Organizational size and form aspects**

Organizational size and form also play a crucial role in determining the organizational structure and design. Structural features of large and small organizations widely differ. For example, large organizations may necessarily require decentralizing, while smaller organizations may get the right fit through centralization of their activities.

### **Organizational life cycle aspects**

The organizational life cycle hypothesis considers organizational design in its different stages, such as birth, youth, middle stage, and maturity. This theory believes that every organization elevates itself to different stages, and accordingly its structure and design varies. For example, at the birth stage organizations become more informal, where activities overlap. There may not be any rules and regulations, or structured systems of planning, performance evaluation, and coordination. At the youth stage, some decentralization in decision-making occurs when a few trusted employees are taken into confidence, though the final decision making stake remains centralized. At the middle stage, organizations become reasonably successful and rather large. Organizational design and structure becomes bureaucratic with formalized functional departments and supporting staff departments. Authority slowly gets decentralized and largely becomes policies, rule, and regulations bound. At the maturity stage, organizations become very large, mechanistic, and specialized, with structured sets of rules, policies, and procedures. This hypothesis, therefore, mainly advocates how an organization frames its design at the different changing stages of its life cycle.

In effecting change in any organization, it is important to first understand the organization as a whole and the systems view in particular. Once it is understood in the right perspective, organizations can introduce changes in the desired way and can survive in an ever-changing competitive environment.

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## **23.9 ORGANIZATIONAL CULTURE AND CHANGE**

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### **Change Initiatives at State Bank of India (SBI)**

It takes time for any new initiative to get stabilized in an institution. It also requires appropriate changes in organizational culture. SBI began to deploy technology sometime in the mid-1960s with the introduction of the punch card system of computer's with computerization across the country since 1991, the biggest challenge it faced was the discomfort its staff felt towards using keyboards. Computerization also initiated various process and workflow-related changes as the traditional manual system was very different from the computerized one.

While developing ambitious plans, the bank was also aware that new managerial roles would be a key element in achieving the desired success. The existing hierarchical management structure required a change. SBI had to find a way to reorient its experienced staff from its traditional managerial practices to fit in with the new plans for faster growth. A series of change programs was required, which started with preliminary analysis of existing and desirable role behaviour. A variety of training programs was designed and delivered along with employee-motivation exercises.

People at SBI began to accept computerization around 1999 and the change initiatives taken during this computerization of 9000 branches across India took place with a very high degree of acceptance of the Bank master application by the staff. Today SBI it has the largest

customer base and the biggest ATM network in the country, and offers its customers a diverse array of core banking solutions.

Organizations do not operate in isolation. Every organization has to continuously interact with its environment to balance the internal environment and the mega or external environment. Contingency theories suggest that every organization has to understand the dynamics of its environment and adapt to changing demands, both outside and inside. To do this, organizations have to periodically scan the environment. Such scanning succeeds to OD initiatives. These help the organization to adapt to the changing environment and also to remain competitive. Appreciating OD requires understanding the various critical organizational issues.

Effecting organizational change through change of organizational culture has now become very significant. Therefore, every organization now tries to address the cultural issues and periodically initiates organizational development processes. To appreciate the significance of cultural issues, in this unit we will first discuss the basic theoretical issues, and then recommend tools and their usages for effective organizational change. The unit will also illustrate successful cases of cultural transformation and organizational change, emulating some of the best practices.

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## **23.10 CONCEPT OF ORGANIZATIONAL CULTURE**

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1980s is the year in which the concept of organizational culture became popular. There is no consensus on its definition but most authors agreed that it is something holistic, historically determined and related to anthropology, socially constructed, soft, and difficult to change. It is something an organization already has. Again, organizational culture can also be viewed as what an organization is. Organizational cultures are different from national cultures. It manifests in the form of symbols, heroes, rituals, and values. National cultures differ mostly on the values level.

National culture differences are reflected in solutions to organizational problems in different countries. Different national cultures have different preferred ways of structuring organizations and different patterns of employee motivation. For example, they limit the options for performance appraisal, management by objectives, strategic management, and humanization of work.

Research in organizational culture identified six independent dimensions of practices: (i) process-orientated versus results-orientated, (ii) job-orientated versus employee-orientated, (iii) professional versus parochial, (iv) open systems versus closed systems, (v) tightly versus loosely controlled, and (vi) pragmatic versus normative. The position of an organization on these dimensions is determined in part by the business or industry the organization is in.

Scores on the dimensions are also related to a number of other hard characteristics of the organization. These lead to conclusions about how organizational cultures can or cannot be managed.

Managing international business means handling both national and organizational cultural differences at the same time. Organizational cultures are somewhat manageable, while national cultures are given facts for management. Common organizational cultures across borders keep multinationals together.

Culture, per se, refers to the shared beliefs, values, and norms of a group. Today's organizations emphasize more on culture, because a cultural bond gives people a sense of togetherness and when they work in a group, they deliver more.

### **Aspects of Organizational Culture**

It is said that culture is like the inner layers of an onion. This is very appropriate for organizations also. The inner layers of an onion represent the fundamental values and these values are the crucial ingredients of culture, which shape the behaviour of people within the organization. The outer layers, such as strategies and tactics, can change quickly, rendering the prevalent culture in the organization inconsistent. This establishes the necessity for bringing cultural change in organizations, keeping in view the rationality of prevalent culture-dependent practices in the organization. In Japan, the age-old seniority-based promotion practices were based on their culture. But promoting a non-performer makes no sense, and today Japan also deviates from their culture-dependent promotional system and recognizes the performance merit. Japanese organizations have also started deviating from the practice of lifetime employment. There are also certain legacy-bound practices in old organizations that are mostly of foreign origin. In perpetuating these, some organizations lost their competitive edge and had to wind up operations. Thus, organizational culture cannot be something fixed and permanent. It has to change from time to time, keeping pace with competition, and the changing tastes and preferences of customers, etc.

Organizational culture is embedded in national culture and hence, it varies with respect to the organizations country of origin. An organization of Indian origin is culturally different from that of one originating in the US. Similarly, there is also an industry-specific culture. The culture of manufacturing organization cannot be the same as that of an IT organization, as they belong to two different industry segments.

The reasons are obvious family-managed units are more closely held and the ownership rights remain with the promoter.

In organizations, culture encompasses many areas of people related issues such as the following:

- Structural system
- Compensation system
- HR policies

- Market strategy
- Client relations
- Accounting procedures
- Individual behavior

Theoretically, organizational culture can either be bureaucratic, machine-like, or jungle-like. Each type has its advantages and disadvantages and these are explained in brief.

Bureaucratic organizational culture would be characterized by the control and governance mechanisms. An organization following bureaucratic form will lead to a culture which is rule bound with defined roles and responsibilities for its members. Hierarchies would be maintained with fewer opportunities for experimentation. A formal communication will prevail and risks would be minimized through various systems.

The Jungle-like culture in organizations indicates professionalism, innovation, and creativity, and is the true place for unleashing the potentiality of its members. Other syndromes of jungle-like cultures in organizations could be interpersonal competition, incentives for hard work, freedom and autonomy, and risk-bearing decision-making. Despite having a high propensity of risk, organizations practicing this type of culture can grow much faster than those following machine-like or bureaucratic cultures.

The machine-like culture prevents burn-out, lowers turnover, and smoothen financial performance. It is like a systems- or protocol-bound work environment, where every action has its roots in the standard operating procedures (SOP). While this probably minimizes costs, it requires a relatively slow-changing economic environment. When new opportunities present themselves, it moves too slowly to grasp them.

Studies show that organizational profitability is determined by the strength of its culture, but only in highly competitive markets. When the market is expanding and there are relatively few competitors, leadership does not seem to matter much. But when the market is matured and there are many powerful competitors, leadership can make a huge difference.

A strong organizational culture is internally consistent, widely shared, and clear about the appropriate behavioral requirements. Such organizations have a vision that all stakeholders understand. It acts like a mechanism of coordination; everyone in the organization works in synchronization; everyone understands the goals and also knows how to achieve them, as culture also sets the direction.

### **Difference in Organizational Cultures**

Globalization and the changing business scenario are now increasingly shifting the business paradigm. Managers now have to deal with multiple ethnic groups representing different

cultures, not only in their organization but also in global client organizations. It is important to recognize that people from diverse cultures differ in a variety of ways, including those of looking at things, dressing, communicating, and even have distinct personalities.

For example, in the US a short handshake indicates self-confidence, while a limp handshake can be interpreted wrongly. In Africa, however, a limp handshake is more acceptable. Even the duration of handshake in Africa is longer, while in the US it takes only a few seconds.

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## **23.11 DIMENSIONS OF CULTURES AND THEIR INFLUENCE ON ORGANIZATIONS**

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There are various dimensions of culture and each exerts influence on the organization. These and their implications on organizations will now be explained.

### **High Context vs. Low Context**

In a low context culture, things are concisely and candidly spelt out. As expectations are explicitly stated, people behave according to what is actually said or write. People, therefore, need to be good listeners and understand the requirements, or they may not be able to keep pace with them. In a high context culture, it is assumed that things are known to others and are relatively less spelt out, and issues remain implicit. This culture believes in communication in indirect ways. As the knowledge level of people is considered to be on par or at an equal level, it is expected that members of the organization will assume the pattern of culture and behave accordingly. Such a culture is more applicable for knowledge intensive organizations. A low context culture prevails in Germany and the Scandinavian countries, while in Japan, the Arab countries and also in France, high context culture is more dominant.

Cross-cultural interactions between low and high context culture groups often are marked with numerous difficulties. An appropriate example here would be of the interactions between the Japanese and the Westerners. Japanese believe Westerners are irritatingly dull. Westerners, on the other hand, believe that the Japanese are secretive and even deceitful. They do not like to share information. Similar perceptive mismatch is evident between the French and the Germans. As the French subscribe to a high context culture, they feel Germans (who believe in low context culture) construe their intelligence on face value. Germans, on the other hand, believe that French leaders and managers provide no direction. There are often communication breakdowns due to such mismatch particularly in low context cultures where shared understanding is more important for working in a team.

### **Monochromic vs. Polychromic**

People belonging to monochromic cultures believe in maintaining orderliness and sequence their jobs so that it does not get interrupted. They believe in doing one thing at a time.

Polychromic cultures, on the other hand, believe in doing many things simultaneously. A monochromic manager is distracted and may even get annoyed when interrupted with another assignment. In contrast, a polychromic manager entertains everything together. His/her office is virtually an open door, and decisions-making, meetings, and attending phones are handled simultaneously. The French and Americans subscribe to such cultures, while the Germans are monochromic in nature. The merger between Daimler-Benz and Chrysler in 1998 failed primarily due to the cultural mismatch between the two cultures.

Again, interactions between these two cultures often invite problems. The Germans who are monochromic in nature do not like the American way of conducting business meetings. During the course of meetings, Americans do not hesitate to attend phone calls, trivial office matters, and even people. This annoys the Germans, who at times, even feel insulted. On the other hand, the Americans see Germans as cold and Unfriendly, as they are very focused on their business and that too in specific terms of reference. This approach makes the Germans appear more unfriendly to the Americans.

### **Future vs. Present vs. Past Orientation**

The culture of past-oriented societies subscribe to traditional values and ways of doing things. Being conservative, they respond to change slowly, and at times, believe in changing things which have already been tried and proved successful in the past. Countries, such as China, Britain, Japan, and some parts of Latin America (especially those that are Spanish-speaking) believe in a past-oriented culture. People, who believe in a present-oriented culture, characteristically look for short-term benefits as they cannot foresee the future. Some Latin American countries believe in this type of culture. People or countries belonging to the future-oriented culture are optimistic and nurture the feeling that their actions will lead to results. Their optimism is reinforced by proactive management practices. Countries, such as the US and Brazil believe in future-oriented cultures.

### **Quantity of Time**

Perception on time value differs from country to country. Most of the industrially advanced countries believe in time value: that time lost can never be regained, and hence, effective utilization of time is very important. In traditional agrarian countries, time is not lost; it gets renewed every year. Thus, chasing time to meet deadlines is often considered unnecessary in these countries.

Characteristically, countries that believe in time value strictly enforce punctuality] breaking punctuality is considered wasting someone else's time; hence, it is synonymous with insulting the person whose time is being wasted. When someone is unpunctual and gets away with it, he/she is wrongfully allowed to nurture a feeling of superiority. Countries such as India and Latin Americas, which have their roots in the old agrarian society, do not believe in time value. They do not hesitate to make people wait, do not meet them, and even ask them to

come back the next day. These countries believe in doing business with mutual trust. Contrarily, countries that believe in limited time (i.e., in time value) do not develop mutual trust; rather, they establish business relations formally as a rule of law.

### **Power Distance**

High and low power distances differentiate organizational practices. With high power distance, decision-making is centralized, organizations are structured on hierarchical lines, and people down the line hardly interact with the top bosses. With low power distance, people take decisions in a decentralized manner; they coordinate their activities and work in a team. They enjoy autonomy as work.

Countries which believe in high power distance mostly belong to old agrarian societies. Bypassing a superior is considered insubordination and can even merit disciplinary action. This is not so in countries with low power distance.

### **Individualism vs. Collectivism**

Highlights the importance of being sensitive to different cultures. There are two kinds of culture-individualism and collectivism in individualist cultures,

An American may find it irritating and consider it as being unfriendly, if a person, who has met him/her several times earlier, addresses him/her with the prefix Mr. or MS Austrians, however, consider this as normal and courteous.

Having a business meeting in an open office is often construed as lacking seriousness, but in Kuwait this is normal and often people interrupt the meeting. A Western delegation may construe it as showing less respect to the business deal.

Importance is given to individual uniqueness and people are expected to perform their jobs with self-determination. In collectivist cultures, people work in groups and believe in loyalty and compliance. Although both cultures have good or bad implications, a good way of explaining the difference is through the experience of many international researches, particularly those who are required to generate information through cross-country surveys.

While conducting a cross-country survey, a market research organization noticed that there were more responses to mailed questionnaires from countries with an individualistic culture compared to countries that believe in a collectivistic culture. This is primarily because in a collectivist culture, the responsibility of sending the responses was given to all, while in an individualist culture this was assigned to a single official.

## 23.12 DEFINITION AND CHARACTERISTICS OF ORGANIZATIONAL CULTURE

Academia who studied culture has often come up with rather narrow definitions. Others have taken these definitions and combined them into new and more embracing definitions. Such definitions present culture more as socially constructed realities. Another way of defining organizational culture relates to groups of people collectively, who pool together their day-to-day experiences in the work environment, and develop some practices which they believe will help the organization to survive and grow. Thus, this definition believes that culture is created in the organization, and hence, it is what people in groups develop gradually.

There are two opposing views on organizational culture. Smircich (1983) considered it as hidden attributes of beliefs and truth. Thompson and Luthans (1990), on the other hand, considered it as behavioral attribute, which develops with the instance of social learning. Bandura (1976, 1977) took an extended view of learning, making it the result of both direct and indirect (vicarious) means. Vicarious learning inside an organization takes place when employees interpret management actions on the basis of the treatment extended to different stakeholders. According to this theory, behavior has two components-norms and patterns. Norms are internalized views of behavior, while patterns are the external visible manifestations of perceived norms.

Behaviorism and social learning theories consider human beings as responding mechanisms. The open systems theory considers human beings as adaptive agents. Although these mainly espouse an approach of learning and the behavioral response they are very significant in understanding how an organization can truly develop its culture and sell it to their employees. Smircich's (1985) typology of thinking provides a better understanding and is outlined below:

### Typology of thinking

Assumptions about people	Theoretical classification
Humans as responding mechanisms	Behaviorism social learning theory
Humans as adaptive agents	Open systems theory
Humans as information processors	Cybemetics
Humans as social actors	Social action theory
Humans create their realities	Ethno methodology
Humans as transcendental beings	Phenomenology

Reviewing all these approaches to organizational culture, we can, in line with Schein (1985), summarize that leaders create organizational environments that employees respond to, and in the process modify their behavior. Finally, organizational culture primarily converges into two primary assumptions, that is, socially constructed realities and group-perceived norms and patterns.

### **Organizational Culture as External and Internal Variables**

Organizational culture can be viewed both as an independent variable (or external variable) brought into the organization or as an internal variable, or as a root metaphor for conceptualizing organizations. Such perspectives can be modelled in line with Thompson and Luthans (1990).

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## **23.13 TYPES OF ORGANIZATIONAL CULTURE**

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To basically understand the various types of organisational cultures we have to study the contribution of different contributors. Each one has given their own reviews regarding the same which is define below.

Harrison (Hampden-Turner 1990) defined a four-quadrant model based on the twin axis of formulation (high-low) and centralization (high-low) to give the four cultures of role, task, atomistic (person), and power. Using a similar model, Handy (1985) named the four types of organizational culture as Apollo, Athena, Dionysus, and Zeus respectively, after the Greek gods displaying similar characteristics.

In yet another way, Quinn and McGrath (1985) developed the types of organization as hierarchy, market, clan, and adhocracy or hierarchical, rational, consensual, and ideological. They also proposed four types of organizational cultures and fit, along with leadership styles all these are examples of classifying the culture of organizations from a structural viewpoint. A departure from such cultural classification

Depending on the response of organizations in the marketplace, we also find a classification of types of organizational culture in the work of Deal and Kenney (1982). Behavioural classification of types of organizational culture is seen in the work of Alvesson (1993), which is known as the metaphor concept. Based on the interpretation of the work of others, he presented ten main metaphors as cultures, namely exchange regulator, compass, social glue, sacred cow, manager-controlled rites, affect-regulator, non-order, blinder, world-closure, and dramaturgical domination. Most of these reflect a culture of management direction, control, or manipulation.

These differing models of culture types reflect the different underlying principles as to what culture is—is it something an organization is (action view) or has (structural view), or whether it is primarily about people (behavioural view) rather than organizations. Quite often, we debate how cross-cultural influence affects the redesigning of HR policies and reward systems. Such trends influence an organization to reengineer, more particularly, in their approach to team orientation.

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## 23.14 WORK CULTURE

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The main goal of an organization is to achieve its goal by motivating the employees of an organization and bringing them together for the achievement of a common goal. For the purpose it is important for the employees to have sense of belongingness in an organization and should enjoy the workplace. Now the question arises how the employee can enjoy the workplace? The answer to this question is that the work culture i.e. the environment in which an employee has to work should be such that it fulfil the working facilities requirement of an employee in an organization.

Work culture basically deals with the beliefs, thought processes and attitude of an employee as well as the principles and ideologies of an organization.

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## 23.15 APPLICATION OF CULTURE AT THE WORKPLACE

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The following are the applications of culture at the work place;

- Mergers and acquisitions
- Strategic alliances and partnerships
- Restructuring issues
- Change management
- Self-development skills
- Executive coaching
- Negotiation skills
- Multinational/remote/team building
- Facilitating top teams
- Project teams
- Expatriate/Inpatriate coaching/briefings
- Sales and marketing skills
- General management training and education
- Counselling
- Leadership
- Organizational influencing

These apart, culture plays a crucial role even in operational areas. Basically, the above-mentioned areas are strategically significant, where cultural areas, if not taken care of, may ultimately cause problems for the enterprise.

In a competitive environment, it is difficult for organizations to survive without developing a team culture. Culture gets implemented at the workplace, encompassing almost all areas. Certain important areas of cultural applications are shown.

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## **23.16 ORGANIZATIONAL CULTURE FROM A GLOBAL PERSPECTIVE**

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The definition of culture emphasizes building culture through education. Its relevance is more applicable in organizations that emphasize continuous learning. In Unit 8, we have already explained that many world-class organizations have their captive learning and development centers, commonly known as corporate universities. Organizations like Motorola, McDonald's, and Sears globally, and Tata, SAIL, TVS group, etc. nationally, institutionalized learning. These organizations have achieved excellence leveraging their systems of continuous learning. All these organizations pursue some specific culture, which make them different from their competitors. To make employees adaptable to their culture, such organizations emphasize on extended training and learning support, and even prolong their general induction programme. In India, Infosys and TCS, the two major players in information technology, provide time-bound long-term induction programme to make the new recruits adaptable to their culture. Therefore, every organization develops its own unique culture or set of values that differentiates them from others.

While continuous learning and extended induction programmes are some of the ways to create organizational culture, espoused values and vision of the entrepreneur or the top management also build and impact the same. Dhirubhai Ambanis' Reliance, Jamshedji Tata's Tata Group, M.V. Subhai's Murugappa Group are certain examples of visionary culture in India. Later on, however, these organizations have reinforced their culture through continuous learning initiatives. We also have international examples of Jack Welch, the former CEO of GE, and Henry Ford of Ford Motors.

The spate of globalization has recently compelled many organizations to review and redefine their culture. For example, with its global presence, Hewlett-Packard (HP) has refocused their corporate culture, emphasizing on commitment to diversity, inclusion, and non-discrimination. Wal-Mart's corporate culture even extends to sharing of strategic information with the employees, to make them feel empowered and motivated.



### Check Your Progress- A

#### Q1. Fill in the blanks

- i. The behavioral model of organizational design is an extension of the.....of management thought.
- ii. The term design refers to a model of an object to be .....
- iii. Work culture is a type of discipline which deals in the study of .....
- iv. The system is .....
- v. The bureaucratic model rests on .....theory of bureaucracy.
- vi. True and False
- vii. The work culture is what decides the way employees interact with one another.
- viii. Normative models of business process reflect or establish standard behavior.
- ix. Forrester pioneered the concept of system dynamics.
- x. A culture change is an ongoing process.
- xi. BPR is a large-scale overhaul of basic business processes.

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## 23.17 MERGERS AND THEIR IMPACT ON ORGANIZATIONAL CULTURE

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Mergers and acquisitions also bring major changes in the corporate culture and there are many examples of this across the globe. Before discussing a case in detail, let us consider certain cultural issues in the following that organizations worldwide have experienced during the post-merger phase.

- Disintegration of organizational value systems (rent-to-own store, US case)
- Low employee morale (results in poor productivity, conflicts), rent-to-own store and Dell, US cases)
- Benefits of synergy require time (IOC and IBP, Indian cases)-IOC's market share is 54 per cent of petroleum, oil, and lubricants (POL) products. With IBP, IOC adds 1540 outlets to its existing 7750 outlets (IBP's market share is 80 per cent). HPCL, BPCL together now enjoy 20 per cent. The threat is from emerging new organizations.
- Rationalization and relocation of manpower may encounter problems (Blue Star, Indian case)
- Generation gap may create conflict (CMC-Tata, Bank of Madura, and ICICI)
- Flying of talents
- Different cultures (including cross-country culture)
- Rigidity to learn new things for blue collar employees
- Sentimental attachment

- Anxieties regarding redundancy (as merger follows manpower rationalization)
- Difference in HR style (e.g., Blue Star case)
- Broken faith in management due to the veil of secrecy in the merger
- Stalemate in managerial positions (one has to leave or compromise for the new group that is taking over)
- Reduces employee enthusiasm. To get a synergy of  $2+0>4$ , it follows cost control, which may affect executive pay.

These examples illustrate how developing and sustaining a conscious culture in the organization can contribute to its growth and prosperity. Corporate culture as a separate branch has received priority due to globalization, consequent mobility of people, and cross-cultural influences, particularly for multinational and transnational organizations.

### **The Merger Mantra**

Although there are many suggestions for achieving success in mergers, truly speaking, it is difficult to propose a universal mantra for the success of mergers. This is perhaps due to organization-specific issues.

Let us list some of the key findings, which perhaps have some universal character:

- Strong corporate cultures and values
- Retention of talent from the acquired company
- Leveraging of financial synergies
- Existence of a track record of success in previous cases of acquisition
- Empathetic and persuasive communication with the people of the acquired unit

With this prelude, let us now review some of the cases of merger to understand the reasons for their success and failure.

### **P&G-Gillette**

The Cincinnati-based P&G acquired Boston-based Gillette for \$57 billion to become the world's largest consumer products company with annual sales of \$60.7 billion and market capitalization of \$200 billion. Gillette's CEO, James M. Kilts and P&G's CEO, A.G. Lafley made this process a reality in 2005 after a series of talks and negotiations. This is a unique case of acquisition by two innovative companies to expand their product lines and strengthen their respective market position to check the growth of competitors.

## **Tata-Corus**

The acquisition by Tata of the \$13.7 billion Corus Steel, a British company, on 31 January 2007, is perhaps one of the mega acquisitions by an Indian company. With 84,000 employees in 45 countries across the world, Tata-Corus today produces 27 million tonnes of steel per annum and is the fifth largest steel producer in the world. The acquisition leader, Ratan Tata, Chairman, Tata Sons, believes that the acquisition of Corus will strategically place the company in a position to compete at the leading edge of a rapidly changing global steel industry.

Corus has witnessed a long history of disruptive organizational change and serious lack of clear strategic direction. With the centralization of functions and greater focus on profitability, higher margin products, sifting the product mix to processing and fabrication, and improving customer service, Corus could tap the potentiality of value-added growth opportunities. However, one must see what integration strategies are being taken to make Corus compatible with Tata. As of now, Tata seems to be pursuing patience strategy.

## **HP-Compaq**

In September 2001, when the CEO, Carly Fiorina, announced HP's decision to merge the business of Compaq, the stock market reacted sharply and prices fell from \$23.21 to \$18.87, and ended at \$17.44 on 3 May 2002, the day the deal was finally consummated. From then on, the company has gradually turned around through a slow process. One of the major contributors to such a turnaround has been the smooth transition and the sound HR policies that HP followed. On the date of writing this analysis, HP stocks had closed on the previous day's trading at \$45.67, a long way from the sub \$18 on the day of the merger.

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## **23.18 SUMMARY**

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In this unit we have discussed about the concept of organizations and explained how organizational design impacts in the overall working of the organisation. Organisation is defined as the relation among components of a system.

Organizational structure denotes the components and relations that bind people working within the organization.

Effective organizational design depends on the interrelationships of principles of job specialization, departmentation, coordination and line and staff positions. It is defined as the total pattern of structural elements and pattern which are used to manage the overall organization. Effective organizational design is instrumental for implementing organizational strategies for achievement of organizational goals. Broadly, organizational design rest on two models – the bureaucratic model and the behavioral model. However, technology, environment size and organizational life cycle are the four important situations factors in organizational design

Although there are many suggestions for achieving success in mergers, truly speaking, it is difficult to propose a universal mantra for the success of mergers. This is perhaps due to organization-specific issues.



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## 23.19 GLOSSARY

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**Critical success factors:** It is a key area where satisfactory performance is required for an organization to achieve its goals.

**Systems dynamics:** It is primarily oriented towards identifying, modeling, and simulating a system.

**Three pillars of organization:** The three pillars of organization are people, organization, and technology.

**Orchestra organization:** The term is used in the open systems perspective and is a complex set of interdependent sub system.



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## 23.20 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

- i. Human relation school
- ii. Realized
- iii. Beliefs
- iv. Goal oriented
- v. Max Weber's
- vi. True
- vii. True
- viii. True
- ix. True
- x. True



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## 23.21 REFERENCES

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- Chandler A.D. (1962) Strategy and structure: Chapters in the history of the industrial enterprise, MIT Press Cambridge.
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Website referred

- [www.managementstudyguide.com](http://www.managementstudyguide.com).



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## 23.22 SUGGESTED READINGS

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1. The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization by Peter Senge, Art Kleiner.
2. Building the Learning Organization: Achieving Strategic Advantage through a Commitment to Learning by Michael Marquardt.



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## 23.23 TERMINAL QUESTIONS

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- Q1. What is organizational design? Also discuss models of organizational design.
- Q2. Discuss the difference between normative models and prescriptive models.
- Q3. Define business process Re-engineering?
- Q4. Discuss the concept of organizational culture and its types.
- Q5. Define work culture? How positive work culture influence the development of the organization.
- Q6. Give your view about mergers and its impact on organizational culture.

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## **UNIT 24 ORGANIZATIONAL RESTRUCTURING**

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### **24.1 Introduction**

### **24.2 Objectives**

### **24.3 Meaning of Organizational Restructuring**

### **24.4 Types of Organizational Structure**

### **24.5 Need for Organizational Restructuring**

### **24.6 Tools for Organizational Restructuring**

### **24.7 Process of Restructuring an Organization**

### **24.8 Benefits of Organizational Restructuring**

### **24.9 Problems in Organizational Restructuring**

### **24.10 Summary**

### **24.11 Glossary**

### **24.12 Answer to Check Your Progress**

### **24.13 Reference/ Bibliography**

### **24.14 Suggested Readings**

### **24.15 Terminal Model Questions**

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## **24.1 INTRODUCTION**

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Organizations in the past have had to work in a relatively stable and predictable environment where they were not very highly affected, but with the advent of the 21<sup>st</sup> century came the high unpredictability of the economic environment. The stable organizational structures now had to go through multiple transitions like – downsizing, rightsizing, restructuring and flattening. These all have an impact on the organizational structure, reshaping it in a way that is best suited to the needs of the organizational growth in the current economic environment. In this unit, you will be able to know about the different types of organizational structures, the meaning and need for organizational restructuring and the steps to successful organizational restructuring.

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## 24.2 OBJECTIVES

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After reading this unit you will be able to:

- Understand the meaning of organizational restructuring.
- Explain the different types of organizational structures.
- Understand about the different tools needed for restructuring.
- Understand the process of restructuring.
- Understand the benefits and the problems in organizational restructuring.

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## 24.3 MEANING OF ORGANIZATIONAL RESTRUCTURING

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An organizational structure is the backbone of the organization highlighting its hierarchy and its work groups. An organization can be defined as an entity comprising of multiple work groups in a formal structure working for the fulfilment of the objectives. An organizational structure describes how the overall work of the organization is divided into sub units and how these sub units are coordinated for task completion. Whenever an organization talks about organizational restructuring, it looks to changing its structure or its processes or is in need for a radical change. Organizational restructuring is the process by which an organization changes its internal structure by revamping departments, ownership, or operations and processes. The nature and need for organizational restructuring can only be understood after one understands the type of organizational structures that exist.

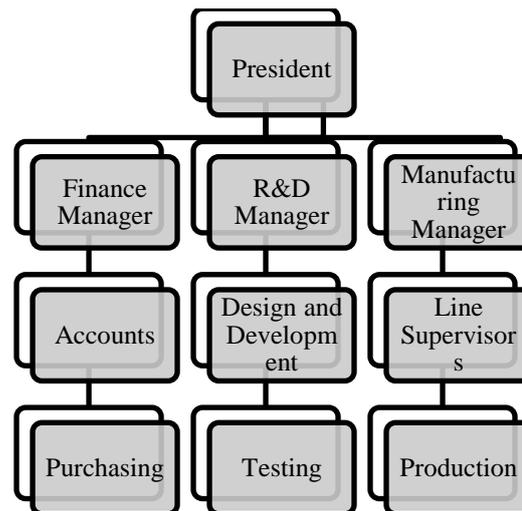
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## 24.4 TYPES OF ORGANIZATIONAL STRUCTURES

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The different types of organizational structures are:

1. **Functional Organization:** The organization usually is divided into functional units, such as marketing, operations, research and development, human resources, and finance. This structure is based on early management theories regarding specialization, line and staff relations, span of control, authority, and responsibility. This is an organization in which can be defined as a system in which functional department are created to deal with the problems of business at various levels. The major functional units in the organization are staffed by specialists from such disciplines as engineering and accounting. It is considered easier to manage specialists if they are grouped together under the same head and if the head of the department has been trained and has experience in that particular discipline.



**Fig 24.1 A Functional Structure**

#### **Advantages of a Functional Structure:**

- a. Promotes skill specialization
- b. Reduces duplication of scarce resources and uses resources full time
- c. Enhances career development for specialists within large departments
- d. Facilitates communication and performance because superiors share expertise with their subordinates
- e. Exposes specialists to others within the same specialty

#### **Disadvantages of a Functional Structure:**

- a. Emphasizes routine tasks, which encourages short time horizons
  - b. Fosters narrow perspectives by managers, which limit their capabilities for top management positions
  - c. Reduces communication and cooperation between departments
  - d. Multiplies the interdepartmental dependencies, which can make coordination and scheduling difficult
  - e. Obscures accountability for overall outcomes
2. **Divisional Structure:** The divisional structure represents a fundamentally different way of organizing that is also known as a product or self-contained-unit structure. It groups various organizational activities on the basis of the products or services the organization deals in, on the basis of types of customers, or on geographical reach. All or most of the resources and functions are focused in such a way that they accomplish a specific objective that has been set up as a division headed by a product or division manager. Each plant manager in the divisional structure reports to a particular division or product head, instead of a manufacturing head. In effect, a large

organization may set up smaller and sometimes temporary special-purpose organizations, each geared to deal with the manufacturing and sales related to a specific product, service, customer, or region.



**Fig 24.2 A Divisional Organizational Structure**

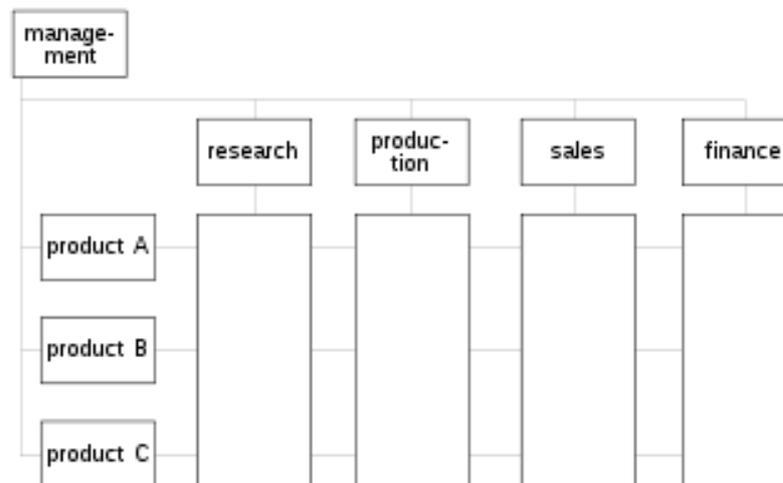
#### **Advantages of Divisional Structure:**

- a. Recognizes sources of interdepartmental dependencies.
- b. Fosters an orientation toward overall outcomes and clients.
- c. Allows diversification and expansion of skills and training.
- d. Ensures accountability by departmental managers and so promotes delegation of authority and responsibility.
- e. Heightens departmental cohesion and involvement in work.

#### **Disadvantages of Divisional Structure:**

- a. May use skills and resources inefficiently.
  - b. Limits career advancement by specialists to movements out of their departments.
  - c. Impedes specialists' exposure to others within the same specialties.
  - d. Puts multiple-role demands on people and so creates stress.
  - e. May promote departmental objectives, as opposed to overall organizational objectives.
3. **Matrix Structure:** A matrix organizational structure is a company structure in which the reporting relationships are set up as a grid, or matrix, rather than in the traditional hierarchy. In other words, employees have dual reporting relationships - generally to both a functional manager and a product manager. Matrix organizations normally combines both the functional systems and the divisional structures to give a grid based structure. Matrix organization designs originally evolved in the aerospace industry where changing customer demands and technological conditions caused managers to focus on lateral relationships between functions to develop a flexible and adaptable system of resources and procedures, and to achieve a series of project

objectives. This kind of organization is normally seen in construction, in aerospace and organizations that typically deal in projects.



**Fig 24.3 A Matrix Organization**

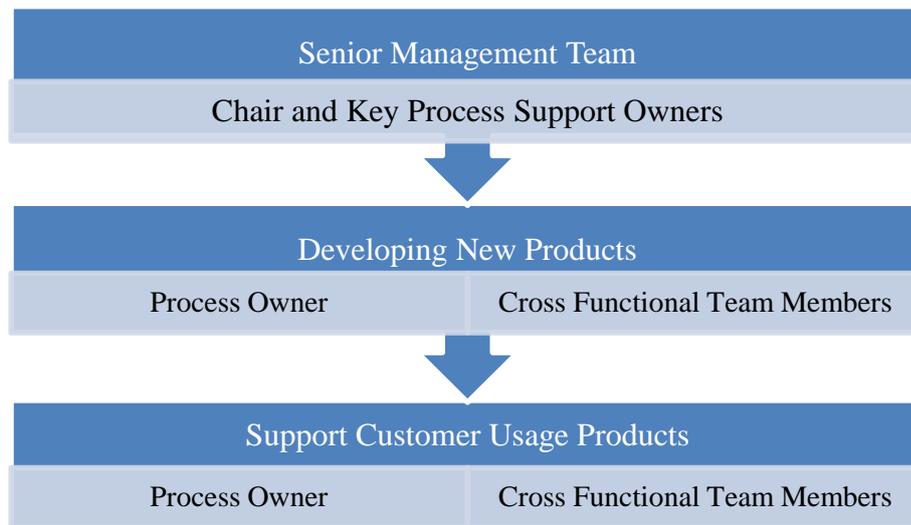
#### **Advantages of a Matrix Organization:**

- a. Makes specialized, functional knowledge available to all projects.
- b. Uses people flexibly, because departments maintain reservoirs of specialists.
- c. Maintains consistency between different departments and projects by forcing communication between managers.
- d. Recognizes and provides mechanisms for dealing with legitimate, multiple sources of power in the organization.
- e. Can adapt to environmental changes by shifting emphasis between project and functional aspects.

#### **Disadvantages of a Matrix Organization:**

- a. Can be very difficult to introduce without a pre-existing supportive management climate.
  - b. Increases role ambiguity, stress, and anxiety by assigning people to more than one department.
  - c. Without power balancing between product and functional forms, lowers overall performance.
  - d. Makes inconsistent demands, which may result in unproductive conflicts and short term crisis management.
  - e. May reward political skills as opposed to technical skills.
4. **Process Structure:** A radically new logic for structuring organizations is to form multidisciplinary teams around core processes, such as product development, order fulfilment, sales generation, and customer support. Process-based structures put an

emphasis on lateral relationships rather than vertical relationships. All functions that are essential to manufacture a product or service are placed in a common unit usually managed by a role labelled a “process owner.” There are few hierarchical levels in the structure, and the senior executive team tends to be relatively small, typically it consists of the chair, the chief operating officer, and the heads of a few key support services such as strategic planning, human resources, and finance. Process structures are helpful in eliminating many of the hierarchical and departmental boundaries that impede task coordination, slow decision making and task performance.



**Fig 24.4 A Process Organizational Structure**

**Advantages of a Process Organizational Structure:**

- a. Focuses resources on customer satisfaction.
- b. Improves speed and efficiency, often dramatically.
- c. Adapts to environmental change rapidly.
- d. Reduces boundaries between departments.
- e. Increases ability to see total work flow.
- f. Enhances employee involvement.
- g. Lowers costs because of less overhead structure.

**Disadvantages of a Process Organizational Structure:**

- a. Can threaten middle managers and staff specialists
- b. Requires changes in command-and-control mindsets
- c. Duplicates scarce resources
- d. Requires new skills and knowledge to manage lateral relationships and teams
- e. May take longer to make decisions in teams
- f. Can be ineffective if wrong processes are identified

5. **Network Structure:** A network organizational structure is an alliance of several organizations for the purpose of producing a product or providing service to

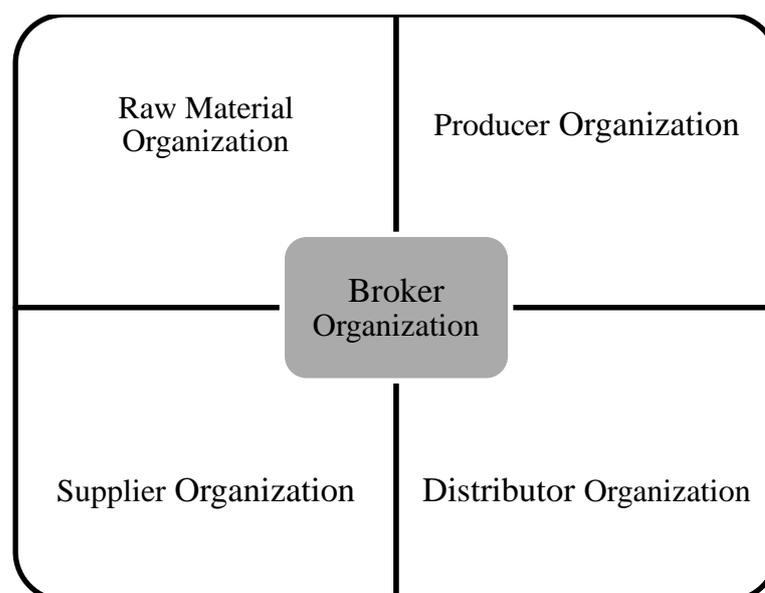
customers. This structure exhibits a high degree of flexibility, is able to move quickly, manage economically, and respond socially in changing environments. A network form of organization is concerned with collection of members that pursue repeated, enduring exchange relations with one another and resolve disputes repeated, enduring exchange relations with one another and resolve disputes that may arise during the exchange. It is also known as virtual or modular organization structure. The main objective of network structure is to eliminate unnecessary departments and to perform specialized works through outsource experts. These works consist of marketing, logistic, human resource management, technical support, accounting etc. In network form of organization there is a very small staff in head office to perform administrative work. On the basis of necessity, it manages temporary workers and outsources basic support service to meet the demand of changing situation

#### **Advantages of a Network Structure:**

- a. Eliminates over departmentalization in the organization.
- b. Minimizes administrative cost.
- c. Flexibility in operations.
- d. High degree of specialization.
- e. Facilitates concentration.

#### **Disadvantages of a Network Structure:**

- a. Possibility of conflict between the organizations.
- b. Lack of coordination as multiple parties is associated with one product or service.
- c. Lack of secrecy.
- d. Leads to loss of control
- e. Increased dependency between the parties.



**Fig 24.5 A Network Structure**



### Check Your Progress- A

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#### Q1. Define organizational restructuring?

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#### Q2. What do you understand by a matrix organizational structure?

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#### Q3. State whether True or False:

- i. The main objective of network structure is to eliminate unnecessary departments and to perform specialized works through outsource experts. True/False
- ii. Matrix organizations have no role ambiguity. True/False
- iii. Restructuring an organization is a very low impact exercise. True/False

#### Q4. Fill in the Blanks with appropriate word or words.

- i. A \_\_\_\_\_ organizational structure is an alliance of several organizations for the purpose of producing a product or providing service to customers.
- ii. \_\_\_\_\_ can be defined as an entity comprising of multiple work groups in a formal structure working for the fulfilment of the objectives.
- iii. The divisional structure is also known as \_\_\_\_\_.

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## 24.5 NEED FOR ORGANIZATIONAL RESTRUCTURING

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There are several reasons why an organization may choose to reorganize the operations and other structures. Restructuring a company can improve efficiency, keep technology up to date, or implement strategic or governance changes made by, or mandated to, company owners.

1. **Changed Nature of Business:** In today's dynamic business environment, companies that refuse to change with the times face the risk of their product and service line fast becoming obsolete. Due to this, businesses have a tendency to experiment with new products, explore new markets, and reach out to new groups of customers on a continuous basis. Businesses also pursue diversification into new areas to increase sales, optimize their capacity, and equally shed off divisions that do not add much value, to concentrate on core competencies instead. All such initiatives by the organization require restructuring. For instance, an expansion into an overseas market may require changes to have a better connect with the international market, and would need changes in work policies and routines to ensure compliance with export regulations. Starting a new product line by the organization may require changes in the system of work, hiring of an expert that is familiar in the business line and placing them in positions of authority.
2. **Downsizing:** One common reason for restructuring a company is to downsize the workforce. The changing nature of economy may force the business to adopt new strategies or alter their product mix, cutthroat competition and pressure on margins from competitors who also adopt a low-price strategy may force the company to adopt lean techniques, and other measures to cut input costs and achieve process efficiency but it may also leave the staff severely redundant. In such situations, the organization will need to redo job analysis and descriptions, update its work environment, rework its team, group, and communication structures and reporting relationships to ensure that the remaining workforce does the job well. It is seen that downsizing-induced restructuring often leads to a flatter organizational structure, and broader job descriptions and duties.
3. **New Work Methods:** Traditional organizational systems and controls cater to standard work offices or factory based processes. The introduction of newer methods of work, especially in relation to outsourcing, telecommuting, and flex time require new systems, policies, and structures in place, besides a change in culture, and such requirements may trigger organizational restructuring. The presence of telecommuting employees, temporary employees, and outsourcing work may require a drastic overhaul of performance management parameters, compensation and benefits administration, and other vital systems. The newer work methods may, for instance, require placing emphasis on the results rather than the methods, flexible reporting relationships, and a strong communication policy.
4. **New Management Methods:** Traditional management science recommends highly centralized operations, and the top management adopting a command and control style. The new behavioral approach to management considers human resources a key driver of strategic advantage, and focuses on empowering the workforce and providing considerate leeway to line managers in conducting day-to-day operations. The top management intervenes only to set strategy and ensure compliance; strategic business units receive autonomy in functioning. Traditional management structures

were bureaucratic and hierarchical. Of late, management experts see wisdom in flatter organizations with wider roles and responsibilities for each member of the team. Job flexibility, enlargement and enrichment are key features of such new structures, but successful implementation requires changes in the communication and reporting structures of the organization. While new organizations can start with such new paradigms, old organizations have to restructure themselves to keep up with these best practices to remain competitive.

5. **Quality Management:** Competitive pressures force most companies to have a serious look at the quality of their products and services, and adopt quality interventions such as Six Sigma and Total Quality Management. Implementing new quality standards may require changes in the organization. Most of the new quality applications strive to imbibe quality in the actual work process rather than maintain a separate quality control department to accept or reject output based on quality specifications. In many cases, an organizational level audit precedes quality interventions, and such audits highlight inefficiencies in the organizational structure that may impede quality in the first place. For instance, reducing waste may require eliminating certain processes, and thereby reallocation of personnel undertaking such activities.
6. **Technology:** Innovations in technology, work processes, materials and other factors that influence the business, may require restructuring to keep up with the times. For instance, enterprise resource planning that links all systems and procedures of an organizational by leveraging the power of information technology may initially require a complete overhaul of the systems and procedures first. Such technology-centric change may be part of a business process engineering exercise that involves redesigning the business processes to maximize potential and value added, while minimizing everything else. Failure to do so may result in the company systems and procedures turning obsolete and discordant with the times.
7. **Mergers and Acquisitions:** In today's corporate world, where survival of the fittest is the maxim, mergers and acquisitions are commonplace and any merger or acquisition invariably heralds a restructuring exercise. The reasons for such restructuring accompanying mergers and acquisitions are many. Some of the common reasons are:
  - a. Reconciling the systems and procedures of the merged organizations to ensure that the new entity has consistency of approach.
  - b. Eliminating duplication of work or systems, such as two human resource or finance departments.
  - c. Incorporating the preferences of the new owners, and more. Joint ventures may also require formation of matrix teams, special task forces, or a new subsidiary.

8. **Finance Related Issues:** Very often, small and medium scale businesses have informal structures and reporting relationships, and an ad-hoc style of decision-making. When such companies grow and want to raise fresh funds, venture capitalists and regulations might demand a more professional set up, with formal written-down structures and policies. A listed company may undertake a restructuring exercise to improve its efficiency and unlock hidden value, and thereby show more profits to attract fresh investors. Bankruptcy may force the business to shed excess flab such as workforce, land, or other resources, sell some business lines to raise cash, and become lean and mean, to attract bail-outs or some other rescue package. Companies may try to restructure out of court to avoid the high costs of a formal bankruptcy.
9. **Buy Outs:** At times, the restructuring exercise may be the result of the whims and fancies of the owners. For instance, the company may have a new owner who wants to stamp his or her personal authority and style onto the business. Restructuring allows the new owner to:
  - a. Reshuffle key personnel and provide power to trusted lieutenants.
  - b. Start with a clean state and thereby exert greater control.
  - c. Preempt any inefficiency that caused the previous owner to sell-out, and more.

With or without ownership change acting as a trigger, company owners may appoint a management consultant to review the company and suggest macro-level changes, as a routine exercise.

10. **Statutory and Legal Compliance:** At times, restructuring may be a forced exercise, to conform to some legal or statutory requirements. For instance, the government may mandate financial and healthcare institutions that deal with sensitive personal data to monitor their computer networks. A new bill may require that private computer networks adopt the same security measures that government networks adopt, to gain immunity from liability lawsuits in the eventuality of cyber-attacks. Any organizational restructuring is basically a change initiative. Success depends on managing resistance to change by convincing the remaining workforce of the need for change and the possible benefits, an effective communication system to lend clarity to the change process, and effective leadership.

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## 24.6 TOOLS FOR ORGANIZATIONAL RESTRUCTURING

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The following are the tools that an organization can use for restructuring its organizational structure:

1. **Downsizing:** Downsizing refers to the interpositions aimed at reducing the size of the organization. This typically is accomplished by reducing the number of employees through layoff, retrenchment, attrition, redeployment and early retirements. Downsizing involves layoff of a class or number of employees that are no longer

employed by the organization. Downsizing is generally a response to at least four major conditions:

- a. It is associated increasingly with mergers and acquisitions.
- b. It can result from organizational decline caused by revenues and market shares and by technological industrial change.
- c. Downsizing can occur when organization implement one of the new organizational structures.
- d. Downsizing can result from the beliefs and social pressures that smaller is better.

There are three downsizing tactics that may be used by the organization:

Downsizing Tactic	Characteristics	Examples
Workforce Reduction	Aimed at reduced headcount Short Term Implementation Fosters a Transition	Attrition Transfer and Outplacement Retirement Incentives Layoffs
Organizational Redesign	Aimed at organizational change Moderate Term Implementation Fosters transition and possibly transformation	Eliminate functions Merge Units Eliminate layers Eliminate products Redesign tasks
Systemic Redesign	Aimed at cultural change Long term implementation Fosters transformation	Change responsibility Involve all constituents Simplification Foster continuous improvement and innovation

2. **Reengineering:** it is the fundamental rethinking and radical redesign of the business process to achieve dramatic improvements in performance. Reengineering transforms how organizations traditionally produce and deliver goods and services. Reengineering requires an almost revolutionary change in how organizations design their structures and their work, addressing fundamental issues about why organizations do what they do and why they do it in a particular way. It identifies and questions the often unexamined assumptions underlying how organizations do their work. Reengineering can result in production and delivery processes that require fewer people and fewer levels of management.

Understanding the process of reengineering: The following steps are included in all reengineering efforts, although the steps might change from situation to situation:

- 1) **Prepare the Organization:** Reengineering begins with the clarification and examination of the organization's environment including its competitors, strategy and objectives. This will establish the need for reengineering and the direction where the efforts of the organization should flow in the future.
- 2) **Specify Organization's Strategy and Objectives:** The business strategy determines the focus of reengineering and guides decisions about the business processes that are essential for strategic success. Defining these objectives gives reengineering efforts a clear direction and focus. One must communicate clearly in the organization as to why reengineering would take place and what would be the direction that it would take.
- 3) **Fundamental Rethinking of the Work Processes:** This step lies in the heart of reengineering process and involves these activities:
  - a. *Identify and Analyze the core Business Processes:* Core processes are considered essential for an organization's strategic success and include activities that can transform inputs into valued outputs. Core processes typically are assessed through development of a process map that lists the different activities required to deliver an organization's product and services. Analysis of core business processes can include assigning costs to each major phase of work flow to help identify costs that may be hidden in the activities of the production process. Business processes also can be assessed in terms of value added activities – the amount of value contributed to a product or service by a particular step in the process.
  - b. *Define Performance Objectives:* Challenging performance goals are set in this step. The highest possible level of performance for any particular process is identified, and dramatic goals are set for speed, quality, cost and other measures of performance. These standards can derive from customer requirements or from benchmarks of the best practices of the industry.
  - c. *Design New Processes:* The last step in this step of reengineering is to redesign current business processes to achieve breakthrough goals. These essential processes are then designed according to the following guidelines:
    - i. Begin and end at customer needs.
    - ii. Simplify the process.
    - iii. Use the best of all in the processes.
    - iv. Attend to both technical and social aspects.
    - v. Do not be constrained by past experience.
    - vi. Perform activities in most natural form.
- 4) **Restructure the Organization around the New Business Processes:** This is the last step of reengineering involves changing the organization's structure to support the new business processes. This mostly ends with the

organization having process-based structures. An important element of this restructuring is implementing new information and measurement systems that reinforce the shift in the structure. Reengineered organizations typically have the following characteristics:

- a. Work units change from functional departments to process teams.
- b. Jobs change from simple tasks to multidimensional work.
- c. People's roles change from controlled to empowered.
- d. The focus of compensation and appraisal changes from activities to results.
- e. Organizational structures changes from hierarchical to flat.

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## 24.7 PROCESS OF RESTRUCTURING AN ORGANIZATION

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The organization can be restructured through the following steps:

- 1) **The Decision Regarding the Restructure:** The decision to restructure will be taken by the Executive Management Team or Board of Directors of the organization as a reaction to possible deterioration in business performance. The Board of Directors will be looking for significant productivity improvements and/or cost savings. Though the idea is to restructure the organization and its business processes but at this stage it is that the organization defines its success criteria for the restructure and calculates the Return on Investment (ROI). The restructuring will also cost the organization money as mostly experts from the field are called to help with complete change process.
- 2) **Devising a Detailed Plan:** Once the decision to restructure has been taken by the Senior Management Team or Board of Directors, the organization will then need to develop a detailed implementation plan. This will make sure that all activities are covered in order to ensure that the benefits of the restructure are realized. The plan needs to consider long and short-term business needs and objectives and may involve quick win activities to generate quick returns. The restructure plan will also include whether the business needs to be downsized or reengineered. Where downsizing is concerned there may not be any business process reengineering whereas business process reengineering will cover mostly have downsizing. The plan also needs to be communicated to all change agents as they can give better inputs on the plan.
- 3) **Identifying Ideal Workforce:** Identifying the Ideal Workforce to achieve the objectives of the organization's restructuring is the next step, and one often neglected by organizations which are just focusing on knee jerk headcount reductions. When an organization considers its ideal workforce, it will need to think about both the structure of the organization, as well as the type of workforce required. This typically involves developing a knowledge, skills and competency framework matrix outlining the ideal employee. This can also be used to identify 'at risk' employees during consultations, and support any individual redundancy decisions. It will be the post-

restructure Ideal Workforce that will be responsible for the future success and sustainability of the organization.

- 4) **Starting Talent Consultations:** The consultation period is often the most anxious time for everyone involved, and especially for those employees who are, or think they may become, at risk. But it can also be stressful for the managers and HR who are conducting the consultations. And it is often stressful for those employees not directly affected. There are lots of legalities that need to be taken into consideration during the consultation period not to mention the emotive environment that all the stakeholders will find themselves in. It is vital at this stage that all the managers feel confident in the message they are delivering and are able to successfully manage all concerns and emotions that arise.
- 5) **Implementing the Restructuring Plan:** Fully implementing the results of the restructuring and the newly defined workforce is vital if the restructure is to be a success and achieve the original goals it was designed to. The managers will need to re-motivate employees to ensure that productivity and morale stay high or at least do not drop. Employees will be looking for leadership and guidance throughout the implementation period as their workloads may increase with possibly no extra training in the short term and/or no extra financial incentives in place. The organizations' workforce will need to be fully engaged and committed to ensure that they understand the role they play in realizing the organization's new objectives.
- 6) **Measuring the Success of Restructuring:** Following the organizations' restructure/change programme, it should assess its success against the original success criteria and objective. The criteria by which the success of the restructure can be measured will vary from organization to organization depending on the original reasoning behind the restructure but typically, measuring criteria will include:
  - Turnover
  - Gross and Net Profit
  - ROI (Return on Investment)
  - Productivity (e.g. contribution per employee)
  - Attrition following restructure
  - Loss of any business-critical individuals
  - Staff satisfaction
  - Level of motivation and altruism
  - Outlook/forecasts for the company



### ***Check Your Progress- B***

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**Q1. Highlight the need for organizational restructuring?**

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**Q2. Write a short note on the reengineering an organization?**

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**Q3. What are the different tactics that are used for downsizing?**

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## **24.8 BENEFITS OF ORGANIZATIONAL RESTRUCTURING**

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The benefits that an organization can reap from restructuring the structure or its business process is as follows:

- 1) It gives rise to flatter structure that is leaner and more efficient in nature as there is no excess workforce or processes now in the organization.
- 2) More efficient workforce as the process of restructuring has reduced the workforce that was in excess and has kept the workforce that is most strategically suited.
- 3) Highlights the areas of core importance that have helped the organization grow.
- 4) It results in an organization that is more attuned to customer needs.

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## **24.9 PROBLEMS IN ORGANIZATIONAL RESTRUCTURING**

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The organization can face the following problems when restructuring:

- 1) Resistances to change within the workforce, people tend to be very resistant to change and may not take well to the changes that the restructuring will bring.

- 2) It may also give rise to rumors within the organization, especially in workforce in terms who will be kept and who will be let go off at the end of the change process.
- 3) Leads to poor industrial relations as it mostly focuses on downsizing and rightsizing, whereas the trade unions try to make sure that employees have a high degree of job security.
- 4) Cost of losing business partners during the restructuring process.
- 5) High degree of demotivation among the workforce after the restructuring.

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## 24.10 SUMMARY

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An organization can be defined as an entity comprising of multiple work groups in a formal structure working for the fulfilment of the objectives. An organizational structure describes how the overall work of the organization is divided into sub units and how these sub units are coordinated for task completion. Organizational restructuring is the process by which an organization changes its internal structure by revamping departments, ownership, or operations and processes. The different types of organizational structures are: functional organization, divisional structure, matrix structure, process structure and, network structure. There are several reasons why an organization may have to reorganize the operations and other structures. It may be changed nature of business, downsizing, new work methods, new management methods, quality management, technology, mergers and acquisitions finance related issues, buy outs, statutory and legal compliance. The tools that an organization can use for restructuring its organizational structure are downsizing and reengineering. The organization can be restructured through the following steps: the decision regarding the restructure, devising a detailed plan, identifying ideal workforce, starting talent consultations, implementing the restructuring plan, measuring the success of restructuring.



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## 24.11 GLOSSARY

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**Rightsizing:** The process of a corporation reorganizing or restructuring their business by cost-cutting, reduction of workforce, or reorganizing upper-level management.

**Layoff:** A layoff is the temporary suspension or permanent termination of employment of an employee or, more commonly, a group of employees (collective layoff) for business reasons, such as personnel management or downsizing an organization.



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## 24.12 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress –A

#### True or False

- i. True
- ii. False
- iii. False

#### Fill in the Blanks

- i. Divisional
- ii. Functional
- iii. Self-Contained



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## 24.13 REFERENCES

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- 10 reasons why we need organizational restructuring; <http://www.brighthub.com/office/human-resources/articles/122660.aspx> accessed on 10<sup>th</sup> May 2017
- Cummings, T. G., & Worley, C. G. (2005). Organization development and change. Mason, Ohio: Thomson/South-Western.
- French, W. L., & Bell, C. (1995). Organization development: Behavioral science interventions for organization improvement. Englewood Cliffs, NJ: Prentice Hall.



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## 24.14 SUGGESTED READINGS

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1. Organizational Development by Thomas Cummings and Worley



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## 24.15 TERMINAL QUESTIONS

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- Q1. What do you understand by Reengineering and how can an organization successfully reengineer its business processes?
- Q2. What do you understand by organizational restructuring? Why does an organization need to restructure?
- Q3. What are the different types of organizational structures?
- Q4. What are the advantages and disadvantages of organizational restructuring?

# Organisational Change and Development MS 303



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