

ORGANISATIONAL BEHAVIOUR, MB 201, MBA –II Semester,
Topic: Organisational Change

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Introduction

There is nothing permanent except change. It has become an inescapable fact of life, a fundamental aspect of historical evolution. Change is inevitable in a progressive culture. Change in fact, is accelerating in our society. Revolutions are taking place in political scientific, technological and institutional areas. Organizations cannot completely insulate themselves from this environmental instability. Change is induced by the internal and external forces. Meeting the challenge of change is the primary responsibility of management. An organization lacking adaptability to change has no future. Adaptability to change is a necessary quality of good management.

Modern managers have the responsibility to devise management practices that best meet the new challenges and make use of the opportunities for the growth of the organization.

The topic of managing change is one that comes closest to describing the totality of a manager's job. Practically everything a manager does is in some way concerned with implementing change.

- Hiring a new employee -Changing the work group
- Purchasing a new piece of -Changing work methods equipment
- Rearranging Workstation-Changing workflow

All require knowledge of how to manage change effectively.

Organizational Change

Organizational change refers to a modification or transformation of the organization's structure, processes or goods. Flexibility requires that organizations be open to change in all areas, including the structure of the organization itself. In a flexible organization, employees can't think of their roles in terms of a job description. They often have to change the tasks they perform and learn new skills. The most flexible organizations have a culture that a) values change, and (b) managers who know how to implement changes effectively.

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Forces for change in organizations

More and more organizations today face a dynamic and changing environment that, in turn requires these organizations to adapt. Change has become the norm in most organizations. Plant closing, business failures, mergers and acquisitions, and downsizing has become common experiences for most organizations. Adaptiveness, flexibility and responsiveness are terms used to describe organizations that will succeed in meeting the competitive challenges that businesses face. In the past, organizations could succeed by claiming excellence in one area- quality, reliability or cost. But this is not the case today. The current environment demands excellence in all areas.

Why is organizational change important? From outside and inside the organization, a variety of forces press for change. "We live in the midst of constant change" has become a well- worn but relevant cliché. Pressures for change are created both inside and outside the organization. Organizations must forge ahead on these forces to survive. Some of these are external, arising from outside the company, whereas others are internal arising from sources within the organization.

1. **External Force:** When the organization's general or task environment changes the organization's success often rides on its ability and willingness to change as well. The modern manager is change-conscious and operating in the constantly changing environment. Many external changes bombard the modern organizations and make change inevitable. The general environment has social, economic legal, political and technological dimensions. Any of these can introduce the need for change. In recent years

far-reaching forces for change have included developments in information technology, the globalization of competition and demands that organizations take greater responsibility for their impact on the environment. These forces are discussed below.

(a) **Technological Change:** Rapid technological innovation is a major force for change in organizations, and those who fail to keep pace can quickly fall behind. It is perhaps the greatest factor that organizations reckon with. According to Handy, the rate of technological changes is greater today than any time in the past and technological changes are responsible for changing the nature of jobs performed at all levels in the organization. For example, the substitution of computer control for direct supervision is resulting in wider spans of control for managers and flatter organizations.

Technological innovations bring about profound change because they are not just changes in the way work is performed. Instead, the innovation process promotes associated changes in work relationships and organizational structures. Sophisticated information technology is also making organizations more responsive. The team approach adopted by many organizations leads to flatter structures decentralized decision making and more open communication between leaders and team members.

(b) **Globalization:** The global economy means competitors are likely to come from across the ocean. The power players in the global market are the multinational and trans-national organizations. This has led companies to think globally. There are no longer any mental distinctions between domestic and foreign operations. Globalization of an organization means rethinking the most efficient ways to use resources, disseminate and gather information and develop people. It requires not only structural changes but also changes in the minds of employees. Successful organizations will be the ones that can change in response to the competition. They will be fast on their feet capable of developing new products rapidly and getting them to market quickly.

(c) **Social and Political Changes:** A firm's fate is also influenced by such environmental pressures as social and political changes. Many new legal

provisions in the corporate sector get introduced every time that affects organizations.

(d) **Workforce Diversity:** Related to globalization is the challenge of workforce diversity. Workforce diversity is a powerful force for change in organizations. The demographic trends contributing to workforce diversity are

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- The workforce will see increased participation from females as the majority of new workers will be female.
- The workforce will be more culturally diverse than ever (part of this is attributable to globalization),
- The workforce is aging. There will be fewer young workers and more middle aged workers.

(e) **Managing Ethical Behaviour:** Employees face ethical dilemmas in their daily work lives. The need to manage ethical behaviour has brought about several changes in organizations. Most center on the idea that an organization must create culture that encourages ethical behaviour. Society expects organizations to maintain ethical behaviour both internally and in relationship with other organizations. Ethical behaviour is expected in relationships with customers, environment and society. These expectations may be informal or they may come in the form of increased legal requirements.

These challenges are forces that place pressures to change on organizations. Organisations cannot afford to be rigid and inflexible in the wake of environmental pressures, rather they must be dynamic and viable so that they survive.

Internal Forces: Besides reacting to or anticipating changes on the outside, an organization may change because someone on the inside thinks a new way of doing things will be beneficial or even necessary. Pressures for change that originate inside the organization are generally recognizable in the form of signals indicating that something needs to be altered. These internal forces are discussed below:

- (a) **Changes in Managerial Personnel:** One of the most frequent reasons for major changes in an organization is the change of executives at the top. No two managers have the same styles, skills or managerial philosophies. Managerial behaviour is always selective so that a newly appointed manager might favour different organizational design, objectives procedures and policies than a predecessor. Changes in the managerial personnel are thus a constant pressure for change.
- (b) **Declining Effectiveness:** Declining effectiveness is a pressure to change. A company that experiences losses is undoubtedly motivated to do something about it. Some companies react by instituting layoffs and massive cost cutting programmes, whereas others view the loss as symptomatic of an underlying problem, and seek out the cause of the problem.
- (c) **Changes in work climate:** Changes in the work climate at an organization can also stimulate change. A workforce that seems lethargic, unmotivated, and dissatisfied is a symptom that must be addressed. This symptom is common in organizations that have experienced layoffs. Workers who have escaped a layoff may find it hard to continue to be productive. They may fear that they will be Laid off as well and may feel insecure in their jobs.
- (d) **Deficiencies in the Existing System:** Another internal pressure for organizational change are the loopholes in the system. These loopholes may be unmanageable span of control, lack of coordination between departments, lack of uniformity in politics, non-cooperation between line and staff etc.
- (e) **Crisis:** A crisis also may stimulate change in an organization; strikes or walkouts may lead management to change the wage structure. The resignation of a key decision maker is a crisis that causes the company to

rethink the composition of its management team and its role in the organization.

(f) **Employee Expectations:** Changes in employee expectations can trigger change in organizations. These forces may be:

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- Employees desire to share in decision-making.
- Employees demand for effective organizational mechanism.
- Higher employee expectations for satisfying jobs and work environment.
- Employees desire for higher wages.

All these forces necessitate change in organizations. Besides these forces, a company that hires a group of young newcomers may be met with a set of expectations very different from those expressed by older workers.

Although organizational changes are important, managers should try to institute changes only when they make strategic sense. A major change or two every year can be overwhelming to employees and create confusion about priorities. A logical conclusion is that managers should evaluate internal forces for change with as much care as they evaluate external forces.