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Organizational Change and Development in India

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ABSTRACT

Organizational change is an important issue in organizations. It is actually a process in which an organization optimizes performance as it works toward its deal state. Organizational change occurs as a reaction to an ever-changing environment, a response to a current crisis situation, or is triggered by a leader. Successful organizational change is not merely a process of adjustment, but also requires sufficient managing capabilities. However, there are many topics to be considered to achieve successful change. Hence, this paper discusses the causes of organizational change, its elements, approaches, process, resistance, management, and finally the possible factors leading to its breakdown

Keywords: organizational change, organizational development, causes of organizational change, processes of organizational change, resistance &management of organizational change

1. INTRODUCTION

Based on a five year survey conducted by the world-renowned Kinsey consulting firm (Isern, & Pung, 2007), out of the 1536 companies that underwent organizational change, only 38% of the company managers claimed that the process succeeded in increasing work performance. Regarding long term health goals (such as increasing ability, better customer relations, supplier relations, positive work culture), only 30% of the managers associated these with organization change. Hence, the goals of organizational change are rather multi-faceted. The most common goal stated by over 50% of the interviewees is “minimizing costs”. Other goals include bettering the firm, mergence, crisis intervention, or overcoming competition. Seemingly, successful organizational change is not merely a process of adjustment, but also requires sufficient managing capabilities. The following discussion attempts to understand the causes of organizational change and its elements, approaches, process, resistance and management, and finally the possible factors leading to its breakdown.

WHY DOES AN ORGANIZATION NEED ORGANIZATIONAL CHANGE?

What is organizational change? It is a process in which an organization optimizes performance as it works toward becoming its ideal state. Why does an organization need organizational change (Jones, 2004)? From a passive perspective, organizational change occurs as a reaction to an ever-changing environment or as a response to a current crisis situation. On the other hand, amore proactive viewpoint is that it is triggered by a progressive manager. Furthermore, organizational change is especially evident when the organization has just undergone a transfer of executive power (Haveman, Russo & Meyer,2001).

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Van de Ven and Poole (1995) proposed that the causes of organization changecan be explained by one of the following theories: teleological theory, life-cycletheory, and dialectical theory. The teleological perspective believes that organizational change is an attempt to achieve an ideal state through a continuous process of goal-setting, execution, evaluation, and restructuring. Life-cycle theory claims that the organization is an entity that depending on the external environment, cycles through stages of birth, growth, maturation, and declination. Dialectical theory hypothesizes that the organization is like a multi-cultural society with opposing values. When one particular force dominates over others, a new organizational value and goal is established, resulting in organizational change.

THE TARGETS OF ORGANIZATIONAL CHANGE

The influential factors of organizational effectiveness are widespread, including factors that are related to external environmental changes, and factors which will improve the internal managerial effectiveness. The organization must consider the reasons for change, the external environment, and the internal situation to decide which factors to change. The most common known targets of organizational change include vision, strategy, culture, structure, system, production technology, and leadership style(Yang, Zhuo, & Yu, 2009).Vision includes a firm's organizational core value but one that also adapts accordingly to the external environment. When an organization undergoes change, its core value needs to be determined so that in the process of transformation, it can be preserved. Strategy refers to the organization's long term goals and the steps and resources needed to be onsidered in its decision-making. The strategy change can be divided into the enterprise strategy change (Ex: low cost strategy), the overall strategy change (Ex: multiple-angle management), and the global expansion strategy change. Culture is referring to its members' collective value, norm, and basic assumptions.

The change involved is altering the content of this collective value and/or basic assumption. Typically, the explicit culture is more easily manageable or changed than the implicit culture. Structure is an official system of the duty and the authority relations of an organization. Structural change is transforming the organization's vertical disintegration or horizontal differentiation, power allocation, and level of formalization. System is the formal regulations, policies and procedures such as reward system, performance evaluation methods, goals budget system, etc. that are used to operate the organization.

Production science and technology is the technology, the knowledge, the ability, the material, the machine, the computer, the tool and other equipment which transforms inputs to outputs. Leadership is the influential force within the organization. Leadership style impacts the group dynamic and also the interaction of its members. The above targets of organizational change will influence each other. For example, the actualization of vision depends on the incorporation of suitable strategy and the organization's culture. Therefore, in the process of organization change, the "systematic viewpoint" has to be taken, so that different change targets can be considered as a whole to achieve the organizational change successfully.

THE DIFFERENT TYPES OF ORGANIZATIONAL CHANGE

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Managers continually face choices about how best to respond to the forces for change. There are several types of change that managers can adopt to help their organizations achieve desired future status. In general, the types of change fall into two broad categories: evolutionary change and revolutionary change. Evolutionary change is gradual, intermittent, and narrowly-focused (George, & Jones, 2007;Miller,1980/1982). Its main purpose is to make continuous improvement in order to adjust to the environment changes (Weick, & Quinn, 1999). Revolutionary change is rapid, dramatic, and broadly focused. It often happens when the current operation method can no longer fulfill the demand of the external environment, and a significant change has to be made in a short period of time to keep the organization work.

The most widely known types of evolutionary change is socio-technical systems theory, total quality management, and management by objectives (George,& Jones, 2002; Yang, Zhou, & Yu, 2009). Socio-technical systems theory emphasizes the importance of the social and technological aspects within the organization during the process of change. In other words, it emphasizes the development of the most optimal partnership between members/workers of the organization and the technology. Total quality management is an on-going and constant effort by all of an organization's functions to find new ways to improve the quality of the organization's good and services (Deming, 1989). Management by objectives specifies the importance of regular meetings between management and its subordinates. The objective is to assess future work goals, evaluate work performance, and discuss challenges and obstacles in an attempt to motivate work efficacy and coherence (Cummings, & Worley, 2001)There are also three important types of revolutionary change: reengineering, restructuring, and innovation (George, & Jones, 2002).Reengineering involves the fundamental rethinking and radical redesign of business processes to achieve dramatic improvement in critical, contemporary measures of performance such as cost, quality, service, and speed (Hammer & Champy, 1993). When organization experiences a rapid deterioration in performance, manager may try to turn things around by restructuring. For example, an organization tries to simplify its organizational structure by eliminating divisions, departments, or levels in the hierarchy; and downsizing employees to lower operating costs. Innovation is the successful use of skills and resources to create new technologies or new goods and service so that an organization can change and better response to the needs of customers (Jones, 1988).

THE PROCESSES OF ORGANIZATIONAL CHANGE

Regardless of what type of evolutionary or revolutionary change an organization adopts, managers face the problem of getting the organization to change. Many scholars have devoted to the study of organizational change process, and most of them follow Lewin's "Force Theory of change". Based on the observation of real world organizational change, Lewin proposed a three-step process for successful organizational change: unfreezing, moving, freezing (as cited in George & Jones, 2002).Unfreezing starts from the members' understanding of the organizational crisis or vision that motivates them to change, normally, unfreezing will go through three stages. First of all, there must be enough information indicating that the current organizational condition is not ideal. Secondly, this information has to be related to the important goal of the organization, thus elicits members' anxious feeling.

Finally, a solution has to be proposed that will reduce the members' insecure feeling and resistance to change (Schein, 1992).Moving is taking certain actions to transform the organization to an

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expected condition. The moving process is quite complicated; it involves goal setting, support seeking, resource finding, planning and execution. There are two forms of moving: problem-solving orientation, and vision orientation. The organization may adapt either one according to their specific situation.

Freezing is to stabilize the change achieved in moving stage. The individual, the department, and the organization, all have an inertial way of thinking and doing, so that the change achieved in moving state will return to the status quoante if freezing is not done. Form new rules, regulate members' new behavior directly, reinforce appropriate responses, are all possible ways to internalize the new value or behavior into the organizational culture.

FORCES IN ORGANIZATIONAL CHANGE

According to Lewin's force-field analysis model, an organization is an open system. There are two forces in organization change (Lewin, 1951), one is the pushing of the organization to a new direction; it is the driving force. The other is preventing organization from changing; it is the restraining force. When driving force is stronger than the restraining force, organizational change occurs, and the organization will move towards a new direction. When restraining is stronger than the driving force, organization will stay where it was; and when these two forces are equally powerful, it will stay stable temporally. When organization is about to change, there are different forces to prevent them from change, which is the above-mentioned restraining forces. Restraining forces can be divided into three levels: organization level, secondary unit level, and individual level (Yang, Zhuo, & Yu, 2009). Factors in the organizational level include the organizational structure inertia and system pressure, organizational culture, and the pressure from past success.

Factors in secondary unit level include the standpoint difference and interest conflict between different departments. Factors in individual level include the misunderstanding, lack of trust, own benefit threat feeling, uncertainty, custom, etc. How to manage these factors that may hinder the successful change of the organization. The active ways to gain organization members' support includes education, communication, participation and involvement. The passive ways to eliminate members' resistance include assistance, negotiation control, and coercion (Kotter, & Schlesinger, 1979). These methods are most effective in different situations therefore the superintendent must manage the organization change according to the situation, and use the combination of suitable methods to implement the change. Kotter's 8 Step Change Model can be used as a good framework (Kotter, 1994):

- Step One: Create Urgency
- Step Two: Form a Powerful Coalition
- Step Three: Create a Vision for Change
- Step Four: Communicate the Vision
- Step Five: Remove Obstacles
- Step Six: Create Short-term Wins
- Step Seven: Build on the Change
- Step Eight: Anchor the Changes in Corporate Culture

WHY DOES ORGANIZATIONAL CHANGE FAIL?

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According to Mckinsey investigation (Isern & Pung, 2007), only 38%interviewees think their company's organization change has successfully increased their work performance, and only 30% believe their organization change has achieved the organization's goal of long-term health. It is mainly because there are many factors that will affect the success or failure of organizational change. The 6most important factors include the insufficient readiness for change, lack of systematic plan for organization change, fast solution expectation, the focus of change activity instead of result, poor management in change process, and mismatch between change plan and organization context (Yang, Zhuo, & Yu,2009). To achieve successful organizational change, all these factors have to be considered carefully. The following section will explain each of them briefly. Readiness for change refers to the degree of positive acceptance of the necessity of change, and the positive attitude toward the effect of change on self and the organization (Armenakis, Harris, & Mossholder, 1993). The higher the preparation, the higher the acceptance and executive power of the member shall be. The lower the preparation, the higher the resistance to change, and the higher the probability of organization change to fail will be. Another common reason for organizational change to fail is that many organizations do not take the systematic viewpoint to make a holistic plan for organizational change. For example, the attempt to make change through education only, and to overlook other factors that may affect employee's behaviour such as organizational system, structure, culture, etc. Moreover, some organization applies the identical changes plans to all departments and individuals without considering their differences.

2. CONCLUSION

The fast solution expectation is another error organization makes. They often assume introducing a set of organizational changes can solve all the problems, and recruiting an outside consultant can assist on everything. With this expectation, the organization will depend on the consultant too much, and invest too little, and will end the change plan too early if the achievement does not meet their expectation. In addition, when planning the organizational change, members often take the change activity too seriously, but neglect the change goal itself. Thus, members participate in the activity vigorously, but the achievement is actually very limited. Poor management in change process is another commonly made mistake. Many factors have to be considered and attended to in the unfreezing, moving or freezing stages. Overlook certain factors many lead to total failure of the organizational change. Finally, the match between change plan and organizational context may also play a significant role in the success or failure of organizational change. Organizational change is to establish new pattern of thinking and behavior. When the new pattern conflicts with the old ones, the oversized resistance tends to cause the plan to fail. Therefore, in designing a change plan, the organizational context must be incorporated.

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