

Literature review on organisational change management essay



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Part A – Organisational Change:

Organisational Change is the process by which organizations move from their present state to some desired future state to increase their effectiveness. Characteristically Change is

vital if a company wants to avoid stagnation

fast and is likely to increase further in the present competitive business

Change is understood as doing things differently in order to cope up with emerging changes in the organisation environment. Change in any part of the organisation may affect the whole organisation. Change could be proactive or reactive. A proactive change has necessarily to be planned to attempt to prepare for anticipated future challenges. Generally it is initiated by management. A reactive Change may be an automatic response to a change taking place in the environment (John Lacovini, “ The human side of Organisation Change”, January 1993, Page 35.)

Change Management is a structured approach to transitioning individuals, teams and organisations from a current state to a desired future state. Its major objective is to maximize the collective benefits for all people involved in the change and minimise the risk of failure to change. The major obstacle to change management is “ Resistance to Change”. (K. Aswathappa, Organisational Behaviour, 8th revised Edition, Chapter 20, Page No. 520)

T John Lacovini says, “ The secret to real success of any organisation is effective management of the emotional vulnerability that accompanies organisational change.”

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Types of Change:

Different types of changes require different types of strategies to be implemented for effective functionality. The three types of change that occur most frequently in organisations are

Developmental Change

Transitional Change

Transformational Change

Developmental Change: Developmental Change occurs when a company makes an improvement to their current business. If a company decided to improve their processes, methods or performance standards that should be considered as developmental change. Companies are continually processing developmental changes to some degree in order to stay competitive. This type of change should cause little stress to current employees as long as the rationale for the new process is clearly conveyed and the employees are educated to new techniques. When major change such as decision to close a division, streamline the business and organisation downsizing, make developmental changes unacceptable to the employees. The employees could see that the company attempted different strategies before determining that closing the division is the only option.

Transitional Change: Transitional Change is more intrusive than developmental change as it replaces existing processes or procedures with something that is completely new to the company. The period when an old process is being dismantled and the new process is being implemented is

called transitional phase. A corporate reorganisation, merger, acquisition, creating new products or services and new technologies are examples of Transitional Change. It may not require a significant shift in culture or behaviour but it is more challenging to implementing than a developmental change. The future of the organisation is unknown when the transformation begins which can add a level of discomfort to the employees. (Bernald M. Bass, " From Transactional to Transformation Leadership," Training and Development, May 1991 Pages 87-92)

The outcome of transitional Change is unknown so employees Amy feel that their job is unstable and their own personal insecurities may increase. Education and orientation at every stage of new process implementation should be commenced in order to employees' insecurity. This will make the employees feel comfortable. They will feel engaged and actively involved in change. As the employees' level of engagement in new process increase, their resistance to change may decrease. Management should be a cognizant of the impact and stress these changes will have on their employees. The company should continue to inform the employees of their status offer support in helping them deal with the personal adjustments they will be forced to make.

Transformational Change: Transformational Change occurs after the transition period. Transformational change may evolve both developmental and transitional change. It is common for transitional and transformational change to occur in tandem. When companies are faced with the emergence of radically different technologies, significant changes in supply and demand, unexpected competition, lack of revenue or other major shifts in how they do <https://assignbuster.com/literature-review-on-organisational-change-management-essay/>

business, developmental or transitional change may not offer the company the solution they need to stay competitive. Instead of methodically implementing new processes, the company may be forced to drastically transform itself. (K. Aswathappa, Organisational Behaviour, 8th revised Edition, Chapter 20, Page No. 525)

Part B – Resistance to Change:

The goal of any planned organisation change is to find a new and improved way of optimal utilisation of resources and capabilities in order to increase an organisation's ability to create value and improve returns to its stake holders. Yet employees do not always welcome changes as expected by the organisation. As per the 2007 survey conducted by the Society for Human Resource Management (SHRM), organisational changes fail majorly due to employee resistance and inadaptability to change.

Figure

Reactions to change may take various forms.

Active resistance is the most dangerous factor in change management.

Employees with Active Resistance may go against the change effort and object the change in several manners. Boycotting the organisation, tending to disrupting habits and raising slogans against the organisation are some examples for high negative resistance.

In the opposite nature, passive resistance is calm and doesn't include violence in any aspect. Passive resisters are insecure about their position after change. Instead of clearing their insecurities with the management, they tend to look for a new job and leave the organisation.

Compliance, is coping up with the proposed changes with little enthusiasm. Finally, those who show enthusiastic support are supporters of change, who understand the value of change and contribute to the effective implementation of change. They are the defenders to organisational resistance and propagate the new way to actually encourage others around them to give support and contribute to the overall change effort.

The best example of resistance of employees to change is computerisation. Change requires readjustment. “ Man always fears the unknown and a change represents the unknown”(P Subba Rao, Essentials of Human Resources Management and Industrial Relations, Chapter 12, page 353)

Factors causing resistance to change:

Fear of Unknown: Such fear is due to uncertainty about the nature of change, feelings that one doesn't know what is going on and what the future holds.

Loss of Control: Feeling that the change is being done to the person, worry that one has no say in the situation and events that are taking place.

Loss of face: Feeling of embarrassment as a result of change and discerning it in such a way that the things one has done in the past are wrong.

Need for Security: Worry about one's potential role after change and fear of losing job after change.

Fear of Demotion: Employees may fear that they may be demoted if they do not possess the skills required to do their jobs, after change. Hence they prefer ' status quo'.

Loss of Power: Employees in superior cadre may assume that change may eventually result in the loss of their superior power. They give more prominence to maintaining prestige and status in the organisation, even if the change is for overall betterment of the organization.

Fear of workload: Change in work technology and methods may lead to increasing workloads there by no proportional increase in salaries and benefits. This feeling creates resistance to change.

Need for Training: Not all employees are interested in continuous learning and if the change necessitates relearning and continuous training, employees may resist to boredom to learn.

Need for new social adjust: Any organisational change involves new social adjustment with various groups and sub groups. Some people refuse transfers and promotions, as they may need to need to break their current social comfort zone?

Perceiving change as imposed from outside: Some employees may consider that change is enforced only for the development of organisation, not for their development. They perceive change as something imposed from outside on them. (Bernald M. Bass, " From Transactional to Transformation Leadership," Training and Development, May 1991 Pages 93-95)

Forces of Change:

An organisation is affected by various forces to change.

Internal forces: The forces inside the organisation which affect the change are as follows:

Need to develop new products and new technologies in order to with stand in the ever changing competitive world.

Focus on business diversification.

Urge to implement bench marking standards in the organisation

Business Process Re-engineering and Total Quality Management process implementation

Cost Cutting strategies to with stand in recession times

Company going for Public Issue

External Forces : The forces outside the organisation which affect the change are as follows:

Change in the employment and industrial laws of the country.

Booming economy or recession situation.

Business trends such as globalisation which helps to spread the commercial activity all over the world.

Increasing competition makes companies concentrate more on customer satisfaction and customer excellence.

Social, economic and political changes like terrorist attacks, political conflicts with other countries, UNO Regulations and World Bank policies.

Demographic shifts like shrinking labour, droughts and drains, rising health care costs, rise in the number of foreign – born workers force companies to concentrate more on matters of discrimination and civil rights.

Part C: Approaches to Organisational Change – Change Management Models:

Management is said to be a change agent as its role is to initiate the change. It has to overcome the resistance in the organisation and make the change as a successful venture. Management must realise that resistance to change is basically a human problem and hence it must be tackled in a social and human manner.

Several behavioural scientists and psychologists have studied group dynamics and organisation development and hence have proposed various theories and models to change management. They are described below.

Levin's Force Field Theory of Change(1936):

Kurt Zadek Lewin (September 9, 1890 – February 12, 1947) is a renowned psychologist and is recognized as the “ founder of social psychology”. To his credit he was one of the first to study group dynamics and organizational development.

Lewin proposed force field theory of change, which explains about various forces affecting the change and organizational equilibrium.

Taken from [www. change-management-coach. com](http://www.change-management-coach.com)

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An organisation at any time is a dynamic balance of forces supporting and restarting any practice. The forces supporting the practice are Driving Forces and the forces objecting the practice are restraining forces. When the forces are evenly balanced, the organisation is in a state of inertia and doesn't change. To stimulate an Organisational change managers must find ways to increase the Driving Forces and decrease the Restraining Forces. With these strategies an organisation overcomes inertia and implements change process. (John W. Newstrom and Keith Davis, Organisational Behaviour, 8th revised Edition, Chapter 15, Page No. 410, 411)

Change is introduced within a company by a variety of methods. The idea is to help change to be accepted and integrated into new practices:

Adding new driving forces

Removing restraining forces

Increasing the strength of the supporting force

Decreasing the strength of the restraining force

Converting a restraining force into a supportive force

A good example for this strategy is an urge for increased quality of products in an organisation is supported by forces like higher-quality work, increased company reputation and better customer satisfaction. Restraining forces being employees feeling irresponsible for the quality of product they produce. This can be overcome by implementing programs to increase

employees' pride, performance based hikes, providing better machines and training, quality of work life etc.

Three Stages in Change:

Behavioural awareness in managing change is aided by viewing change as a three step process:

Unfreezing

Changing

Refreezing

Stage 1: Unfreezing

Unfreezing means that old ideas and practices need to be cast aside, so that new ideas can be learned. It basically means to have an open mind and flexibility to accept new changes. It's getting rid of old practices and accepting new challenges. It's basically breaking the current comfort zone and getting ready for change. So a manager must help employees clear their minds of old roles and old procedures. Only then they will be able to embrace new ideas. The Unfreezing stage is probably one of the more important stages to understand in the world of change we live in today.

Stage 2: Change – or Transition

Changing is a step in which new ideas and practices are learnt. This process involves helping an employee think reason and perform in a variety of new ways. It can be a time of confusion, disorientation, overload and despair. Patience is very important in this point. There should be hope, discovery and excitement to overcome to overcome all chaos and enter a new mode of development.

Stage 3: Refreezing

Refreezing means that what has been learned is integrated into actual practice. The new practices become emotionally embraced and incorporated into the employee's routine behaviour. Successful on -the-job practice, then must be the ultimate goal of the refreezing step. In this step emphasis is on stabilising the work process after rapid change transition.

(Lewin K. Force Field Analysis and Diagram. Online. www.valuebasedmanagement.net/methods_lewin_force_field_analysis.html.)

Even though the world has changed ever since Kurt Lewin has published the model in 1947, it is still extremely relevant and the foundation of several other new models.(John W. Newstrom and Keith Davis, Organisational Behaviour, 8th revised Edition, Chapter 15, Page No. 409)

Kotter's Eight Step Model (1995):

John P Kotter (1995) has designed an extremely helpful model to understand and manage change. Each step in the model is characterised by key principle, in which people see, feel and then change. Kotler explained them

as principles of response and approach to change. These are explained descriptively in his highly appreciated book “ Leading Change” (1995).

The eight step process is described as follows:

Kotter’s Eight Step Change model is considered as one of the world’s best change management models. It has simplified the change process immensely and concluded that every successful change effort is messy and full of surprises. Managers have to view change process in a see-feel view where major problems in the process are highlighted and there by easily solved.

Pendlebury, Grouard and Meston -Ten Keys Model(1998):

These Scientists have presented Ten Key Factors which can be adapted to any particular change situation. All these keys may be needed to be implemented either simultaneously of separately based on the change process. The ten keys are as follows:

Define the Vision

Mobilise

Catalyse

Steer

Deliver

Obtain Participation

Handle Emotions

Handle Power

Train and Coach

Actively Communicate

(K. Aswathappa, Organisational Behaviour, 8th revised Edition, Chapter 20, Page No. 520)

Nandler -12 Action Steps:

Nandler, has developed a management frame work of twelve action steps which is helpful for Managers and Executives to apply at every level of hierarchy during the change process. This is immensely helpful for leading and managing change at every corner of the organisation. The twelve action steps are as follows:

Get support of key power groups

Get leaders to model change behaviour

Use symbols and language

Define areas of stability

Surface dissatisfaction with the present conditions

Promote participation in change

Reward behaviours that supports change

Disengage from the old

Develop and clearly communicate image of the future

Use multiple leverage points

Develop transition management arrangements

Create feedback

Kanter, Stein and Jick – Ten Commandments(1992):

Kanter, Stein and Jick have done a wonderful research on organisation change and proposed Ten Commandments on how to plan a change process.

Analyse the need for change

Create a shared vision

Separate from past

Create a sense of urgency

Support a strong leader role

Line up political sponsorship

Craft an implementation plan

Develop enabling structures

Communicate and involve people

Reinforce and institutionalize change

Ghoshal and Barlett's Model(1997) :

Ghoshal and Barlett argue for the importance of sequencing and implementation of activities in a change process. The interrelated change phases are:

Rationalization : Streamlining company operations

Revitalisation: Leveraging resources and linking opportunities across the whole organisation

Regeneration: Managing business unit operations and tensions, while at the same time collaborating elsewhere in the organisation to achieve performance.

They claim that while change is often presented as difficult and messy, there is nothing mystical about the process of achieving change with effective strategies following the rationalization, revitalization and regeneration sequential process.

(K. Aswathappa, Organisational Behaviour, 8th revised Edition, Chapter 20, Page No. 540)

Dumpey and Stance Contingency Model of Change(1993):

Dumpey and Doug Stance developed the best change contingency approach. They argue that the style of change and the scale of change have to be matched to the needs of the organisation.

Scale of Change

Style of Change Management

Fine Tuning

International Adjustments

Modular Transformation

Corporate Transformation

Collaborative

Consultative

Lowers Performance

(Avoiding Change)

Developmental transitions

(Constant Change)

Charismatic Transformation

(Inspirational Change)

Directive

Task Focussed Transistors

(Constant Change)

Turnarounds

(Frame-Breaking Change)

Coercive

They identify five change approaches:

Development Transitions: They refer to situations in which there is constant change as a result of the organisation adapting itself to external and environmental changes. The primary style of leadership is consultative, where the leader acts in the capacity of a coach aiming to gain voluntary, shared commitment from organisational members to the need for continual improvement.

Task Focused Transitions: In this, the change management style is directive with the change leader acting as a captain seeking the compliance of organisational members to redefine how the organisation operates in specific areas. Directive leadership means that the overall change is driven from the top; this may translate into a more consultative approach by managers operating lower down in the organisation who are required to implement the changes.

Charismatic Transformation: With this model, people accept that the organisation is out of step with its environment and that there is a need for radical, revolutionary change. Helping to create a new identity and a paradigm shift in the way in which the organisation conducts its operations, the charismatic leader is able to operate symbolically to gain emotional commitment of staff to new directions.

Turnarounds : This is aimed at frame - breaking changes. Turn around change leaders as commanders utilizing their positions of power to force required changes through the organisation.

Taylorism: It is associated with the fine-tuning, paternalistic approaches to managing change.

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Dumphy and Stance their model indicates that medium to high performance organisations are likely to be using consultative and directive change management. (K. Aswathappa, Organisational Behaviour, 8th revised Edition, Chapter 20, Page No. 530)

Huy's Work on Change Management(2007) :

Huy categorizes change into for ideal types:

Commanding : Commanding change intervention is one where the time period is short term, abrupt and rapid. Change is usually implemented by Senior Managers who demand compliance from organisational members. Changes may well include downsizing, outsourcing and divestments.

Engineering: This model is oriented toward a medium -term, relatively fast change perspective and often assisted by work design analysts who assists in changing work and operational systems. The change agent act as an catalyst in this process

Teaching : This model takes a more gradual, long term organisational change perspective. Assisted by outside process consultants, staffs and taught how to probe their work practices and behaviours to reveal new ways of working.

Socializing : This intervention is also gradual and long term. It sees change as developing through participative experimental learning based on self-monitored democratic organisational processes.

Each ideal type has its limitations. The commanding approach may lead to resentment and rarely produces lasting behavioural change. The teaching approach is very individualistic and may not be aligned to corporate strategic objectives. The engineering approach may not encourage collaboration and spread of change across business units and socializing approach may lead to over focusing on individual work groups rather than on how they may operate as part of larger, corporate collective. (K. Aswathappa, Organisational Behaviour, 8th revised Edition, Chapter 20, Page No. 550)

Part D – Implementing Change:

Implementation is the institutionalisation and internalisation of a change after it has been accepted by an organisation and a decision has been taken to accept and make it part of the on-going activity. Implementation is a multidimensional process whose end is stabilisation and institutionalisation of change.

Support

Training

Resources

Commitment

Linkages

Planning the implementation process:

The objective of planning is to have an overall understanding of the nature of implementation. Planning process determines the entire process of

implementation of change phasing. Phasing may be either temporal (in terms of time) or spatial (in terms of various units or the locations of the organisation)

Processes: All processes involved in the implementation should be pre-determined. Various stages of the process include initiation, motivation, diagnosis, information, collection, deliberation, action proposal, implementation and stabilisation.

Strategies: Management should formulate various strategies to implement processes. These strategies should focus on taking outsider's help, change agent, designing permanent organisational structures, unit/location of the organisation to be selected for initial process, openness with the environment etc. (P Subba Rao, Essentials of Human Resources Management and Industrial Relations, Chapter 12, page 358)

Monitoring :

It is the process of “ routine periodic measurement of programme inputs, activities and outputs undertaken during programme implementation.

Monitoring is normally concerned with the procurement, delivery and utilisation of programme resources, adherence to work schedules to progress made in the production of outputs”

Implementation team : A broad based task group of implementation should be set up to look after the implementation of change programme and monitor it continuously. HRD department of the organisation may be asked to take up this responsibility. es and

Minimum control: As monitoring is a delicate issue, control should be minimum in order to make the monitoring effective. Control attempts to develop new norms of creativity, diversity and experimentation.

Feedback and communication: Implementation requires reviewing various processes and provides feedback. It involves getting data information and experiences and providing feedback to the people on how they are implementing compared to the design and plans.

Action :

Action covers all the minute details of what is implemented at different stages. This process involves various phases and steps for people and various group tasks in relation to change programme.

Adaptation :

Adaptation is the combination of two main criteria of effectiveness and implementation. It may be general or specific or both.

Support :

Various types of support from all concerned will be required for the implementation of change. The HRD department, Operations and management committee are some of main agencies which render major support.

Institutionalisation:

Institutionalisation is making change permanent part of the organisation and internalisation is stabilisation of change. (P Subba Rao, Essentials of Human Resources Management and Industrial Relations, Chapter 12, page 340)

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Part E: Evaluating Organisational Change – The Balanced Score Card Approach:

Since centuries Top Management has been depending only on financial measures to evaluate the performance after the organisation change. But this approach was not enough to provide information about overall effectiveness of the organisation. In 1992 Robert Kaplan and David Norton have published “Balanced Scorecard” in Harvard business review as a management tool for organisational development. Managers can get a comprehensive picture of the financial and operational measures using this framework.

HR Consultants and OD strategists all over the world opine that Balanced Score Card is the best tool to enforce organizational change management and organizational development in today’s technology driven world. They emphasize the principle that “Businesses must develop in a multidimensional way viz., providing best value to its stake holders, achieving ultimate customer satisfaction, implementing bench marked business standards and developing a learning culture in the organisation”. The scorecard facilitates managers to view critical performance factors and understand their interrelationships evaluating current performance and targeting performance to be achieved. Emphasis is on the organizational vision and long-term success. (Robert Kaplan and David P. Norton, “The Balanced Scorecard-Measures that Drive Performance,” Harvard Business Review, January and February, 1992.)

Performance levers in a Balanced Score Card :

The Balance Score Card acts as a catalyst for driving ‘ organisational change’ within the organisation. It is dependent on four perspectives which are considered as performance levers for any organisation.

The four perspectives of a Balance Score Card are as follows:

1. Financial Perspective – How do we perform according to our shareholders?
2. Customer Perspective – How do our customers see us?
3. Internal Organisation Perspective – What should we excel in?
4. Innovation and Learning Perspective – Can we keep on improving and adding value?

Hence, the rationale of Balance Score Card is to give uniform importance to non-financial factors of business performance and balancing them with the financial factor. Therefore it is termed as a complete comprehensive framework which tries to bring a balance and linkage between the –

- (a) Financial and the Non-Financial indicators,
- (b) Tangible and the Intangible measures,
- (c) Internal and the External aspects and
- (d) Leading and the Lagging indicators.

(Robert S. Kaplan and David P. Norton, “ Linking the Balanced Scorecard to Strategy,” California Management Review, Vol. 39, No. 21, 22 1996.)

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All the four perspectives of a Balance Score Card are explained briefly as follows:

The Innovation and Learning Perspective

This perspective emphasizes on developing a learning culture in the organisation. The key goals in this perspective are

Employee training and self-improvement

Grooming and communication

Increasing quality of work life

Developing skill and knowledge management

The Internal Organization Perspective

This perspective emphasizes on developing internal business processes in the organization. The key goals in this perspective are

Value creating internal operations

Innovative supply chain management

Total Quality Management.

Team building

The Customer Perspective

This perspective emphasizes on achieving customer delight. The key goals in this perspective are

Reducing customer response time

Timely updated information

Taking regular customer feedback

Achieving best vendor award from customer

The Financial Perspective

This perspective emphasizes on developing financial systems in the organization. The key goals in this perspective are

Centralized and automated financial information system

Developing financial corporate database

Providing more value to stake holders

Risk assessment and cost-benefit analysis.

Increased working capital and current assets.

(Robert S. Kaplan and David P. Norton, " Linking the Balanced Scorecard to Strategy," California Management Review, Vol. 39, No. 21, 22 1996.)

Based on the above discussion, organisations must develop scorecards fitting their current and future needs. Transformational leadership and strong

commitment are required to initiate a change process, using Balance Score Card.

Some of the world's best Balance Score Card practises are as follows:

GE's HR Score Card design and implementation

HR Score card of Washington state

HR Score Card of U. S. Department of Transportation

Balance Score of Texas State Auditor's Office

(McKenzie & Shilling, " Avoiding Performance Measurement Traps: Ensuring Effective, Incentive Design and Implementation," American Management Association, July/Aug., 1998.)

All metrics to organisational performance