

The background of organisational change management



Huber, Sutcliffe, Miller, and Glick (1993) conducted several literature reviews and found that characteristics of an organization's environment constitute a major category of factors that lead to organizational change. Turbulence, competitiveness, and complexity are environmental characteristics identified as determinants of organizational change (Aldrich 1979, Huber 1984, Hrebiniak and Joyce 1985, Mohrman 1989). In the Huber, Sutcliffe, Miller, and Glick (1993) study of 119 heterogeneous organizations, the researchers found that environmental turbulence as well as environmental competitiveness interacting with organizational sizes are highly significant predictors of organizational change. In an important study with public sector implications, Meyer (1979) found in his study of U. S. government finance agencies that the structure and behavior of public organizations are highly influenced by environmental forces. In another early study, McKelvey (1982) determined that the vast majority of changes in organizations are caused by external forces rather than internal forces.

Organization Chosen for assignment

As per requirement of this assignment I have chosen a case study analysis of three of the largest producers in the industry: Broken Hill Proprietary (BHP) Coal, Rio Tinto/Conzinc Rio Tinto (CRA) and Atlantic Richfield (Arco).

Change factors

Following are the main factors involved in organizational change

Cultural Environment

Economic Environment

Forces within corporation

Competitive pressure and personal resources

Outside pressures

Psychological factors

The cultural environment

The tolerance, even eagerness, of many executives for large-scale changes in their organizations has been stimulated by developments within the field of management itself. In the past several decades a start has been made at codifying the principles and practices of management, at least to a point where one can talk of the art of management. This development has reached a point where the leading practitioners and theorists usually agree at least tentatively about desirable and undesirable aspects of organizational patterns and practices. This means that there is a built-in dynamic within the field of management which is exerting varying degrees of pressure on executives to bring their organizations more nearly in line with the most modern doctrines. Since business practice is constantly evolving, management theory is constantly being revised, expanded, and refined. As senior executives acquire a new and deeper understanding about the ways in which large enterprises can more effectively do their work, they are more ready to experiment with change. (Eli Ginzberg, and others, Columbia University Press, 1957)

The economic environment

The economic environment exerts great pressure on business enterprises to introduce changes. During the past several decades the American economy has so expanded that today it is truly a continental market, reinforced by significant interests abroad. The efficient exploitation of opportunities within a country as large as the United States requires organizations that can respond constantly and quickly to the needs and desires of the industries and customers they serve. One of the major forces leading to decentralization—the outstanding illustration of contemporary change in large organizations—has been the desire of more and more corporations to take advantage of the rich opportunities offered by the continental market. (Eli Ginzberg, and others, Columbia University Press, 1957)

Forces within the corporation

American management is also encouraged to adopt a positive attitude toward change by forces originating largely within the corporation itself as it responds to new developments in ownership, management, technology, and production. Each will be briefly illustrated in turn.

The retirement or death of a builder of a large enterprise is likely to be followed by a significant change in the organization's structure; the professional managerial group is immediately more ready to entertain and act upon recommendations for change. They can adopt a more objective view of the organization; change is not an admission of their prior errors. In fact, being professional managers, they can find real satisfaction in their work only by submitting themselves and the organizations they run to

objective criteria of performance. (Eli Ginzberg, and others, Columbia University Press, 1957)

Competitive pressures and personnel resources

A major proof of dynamic management is its ability to perceive correctly and to respond effectively to conditions that necessitate organizational and other changes to insure the continual profitable growth of the enterprise. The decision in principle that a program of change is required for the long-run welfare of the organization is a necessary but not sufficient basis for action. Management must determine that the gains will justify the costs. The key considerations are the competitive position and personnel resources of the organization. (Eli Ginzberg, and others, Columbia University Press, 1957)

Outside pressures

In preparing a background to change, management must consider, in addition to financial and personnel resources, the pressures exerted on the company from the outside. Periods of economic depression, which bring large losses and threats of bankruptcy, frequently exert pressure for change. A management may conclude that the company's best chance of survival lies in the rapid institution of major changes. An oppressive external situation may lead personnel to accept changes which would otherwise be strenuously opposed and may also help management to overcome whatever inhibitions it still retains about entering upon a radical departure from previous practices. (Eli Ginzberg, and others, Columbia University Press, 1957).

Psychological Factors in Change

The illustrative materials in the opening chapter underscore the extent to which organizational change depends in the final analysis on the ability of the president and other senior executives to establish new patterns of behavior. Only to the extent that they stop acting and reacting as they have long been accustomed and start responding in new ways can a program of organizational change be successfully implemented. It is therefore appropriate to consider whatever insights or generalizations can be garnered from psychology—the science of behavior—in the hope that we can better understand and thereby control the process of change. Unfortunately for these purposes, psychologists have seldom concerned themselves with the study of directed change in hierarchical organizations, so their work is tangential to the problem at hand and will prove useful only to the extent that it can be adapted. (Eli Ginzberg, and others, Columbia University Press, 1957)

Change Bureaucratic Organization

Theory of Bureaucracy

A great structure of specialized competencies has grown up around the chain of command. Organizations have grown in size because they must be able fully to employ the new specialists and the specialized equipment associated with them if the organizations are to meet their competition. As more specialists appear and the organization continues to grow in size, it becomes necessary to group employees into units, and the units into larger units. Some of the larger of these units in government have been called “bureaus,” and so the kind of organization resulting from this process has

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been called “bureaucracy.” (These units were called “bureaus” from the French word for writing table or desk.)

The great German sociologist, Max Weber, was the first to attempt a systematic theory of bureaucratic organization. His views remain important to us not only because of his enormous influence on American social scientists, but also because of the continuing validity of much of his analysis. Weber pictured an evolution of organizational forms in terms of the kind of authority relations within them. At one extreme is a simple, relatively non-specialized kind of organization in which followers give almost unqualified obedience to a leader endowed with “charisma”—presumed unusual, generally magical powers. Such organization was primitive in the sense that it was based upon belief in magic. Since their prerogatives depended upon their leader’s charisma, his immediate staff felt insecure and sought a firmer legitimating of these prerogatives. Their fears came to a head at the time of succession in the leadership. Reutilization of methods used to obtain a successor and thus to secure staff prerogatives resulted in the traditionalistic form of organization. Monarchy would be an example. (Victor A. Thompson, Alfred A. Knopf, 1961)

Strengths

The bureaucratic organization is the arena where science and technology are applied. With a few rapidly disappearing exceptions, such as medicine, we can say that the application and development of science and technology depend upon bureaucratic organization. Modern bureaucratic organization is the most productive arrangement of human effort that man has thus far contrived. Its ability to accomplish objective organizational goals has

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produced the highest standard of living yet achieved by man, while allowing populations to expand enormously at the same time.

Dependence upon highly trained specialists requires appointment by merit rather than election or political appointment. It requires a system of assured careers; otherwise, the individual would not invest the time needed to acquire specialized skill. It requires that the organization have a definite and reasonably assured division of work into defined jobs or offices. The trained specialist would not usually allow himself to be used as a jack-of-all-trades. In fact, the division of work in organisation for the most part simply follows the existing specializations in society at large.

Weaknesses

As Weber said, charismatic forms of organization give way to bureaucracy because the former are inadequate for daily, regularized activity. Charisma functions in new situations and is not compatible with highly defined situations. Charismatic organization is dependent upon the reputed genius of individuals and is, therefore, unstable and precarious. To secure stability, continuity, and predictability of product, the activities of the organization are reduced to procedures or routines. Routinization of organizational activity is implicit in the process of specialization and is a characteristic of bureaucracy. Specialization requires a stable environment and a guarantee of continuity of function. Within the organization, the specialist must practice his specialty—a group of related routines. Although managerial ideology still strongly contains the charismatic image, bureaucratic organisation seek to avoid dependence upon individuals by reducing relevant information to classes, and organizational activity to routines which are activated when the <https://assignbuster.com/the-background-of-organisational-change-management/>

appropriate class of information is perceived. It would seem, therefore, that the advance of specialization requires routinization, one of the central characteristics of bureaucratic organization. (Victor A. Thompson; Alfred A. Knopf, 1961)

Alternative Forms of Organizational Change Development

Evolutionary and Revolutionary Change in Organizations

Change is classified as evolutionary change gradual and incremental, or revolutionary change, sudden and drastic. Evolutionary change adds small adjustments to strategy and structure to handle environmental changes. Revolutionary change results in new operating methods, goals and structure. Three ways to implement revolutionary change are reengineering, restructuring and innovation.

Socio-technical systems theory.

Total quality management method.

Flexible workers and flexible work teams' method.

(www.scribd.com/doc/13754469/chapter-10-type-and-form-of-organizational-change)

Revolutionary

Reengineering

Restructuring

Innovation

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Five Forces Model

The Five Forces Model which is also known as Porter's Five Forces Model is a simple but powerful tool for understanding where power lies in a business situation. This is useful, because it helps you understand both the strength of your current competitive position, and the strength of a position you're looking to move into.

Supplier Power: Some of the world known companies are the suppliers of Broken Hill Proprietary (BHP) Coal, Rio Tinto/Conzinc Rio Tinto (CRA) and Atlantic Richfield (Arco), while the company has its own manufacturing units where they produce certain kind of products, so they are not relying on just outside the organization supplier, so there is not too much chances that of the supplier power will high the cost of the proposed change.

Buyer Power: The number of users of customers of Broken Hill Proprietary (BHP) Coal, Rio Tinto/Conzinc Rio Tinto (CRA) and Atlantic Richfield (Arco) products and services increases day by day so the buyer power is high, and it will be a good sign to have a good number of buyers of their new services in order to keep the pricing of services minimum but the company generate more revenue and good pay back of the investment.

Competitive Rivalry: There are some competitors in the market but they are limited to just few minor areas, so Broken Hill Proprietary (BHP) Coal, Rio Tinto/Conzinc Rio Tinto (CRA) and Atlantic Richfield (Arco) have many advantages over their competitors and the proposed change will attract <https://assignbuster.com/the-background-of-organisational-change-management/>

much more customers towards these services and increase the market share and revenue.

Threat of Substitution: The threat of substitute is minimum.

Threat of New Entry: There always remains threat of new entry when your company is operating in market, but for Broken Hill Proprietary (BHP) Coal, Rio Tinto/Conzinc Rio Tinto (CRA) and Atlantic Richfield (Arco) in introducing the new change, this factor will not be too valuable as for other organizations, because they have the vastest networks of their business and provide good and flexible services.

EFQM Model's Analysis

EFQM model known as European Foundation for Quality Management is a framework for organizational management. This model helps organizations in developing their strategy towards the achievement of their goals. The EFQM Excellence Model is a practical tool to help organizations do this by measuring where they are on the path to excellence; helping them understand the gaps; and then stimulating solutions.

The key strength areas in Broken Hill Proprietary (BHP) Coal, Rio Tinto/Conzinc Rio Tinto (CRA) and Atlantic Richfield (Arco) which need to invest more attention in order to make improvement are to make initiatives to take on board all the stakeholders, providing extended services through the wireless local loop is having very potentials in the current era. So this area needs to invest which will generate much more revenue and quick payback of the money which will be invested.

Current or Future Change initiatives (as leader)

When involve in change process a leader of the change team I will feel the responsibility of the overall management of the change process form the initial stage to the full implementation of the process and their after effects. As a leader I will ensure that all of the change management team will have clear idea of the change for which we are going on, what will be the benefits of that after the accomplishment of process. I will make sure to take all the stakeholders of organization on board, and continuously update the higher management and board of directors about the current status of the change.

My focus will be on the change equation in which to minimize the resistance to change for reducing the dissatisfaction among my team members, providing my co members clear vision and understanding of the impacts of change on the overall activities and operations at my department especially. And then involve the whole team to initiate first steps and work as team and promote the team spirit among my team members.

Using Transition Curve

To best ensure that I will remain in contact with the feelings of people in my core team about that I will keep in touch with all my team members during the daily activities of change process and will facilitate them in performing their tasks. It is also important to understand keep in touch with team members, if they facing some problems other than the duties of their job, provide them consultancy on how to come with solutions to their problems. I will have a good appraisal system to appreciate the work of my team members. If the team members face some problems in performing their

duties or having lack of technical knowledge then I will suggest the <https://assignbuster.com/the-background-of-organisational-change-management/>

management to organize some training and development activities like workshop to update the technical team members with latest tools and knowledge.

Conclusion

Organisational change can be defined as the change in the organisation operations, structure and business which has significant impact on the way the work is performed in that organisation. Organisation change makes the gap apparent between how the work is done currently and where the management wants or see that to be. Simply organisational change may be a result of the work area identifying goals that they want to be achieving.

Organizational change is about significant change in organization like reorganization or launching new product or services, it may be not a smaller change like adopting new software procedures or systems.

There are different types of change models available for organizations but the use of these models depends upon the type of organization, the market in which they are in operation, they way their competitors perform, and core competencies.

The five forces model is also known as Porter's Five Forces Model is a simple but powerful tool for understanding where power lies in a business situation. This is useful, because it helps you understand both the strength of your current competitive position, and the strength of a position you're looking to move into.