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Changing Nature of Organizations

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Abstract:

A change is a shift in some condition or situation from its present state to a new and different state. A change can range from minor shifts in procedures or technology to a revolutionary shift in roles within a society. The word “change” is often used to refer both to a shift that occurs in the organization’s external environment, as well as the changes that occur inside of the organization in response to shifts in its external environment. In this paper, the term, environmental change, will refer to external shifts and the word organizational change will refer to the internal shifts made by an organization as it responds to external shifts. Organizations evolve and come to be seen as dynamic, coping systems, the concept of how they change and methods by which they manage change have continued to be refined. Managing a process of change in an organization can be a highly complex task and is often essential for effective organizational development (OD). Imagine you went to sleep and woke up to a work day in 1960. How different is your work life today, compared to what it was 40 years ago? Clearly, there would not be a Starbucks on every corner or a cell phone in every pocket but what else has changed and why? In today’s world, the structure, content, and process of work have changed. Work is now more cognitively complex, more team-based and collaborative, more dependent on social skills, more dependent on technological competence, more time pressured, more mobile and less dependent on geography. In today’s world, you will also be working for an organization that is likely to be very different due to competitive pressures and technological breakthroughs. Organizations today are leaner and more agile, more focused on identifying value from the customer perspective, more tuned to dynamic competitive requirements and strategy, less hierarchical in structure and decision authority, less likely to provide lifelong careers and job security, continually reorganizing to maintain or gain competitive advantage. In this paper I would like to discuss various key drivers, dynamics, technological and critical aspects of change in organizations.

Key words: Organizational Change, Key Drivers, Technological Change, Critical Aspects and Process of Change

1. Introduction

In today’s world, the structure, content, and process of work have changed. Work is now more cognitively complex, more team-based and collaborative, more dependent on social skills, more dependent on technological competence, more time pressured, more mobile and less dependent on geography. A change can range from minor shifts in procedures or technology to a revolutionary shift in roles within a society. The word “change” is often used to refer both to a shift that occurs in the organization’s external environment, as well as the changes that occur inside of the organization in response to shifts in its external environment. Change is generally a response to some significant threat or opportunity arising outside of the organization. In this sense it is important that an organization continually monitors what is happening around it. It develops a sense of awareness which stems from realizing the need to set in motion changes that will keep it in. It is evident that for the organization to survive, let alone thrive, change needs to be considered by management at all levels. It is necessary to consider what the causes of change are and what actually needs changing. The main causes of change that give rise to change programmes being initiated can be classified as follows as;

External causes of change can be as a result of changes in the level of technology used, market place changes, customer expectations, competitor activities, quality and standards, government legislation or political values, as well as changes in the economy. Depending on their current situation and aspirations, different companies will react to these external stimuli in different ways.

Internal context of change relates to management philosophy, structure, culture and the system of power control.

2. Definition

Changes within an organization take place both in response to business and economic events and to processes of managerial perception, choice and actions. Managers in this sense see events taking place that, to them, signal the need for change.

Pettigrew (Daft, 1983)

3. Review of Literature

Organizational change has also been referred to as organizational development and organizational transformation (Cummings and Worley, 2005; Newhouse and Chapman, 1996). The causes of organization change can be explained by one 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 (Van de Ven and Poole, 1995). Organization theory and management: cases, measurements, and industrial applications, mention that in most common known targets of organizational change includes vision, strategy, culture, structure, system, production technology, and leadership style. Greenwood and Hinings (1996) note that “convergent change is fine tuning the existing orientation”. Because of the pace of change today, it is radical, not convergent change in which we are interested. Therefore, it is necessary to define change and organizational transformation in terms of the degree to which organizational change occurs as well as how rapidly the change occurs. Regardless of its speed, organizational change is the movement of an organization from the existing plateau toward a desired future state in order to increase organizational efficiency and effectiveness (Cummings and Worley, 2005; George and Jones, 2002).

4. The Process of Change

Kurt Lewins (1958) described the change process of an organizational system such as a series of transitions between three different states: unfreezing-transition-refreezing. Still considered one of the most accurate descriptions of how change occurs (Kelley and Conner, 1979; Kezar, 2001; Schein, 2002), the model describes change as a series of transitions between different states. No change will occur unless the system is unfrozen, and no change will last unless the system is refrozen. Most theories of change tend to focus only on the middle state and therefore cannot explain the inability of change initiatives to produce change in the first place, or to maintain the changes that have been achieved.

Please refer figure.1 in Appendix.

4.1. Unfreezing State

The initial state of the system reflects a condition of relative stability. When a disruptive force affects the status quo, people are motivated to discontinue some aspect of their behavior. Their established frames of reference, accepted patterns of behavior and old methods of operation are invalidated. Unfreezing invalidates established frames of reference and accepted patterns of behavior. Old methods and behaviors become inoperative. This in turn generates tension, ambiguity, and confusion as to what is appropriate. People feel a high need for a new operating framework. The confusion that results from their inability to understand and control the environment produces stressful situations and a need to reduce the anxiety. People have a desire to seek out, process and utilize information to create a new state of stability. They are eager to do whatever is necessary to regain some sense of control. These unpleasant aspects of the unfreezing state make it possible for new learning to occur.

The present state reflects the current condition of relative stability or the status quo. Unless this state is modified by a disruptive force, it will continue indefinitely. When the status quo is disrupted, it “unfreezes” the present state. This unfreezing from the present state to a state of transition occurs when people are motivated to discontinue some aspects of their behavior.

Unfreezing, the most difficult and important stage in the change process, creates the motivation to change. This is accomplished by changing the forces acting on the system such that the present state is somehow disconfirmed, some anxiety or guilt is aroused because some goals will not be met or standard or ideals will not be maintained and enough “psychological safety” is provided to make it unnecessary for individuals or groups to psychologically defend themselves because the disconfirming information is too threatening or the anxiety or guilt is too high.

4.2. Transition or Change State

The transition state represents a phase of the change process when people are no longer acting as they used to, but neither are they set in a new behavior pattern. It is a “fluid” state in that the motivation to change has disrupted the present equilibrium, but the desired state has not yet been formed. The motivation to change has disrupted the system's present equilibrium, but the desired state has not yet been formed. Confusion results from the inability of people to understand and control the environment producing stressful situations. Tension is generated because people have a need for a new operating framework of behavior. The need to reduce anxiety promotes a powerful desire for seeking out, processing and utilizing information to create a new state of stability or revert to the old state. When people without a sense of equilibrium are uncomfortable, they are eager to do whatever is necessary to regain it. These unpleasant aspects of the transition state make it possible for new learning to occur if planned.

The transition state embodies danger and opportunity for the person or organization involved. One of the consistent findings about the change process is that there is initially a decrease in an organization's performance during the transition as the change is implemented into the ongoing activities of the organization (Fullan, 2001). This “implementation dip” represents not only a drop in performance,

but also the uncertainty of individuals within the organization as they encounter unfamiliar situations that require new skills and knowledge. Successfully working through the implementation dip, therefore, requires administrators and other change leaders to not panic when things do not go smoothly during this phase of the change process. Effective leaders recognize that change is a process, not an event, and show empathy towards individuals who display anxiety, confusion and uncertainty during the transition portion of the change process.

4.3. Refreezing State

At some point, the uncertainty of the transition state, in conjunction with the need for stability, begins a process of stabilizing and integrating the change. This process of learning new behavior patterns is called refreezing. Once the person or group has achieved a new set of cognitions and attitudes, and has begun to express these in new daily behavior, there remains the state of refreezing. For the new behaviors to last, they must first fit into the personality of the individual and the culture of the organization that is being changed. Otherwise, the behavior will be only a temporary adaptation to the pressure of the change situation and will erode once the change agent has ceased to disconfirm the old behavior. Refreezing at this level can be thought of as “personal integration.” Even if such personal integration has taken place, new behaviors may not remain stable unless they also fit into the ongoing relationships and the work context of the person or group that has changed. If the unfreezing and transition states are well planned and managed, the result of the refreezing process is the desired state. If the first states are, however, not handled appropriately, the people and the organization will refreeze, but not necessarily in the desired state.

5. Key Driven For Nature of Change in Organization

There is a new pattern of change emerging driven by information and communications rather than leadership and vision. This is a new cycle. It is interesting because it is qualitatively different from what we all know about change management. The traditional pattern for change rests on:

- Problem: Something is wrong, the problem is defined, given shape and the need for change is communicated.
- Solution: The actions you take to address the problem either wrapped in the term initiative or program. The assumption is that there is a solution to each problem. The assumption is that the solution, properly applied, will solve the problem, if it did not then why go to the effort of implementing the solution.
- Adoption: The acceptance of the solution by the workforce. This is the change part of the change process as people are assumed to discontinue old ways of working in favor of new approaches. A well-executed adoption process will ensure the solution is applied properly in order to solve the problem and raise performance.

The logic of Problem/Solution/Adoption to change gives the whole process a mechanistic or programmatic approach, show in the figure below. Follow the steps properly and you will get the intended results. It's interesting that when people encounter difficulties in the change process and they ask for help, the answer is that you must not have done the steps right.

Please Refer Figure 2 in Appendix.

6. The Seven-Stage Model of Change

Whilst Lewin's model provides a simple and understandable representation of the organizational change process, more recent models have developed his model and extended the idea into more depth. In 1980, Edgar Huse proposed a seven-stage OD model based upon the original three-stage model of Lewin.

- Scouting - Where representatives from the organization meet with the OD consultant to identify and discuss the need for change. The change agent and client jointly explore issues to elicit the problems in need of attention.
- Entry - This stage involves the development of, and mutual agreement upon, both business and psychological contracts. Expectations of the change process are also established.
- Diagnosis - Here, the consultant diagnoses the underlying organizational problems based upon their previous knowledge and training. This stage involves the identification of specific improvement goals and a planned intervention strategy.
- Planning - A detailed series of intervention techniques and actions are brought together into a timetable or project plan for the change process. This step also involves the identification of areas of resistance from employees and steps possible to counteract it.
- Action - The intervention is carried out according to the agreed plans. Previously established action steps are implemented.
- Stabilization & Evaluation - The stage of 'refreezing' the system. Newly implemented codes of action, practices and systems are absorbed into everyday routines. Evaluation is conducted to determine the success of the change process and any need for further action is established.
- Termination - The OD consultant or change agent leaves the organization and moves on to another client or begins an entirely different project within the same organization.

Practice: The 7-stage model is a useful heuristic to illustrate the complex nature of organizational change. However, such neat linear models are prone to oversimplify situations. The pace of organizational change in today's rapidly developing economic climate can result in the 'refreezing' stage never being reached or completed. This means that organizational systems often undergo a continuous series of change interventions and rarely revert to a stabilized state of equilibrium. In other words, change is often so rapid and recurrent that the system fails to restabilize itself before the next change initiative is conducted. Organizations prone to fashion and fads in managerial practice particularly suffer from this effect.

7. Technology

Without change, business leaders still would be dictating correspondence to secretaries, editing their words and sending them back to the drawing board, wasting time for all involved. Change that results from the adoption of new technology is common in most organizations and while it can be disruptive at first, ultimately the change tends to increase productivity and service. Technology also has affected how we communicate. No longer do business people dial a rotary phone, get a busy signal, and try again and again and again until they get through. No longer do business people have to laboriously contact people, in person, to find out about other people who might be useful resources - they can search for experts online through search engines as well as through social media sites. Today's burgeoning communication technology represents changes that allow organizations to learn more, more quickly, than ever before. Technology continues to rapidly evolve as a differentiator in the marketplace. The implementation of new technology consumes a significant portion of business investment with promises of greater efficiency, productivity and performance gains. Organizations intent on maintaining or increasing business results need to make judicious investments in technology and effectively manage the implementation. Technologies such as mobility, cloud computing, web conferencing and tele-presence have driven connectivity across the globe. Employees can work in different locations or on the road and still collaborate. Obtaining and sharing knowledge 24/7 is becoming easier and faster and this is accelerating as mobile and Internet devices are becoming more accessible in emerging markets and from more remote locations. Allowing people to work remotely increases the opportunity to utilize people capability without requiring people to move.

8. Critical Aspects of Impact

The impact of change on an organization is manifested in multiple ways. There are various aspects that are impacted in organizational change. These are as follows:

- Amount: The number of alterations required by the change.
- Scope: The range or span of the organization affected by the change.
- Time: The amount of time the participants have to implement the change.
- Transferability: The degree to which the change is easy to communicate and will be understood by participants.
- Predictability: How well the participants can accurately anticipate the effect of the change on them.
- Ability: The degree to which change targets feel they have or can attain the knowledge and skill necessary to implement the change.
- Values: The degree to which the change targets must change some of their strongly-held beliefs about the way they are operating.
- Emotions: The extent to which the change requires targets to feel differently about people of operating procedures.
- Knowledge: The degree to which the change requires participants to learn new information or view existing information differently than they have in the past.
- Behaviors: The extent to which the change requires targets to modify their daily routine of job-related activities.
- Logistics: The degree to which the change requires any significant alteration in the targets' job procedures, such as scheduling, time management, and equipment utilization.
- Economics: The degree to which the change requires targets to operate differently regarding budgets, expenses, or funding.
- Politics: The degree to which the targets must modify their current methods of influencing others, utilizing power, networking, teamwork, dealing with territoriality, or protecting vested interests.

9. Conclusion

Change is an important issue in organizations. It is actually a process in which an organization optimizes performance as it works toward its ideal 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. Changing the workplace itself is relatively easy. Changing the behaviors and mind-set needed to work effectively and realize the benefits of workplace changes is challenging. The timely and continuing adaptation of companies to the rapid changes in the market is a prerequisite to survival and growth. Simultaneously, the smooth adaptation of employees to changes contributes not only to the improved running of organizations but also to their personal improvement and enhanced satisfaction. The need for change requires the adaptability of organizations and enterprises, the redesigning of the organizational models, continuing reconstruction, learning processes and employees training. Overall Change nature in organization is very important to move with current marketing situation. It also helps to adapt the take new challenges and technology to survive in the global competition.

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11. Appendix

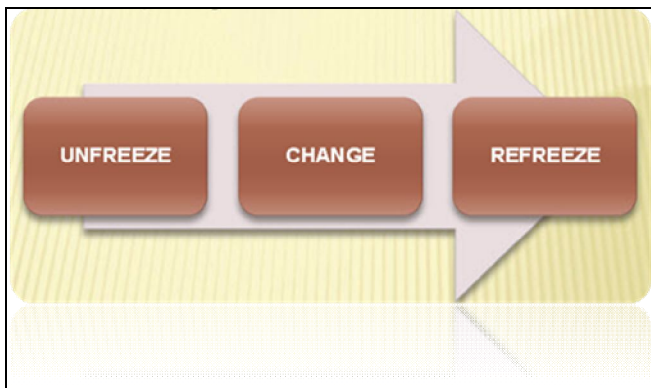


Figure 1: The Process Of Change; Kurt Lewin Change Model

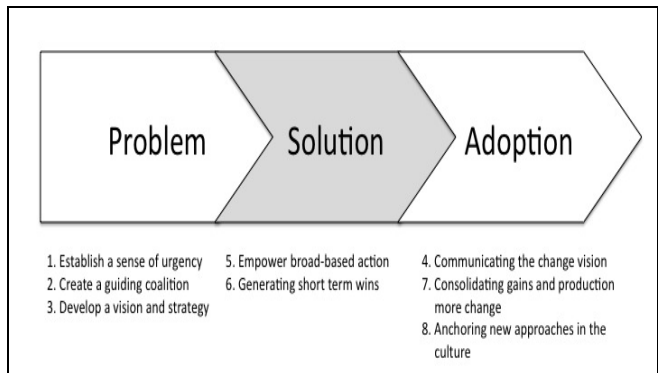


Figure 2: Key Driven For Nature Of Change In Organization