

Organizational Behaviour
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Lecture – 53
Organizational Change

Warm welcome to this lecture series on Organizational Behavior; I am Dr. M. P. Ganesh. This chapter is going to be on Organizational Change.



So, this is going to be the outline of the chapter. We start with the definition of organizational change. We will look at different types of change and how to manage change and what are the resistance organization may face during a change initiative. We look at these resistances from different perspective or at different levels. We will also look at the basic change process organizational change process.



Organizational change

- ◇ Any alteration of the status quo.
- ◇ The process by which organizations move from their present state to some desired future state to increase their effectiveness.



So, from an organizational point of view change means any alteration of the status quo, but more specifically this alteration is a conscious one. Like I said earlier in one of those chapters, organizations are like organisms; they evolve. Not all evolution is can be considered as organizational change. Even though change happens not all of them are consciously made.

Some of them or most of the organization change happens on its own, but our focus here is the change process which organization undergoes from one state to another state which in most cases or in most situations to a desired future state, which means there is some effort from the organization or people in the organization to move from one state which is not suitable for the current scenario to another state or another situation where they can increase their effectiveness.

So, like I said earlier organizational change process which is consciously made is what we are focusing on and the objective of this change process is to increase their effectiveness. When I say effectiveness their impact on the market, their impact on the employees or the customers or the on the competitors or any other stakeholder.



Types of change

- ◇ Evolutionary change Vs Revolutionary change
- ◇ Reengineering: redesigning business processes to increase organizational effectiveness (E.g. TQM).
- ◇ Restructuring: changes in the structure (e.g. downsizing).
- ◇ Innovation: developing new goods and services or to develop new production and operating systems, to improve response time.



Like I said earlier organizations undergo change throughout their life cycle, but many changes happen on their own only few of them are consciously made. So, there are different types of change. We can broadly classify change organizational change into two types; evolutionary change and revolutionary change.

Evolutionary change means change which happens on its own, change which happens slowly, but it does not mean that organization is not conscious about this slow change. Sometimes organizations also deliberately create evolutionary change in terms of recruiting certain kind of a people or you know bringing in new machinery, new technology not necessarily as a shock.

Revolutionary change is a change which happens in a very short period or change which happens in a massive scale or there is an abrupt change and in most cases these changes are planned by the organization or anticipated by the organization. For example, organizations have forecasting mechanisms to understand how future technology will change or how competitors will react or how the market will undergo certain changes.

So, accordingly the organization is also prepared to face these kind of sudden changes. So, whether it is evolutionary or revolutionary, it is possible to plan for it, it is possible for the organization to consciously intervene in it. But most of the times in evolutionist kind of change there is ample time and ample resources for the organization to prepare itself for the change which is happening outside and also the adaptation for it within the organization.

So, it gives enough resources enough preparation, but revolutionary change many a time, like I said earlier it happens suddenly. If the organization is very long term oriented they would

have predicted it, but if they are not there will be limited resources to handle such kind of a change which happens, but like I said earlier it is possible to plan for both the changes ok.

Some of the kinds of changes which can happen within organization are re-engineering. Re-engineering means changing the business processes like, redesigning or re modifying the existing practices or changing the existing processes and things like that for example, total quality management. So, there are organizations which move towards newer processes to improve quality.

Another kind of change process which may happen is change in terms of organizational structure which is called restructuring. The most popular example is downsizing, but not necessarily all restructuring should involve downsizing, sometimes it can also involve recruiting more people. For example, if the organization is growing it may not always involve downsizing. Downsizing means sending people home; you know reducing the size of the organization in terms of number of people.

So, sometimes restructuring may also involve increasing the size of the organization, recruiting people with a certain kind of a skill set or a niche kind of a skill set. Innovation can also be seen as a change initiative. So, in innovation in terms of developing new services, new goods, entry into newer markets, changing the operating system, new processes in terms of production; all these things can also be seen as change processes, which involves to some level innovation in those change processes.

So, change can be of any type it can be slow it can be fast it can be at different levels it can be at different you know aspects of the organization. So, in order to adopt organizations too organization should undergo change. So, it can be of different types.

The slide features a dark green background with the title 'Managing change' in white serif font at the top center. In the top right corner, there is a small circular logo with 'NPTEL' written below it. The main content is a bulleted list of forces for change, each preceded by a diamond symbol. In the bottom right corner, there is a small video inset showing a man in a blue and white checkered shirt speaking. In the bottom left corner, there is a small icon of an open book.

Managing change

- ◆ Force-field analysis: analyzing driving and restraining forces.
- ◆ Forces for change:
 - ◆ Competitive forces
 - ◆ Economic, political and global forces
 - ◆ Demographic and social forces
 - ◆ Ethical forces

So, how do organizations manage change because change is inevitable unless and until organizations do not change they will not be able to survive in the markets will not be able to survive in the competitive world. So, it is inevitable to change and you cannot avoid change and only thing you can do is as an organization manage change, which means have practices have people who are adaptive adaptable to change.

So, there is one way in which organizations try to forecast and create mechanisms for adapting to change which is called force field analysis. So, force field analysis means understanding the different forces within the organization and outside the organization which is pro change and with and which are also against change.

So, broadly we can understand these forces in terms of forces which support change or forces, which facilitate change and also forces which stop or restrain change or forces which you know react to change in a negative way resist change.

For example, some of the driving forces can be change in the market, change in the demographics of the customers, newer technologies which are coming in maybe the younger generation within your workforce who are very open to change. Restraining forces can be you know the same employees who are resisting new change or it can be your structure which is very rigid or it can be your customers who are not willing to look at the organization from a different perspective or a brand image.

Sometimes brand image can be a strong barrier for customers to change in terms of you know the kind of products they expect from the organization. For example, if you are an organization

which is known for child care products, but you are entering into a market which is into cosmetics or you know entering into a market which caters to technology related products.

Your customers may not accept this kind of change in brand image of the organization. So, that can also be a resistant force. So, some of the forces for change forces both for and against change can be competitive forces. Competitive forces mean competitors technological changes you know your employees who resist change things like that. It can also be economic, political and global forces things which change in the external environment there is a political change.

For example, a new policy change which puts lot of restraints on the organization in terms of their emission CO₂ emission. So, it can be political, it can be global something which happens in the global level. For example, recently the COVID 19 scenario you know which has created a very significant change in terms of how people work how supply chain can operate with all the constraints of social distance and you know transportation restrictions. It can also be demographic and social forces.

Demographic means for example, recently there is a lot of these Millennials who are entering into workforce. There are lot of these GEN X and GEN Z people who are there in the workforce. So, how to manage these kind of people with different generational backgrounds? So, same organization will have people who are working there for 30 years they will also have employees who have recently graduated and entered into the workforce someone who is like 20 years.

So, how will you manage these kind of diverse workforces, which has happened very recently. Social forces, for example, social changes: changes in terms of social media, changes in terms of social values in the society. So, all those things can also be something which force people to change.

It can also be ethical forces. For example, there is a lot of these you know awareness about climate change. There are a lot of this awareness about ethically conscious products, awareness about work life balance. So, all those things can also force organizations to change.

So, forces can be of different types, your competitors, your internal employees, the economic and political changes happening outside, demographic factors in the society the social forces and also value changes in the society around the organization.

The slide features a dark green background. At the top center, the title "Resistance to change" is written in a light-colored serif font. In the top right corner, there is a small circular logo with the text "NPTEL" below it. On the left side, there is a bulleted list with four items, each preceded by a diamond symbol: "Organizational level", "Functional level", "Group level", and "Individual level". In the bottom left corner, there is a small icon of an open book. In the bottom right corner, there is a rectangular video inset showing a man with dark hair, wearing a blue and white plaid shirt, looking directly at the camera.

So, when we talk about change there always be resistance to change because it is difficult for any organism to change and the primary reason being any change requires moving out of the comfort zone. So, when I say comfort zone, comfort zone not necessarily means everything is right, but the organization is used to that particular scenario. There is lot of force on organizations and also individuals to change. On the other hand, you are used to certain kind of practices you are used to a certain kind of you know approaching a problem.

So, when there is a force on you to change or on the organization to change obviously, there will be a resistance. Even though the change or the place where we are going to go after this change is going to be favorable there will be some level of resistance to change. Another important reason for resistance to change is uncertainty because status quo is also being always comfortable, but future or change is always uncertain.

So, the current scenario you know what is there even though if you do not like it, you know what can be predicted, but future you cannot predict or change it cannot be predicted, what will happen during change. So, that can create lot of sense of uncertainty. If you remember the earlier chapter on culture, we spoke about resist uncertainty avoidance.

So, especially when organizations have the culture of uncertainty avoidance there will be more resistance to change. If there are high levels of uncertainty avoidance there will be more resistance to change. So, change or resistance to change can come from different levels. It can be organizational level at a very broad level, it can be functional level. Function means at a department level. It can also be group level.

The groups can be horizontal groups like departments or sub sections within the organization or it can be hierarchical. So, we believe that mostly resistance to change come from bottom; not necessarily resistance to change can come from top level also because many a times top level has been used to a certain level of practices you know because change also involves losing their power sometimes.

So, it depends. So, resistance change can come from bottom or it can come from top also or sometimes it can come from the middle level also; middle level managers because they are the ones who connect top and the bottom. So, changing means they have to manage both top level and the bottom level. So, resistance can come from any level. Resistance can come from individuals also.

Individual employees in terms of their demographic factors, their personality, their value system all these factors can also resist change can also lead to resistance to change at individual level. So, what we are going to do now is we will be going to look at each of these factors each of these levels and understand what are the factors at these levels which can create resistance to change.

The image shows a presentation slide with a dark green background. The title 'Organization-level resistance' is centered at the top in a light-colored font. Below the title, there is a bulleted list of three items: 'Organizational structure', 'Organizational culture', and 'Organizational strategy'. In the top right corner, there is a small circular logo with the text 'NPTEL' below it. In the bottom right corner, there is a small video inset showing a man with dark hair and a beard, wearing a blue and white checkered shirt, looking towards the camera. There is also a small icon of an open book in the bottom left corner of the slide.

First we look at organizational level resistance. Organizational level resistance means at a very macro level at a structural level, what kind of resistance can happen. So, the first and foremost resistance under such organizational level is organization structure.

Structure means, the size of the organization how power is distributed how strict are the rules and norms in the organization how clearly everything is prescribed. So, for example in fact, we

look at organizational structure in the next chapter one element of organizational structure is formalization.

Formalization means, everything is like clearly written down. So, if everything is like clearly written down everything is like set right from the beginning it is very difficult to change all the rules and regulations. It will take a lot of effort to change all these rules and regulations. So, when formalization is very high in organizations it becomes difficult to change all those rules and that may create lot of resistance because it takes lot of effort to change those things.

So, only when you change those things you can change to external changes and also the level of power which is centralized in the organization. Centralization is also an element of organizational structure. When power is highly centralized and if the top level management is not ready to change it becomes difficult for others to change. So, there will not be any initiative for change there will be high levels of resistance. The second element is organizational culture.

So, if you remember in the previous chapter we spoke about how subcultures can create you know certain kind of challenge to the larger organizational culture. Similarly, you know sub cultures can facilitate change in the organization. If there are many subcultures it is easy for the organization to change.

On the other hand, if the dominant culture is very strong the organization culture is very strong and the dominant culture is like very predominant in the organization then it becomes difficult for the organization to change because there will be lot of resistance to change because people will be used to the older ways of handling problems and older ways of looking at the environment.

The third element which belongs to the organizational level resistance is organizational strategy which means, the organization already has a certain set of plans and practices in terms of handling competitors and the market. So, now, if you have to change; you have to change everything in terms of how you handle your customer, how you handle your promotion practices, how do you handle your marketing strategy, how are you going to handle your competitors.

So, changing all those things which we have already planned for 5 years or 3 years is going to be difficult. So, there will obviously, be a resistance when there is a need to change because all

these investments you have done in strategizing will go waste. If you remember we have spoken about escalation of commitment in decision making. So, strategy is nothing, but planning.

You have already planned you have already allocated resources, but now there is sudden need to change. So, you will not change because you have already committed yourself to the strategy.



So, these are some of the organizational level resistance which can stop the organization from changing. At a functional level, functional means, department level there can be resistance in terms of functional orientation. For example, the finance department in an organization they are used to certain kind of rules and regulations.

So, changing those rules and regulations because the marketing department has come up with a new policy in terms of you know certain practices which is not possible or there will be a lot of resistance they will think why should we change or the HR department will say we need to change because the newer employees are used to a certain kind of work practices.

They demand certain work practices, but the production department will say no, you know our we cannot bring in new processes because these processes are already set. So, differences in functional orientation can create resistance because one department will want change, but in other departments will resist change. Similarly, power and conflict you know there usually be conflicts between certain departments and they will seek more power.

For example, the HR department because of the newer change they will gain more power, but the production or marketing department they will think no if you if the change will create a

situation where HR department will get more power we should not allow that to happen or other way around. You know HR department may lose its power if everything is like automated HR functions are automated. So, HR department will say no we do not want automated practices because you know it will lead to impersonalization.

Group-level resistance

- ◆ Group norms
- ◆ Group cohesiveness
- ◆ Group think and escalation of commitment

So, there will be resistance because departments will feel they will lose power if change happens. They can also be group level resistance like I said horizontal groups or vertical groups. One major reason, why group level assistance may happen because, group norms unwritten rules and regulations.

So, when groups already have unwritten rules and regulations changing those regulations unwritten rules and regulations are difficult because of the new change. For example: recruiting someone with a certain background. You do not want someone from a certain background because you feel you know these people may not fit into your already existing norms. So, that may create conflict.

Group cohesiveness; especially when the group is highly cohesive they may not let new people to enter into their group because they will feel these new people will change the group cohesiveness. These people are outsiders. So, group when groups under highly cohesive it can lead to resistance to change. Like we saw earlier group think, you know when groups are highly cohesive it can lead to group think and escalation of commitment.

They will feel we are already committed to this direction we do not have to change and the new practices will challenge our existing norms and practices. So, we do not have to change. So, these are some of the resistance which can come from group level.



The image shows a presentation slide with a dark green background. The title 'Individual level resistance' is centered at the top in a light-colored serif font. Below the title is a bulleted list of four items, each preceded by a diamond symbol: 'Cognitive biases', 'Uncertainty and insecurity', 'Selective perception', and 'Habit'. In the top right corner, there is a circular logo with the text 'NPTEL' below it. In the bottom right corner, there is a small rectangular video inset showing a man with dark hair wearing a blue and white checkered shirt. In the bottom left corner, there is a small icon of an open book.

Under individual level resistance can come from cognitive biases. Like we said prejudice or you know stereotyped assumptions. For example, in organizations which are predominantly male employees are there bringing in newer female employees at a leadership level is highly impossible. Because these men folk who already are you know very cohesive and they have certain way of resolving problems they may resist women into the workforce knowingly or unknowingly or minorities in the group.

All those things are very difficult to make changes because the existing group will have its own cognitive biases. Or even the individuals, you know the individuals who are there for many years they will think this is how you know things are done in this organization. I do not want to change, especially if they are from leadership level. If they have cognitive biases they resist change to a very large extent.

Uncertainty and insecurity; especially when the change involves technological changes or change involves you know change in terms of processes learning new things people may resist change because learning new things means you have to put effort and also you have to unlearn the older skill set.

So, which is like waste of learning whatever you have learned earlier. So, for example, you are bringing in a new technology like AI or machine learning. So, these people may feel insecure they will feel maybe I will lose my job.

So, resistance to change because of uncertainty is primarily due to the fact that people fear losing their job or losing their position. So, fear in terms of losing information or their expertise or their importance in the organization or even their jobs, all these things can create uncertainty and insecurity which can lead to resistance to change.

And also selective perception; when the change process is introduced what do you see in the change process? Do you see a potential or do you see a threat? So, if you remember in decision making biases we saw people do not want to take decisions because they fear that it will lead to risk, lower risk taking. So, all those things can bias the way they see the change process.

On the other hand, if the change process is given to the employees as if it is an opportunity for them to go to a better place and you know they will not lose much they will adapt to change quickly. Things like habit, you know people are used to doing certain things in a certain way for example, you know online teaching.

So, when online teaching is introduced there will be lot of resistance from teachers primarily because teachers will feel they are losing their personal touch with the students or they are used to looking at students face to face. So, they are not comfortable with handling a lecture in front of a camera. So, all these things like habit can also lead to individual level resistance.

The change process

- ◇ Unfreezing
- ◇ Moving
- ◇ Refreezing

NPTEL

Small video inset showing a man speaking.

So, primarily the change process involves three steps. The first step is unfreezing, which is like shaking whatever is there at the given point in time shaking the status quo. So, shaking the status quo involves both negative reinforcement and positive reinforcement. You have to use both negative reinforcement and positive reinforcement. So, you need to make people feel that it is important to change, make them feel that you know there is a reward for changing and also you need to give negative reinforcement.

You want to say if you do not change you are the one who is going to lose. If you are resisting to change, there will be a consequence. So, unfreezing involves using both negative and positive reinforcement. It involves giving them a shock giving them you know it can be a disruption creative disruption. So, it involves lot of effort pushing people to move from their status quo or from the complacent state.

The second stage is moving. So, when people understand that they have to move they have to change you need a leadership. You need someone to guide them, you need to you need someone to keep motivating them to move to the new direction and also there should be enough support from the organization in terms of skill set, training programs, in terms of new tools, in terms of training them to adapt to new technologies.

So, that they feel comfortable and uncertain about the reduced uncertainty about the change. Otherwise they will if there is no support there is very less motivation for people to change, there will be low instrumentality and balance to change. If you know the motivation chapter, if the people do not find enough support and motivation and also rewards they will not change.

So, you need some level of pushing and pulling during this second stage, the last stage is refreezing. So, you cannot keep changing. At some point you need to freeze, some point you need to get used to the current newer practices and that becomes the status quo. So, the change becomes the status quo. If the change does not become status quo it is also a problem because if you keep changing it takes lot of effort to change. So, you cannot focus on productivity.

So, refreezing, understanding where to stop understanding how to make people adapt to the new environment and stop there and you know consider that some status quo is also important. So, the role of the leader, the role of the organizational support systems, the role of the you know HR is very important ok. So in fact, this is the end of this chapter, this is a very small chapter.

I will stop here in the next chapter we will talk about organizational structure. So, to have an understanding of the macro level factors which contribute to individual behavior.

I will stop here, till then take care we will meet in the next lecture.