



NPTEL ONLINE CERTIFICATION COURSES

Course Name: Managing change in organizations

Faculty Name: KBL Srivastava

Department: Humanities and Social Sciences

Indian Institute of Technology Kharagpur

Topic: Nature of Change Management (1)

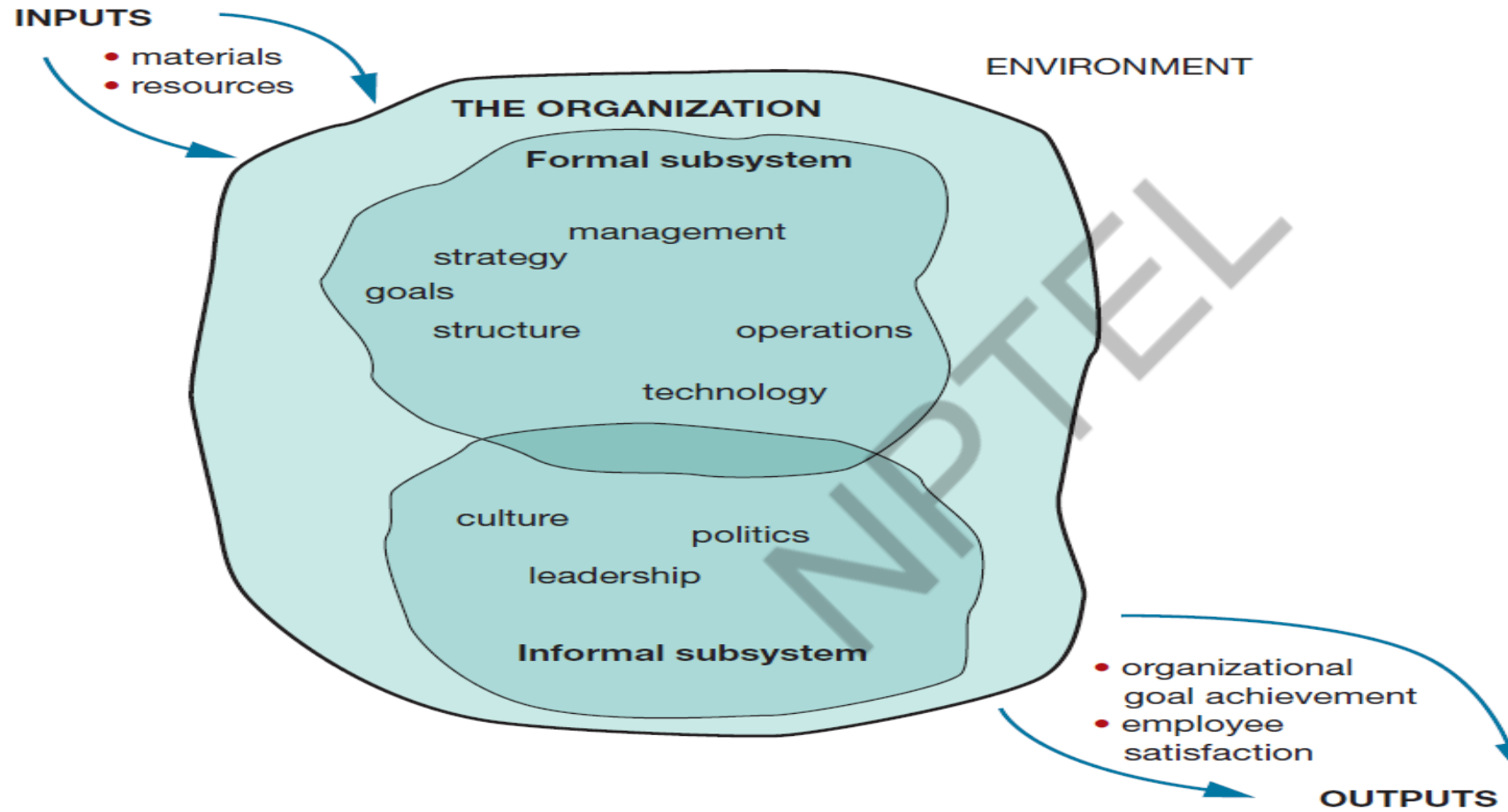
CONCEPTS COVERED

Concepts Covered: Introduction to change management

- ☐ Nature of organizational change
- ☐ Change managers and their image
- ☐ Perspective of organizational change
- ☐ Incremental and transformational change



Organizations and their subsystems



The nature of change

Meaning of change

To transform or convert

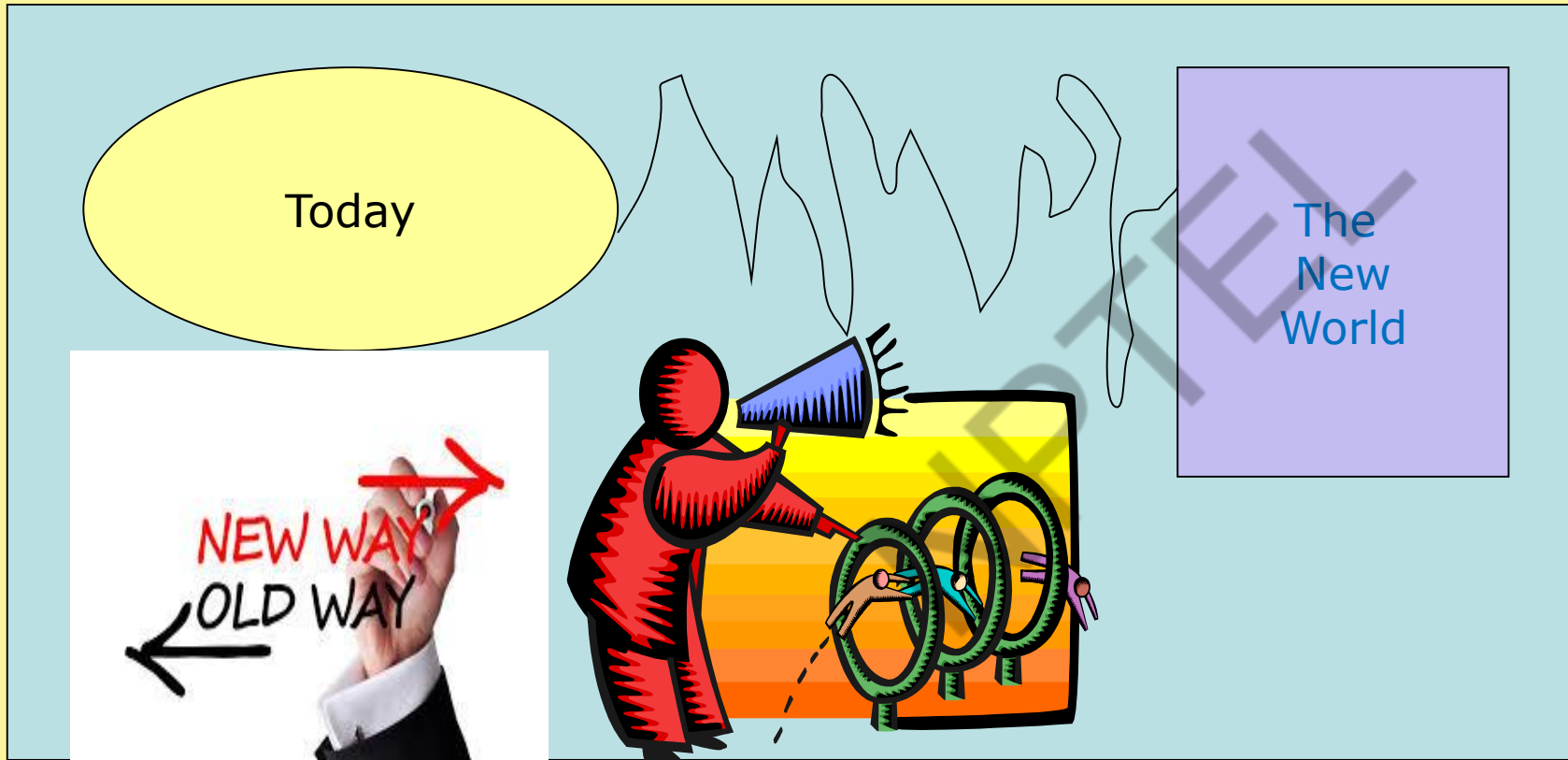
Change is the law of nature

Nothing is permanent except change

Make or become different



What we feel like



We Always Seek Change

It is not the strongest who have survived, nor the most intelligent, It was those who were most responsive to Change

- Development of new product
- Entry of new competition
- Change in consumer taste and preference
- Shifting in socio- political, environment and cultural framework
- Advancement in technology
- New emergent Market

WE ALWAYS SEEK CHANGE



Organizational change

Defining organizational change

Organizational change: The process by which organizations move from their **present state** to some **desired future state** to increase their **effectiveness**

to find improved ways of using resources and capabilities

to increase an organization's ability to create value



Organizational Change

Organizational change can be represented as three states of change

**Current
state**

How things
are done today

**Transition
state**

How to move
from current
to future

**Future
state**

How things will
be done
tomorrow

Managing Change



Source: readytomanage.com/wp-content/uploads/2012/07/change-management-cartoon.jpg

Management of Change

Defining Management of Change

A conscious and concerted initiative by those who are in-charge of the destiny of the business undertaking or firm

- to keep a constant and intelligent watch over the behaviour of uncontrollable forces
- to assess their impact and influence of the controllable forces,
- to evolve appropriate strategies and action programmes to maintain a dynamic equilibrium between the controllable and uncontrollable forces



Why change is important?

Phenomenal growth of the worldwide web and associated technologies

Climate change impact on social and organizational processes

Growth and establishment of new economic and global forces (China and India)

War on terror and its aftermath

Corporate social responsibility



Impact of change

Change impact on our life ,work and organization

- technology used
- customer expectations or tastes
- Competition
- government legislation
- alterations in the economy, at home or abroad
- communications media
- societies' value systems
- Supply and distribution chain

The case of dotcom

Rise and fall of the dotcom

Even in short periods, organizations have to cope with very different types of challenges

rapid growth, mergers and acquisitions,
the emergence of new technologies and new competitors,
falling markets, depressed economies, de-mergers and consolidations,
the collapse of some customers, suppliers and competitors.





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Topic: Nature of Change Management (2)

Understanding Change management : Reflections from the past

Age of Discontinuity	Future Shock
<p>1968</p> <ul style="list-style-type: none">• Peter Drucker• Described the way change forces disruptions in our routine life	<p>1970</p> <ul style="list-style-type: none">• Alvin Toffler• Accelerating speed of change and how it is affecting technology and culture

Understanding Change management : Reflections from the past

Strategic Windows	Beings of Habit
<p>1978</p> <ul style="list-style-type: none">• Derek Abell• Importance of Entry and Exit of a given strategy	<p>1983</p> <ul style="list-style-type: none">• Noel Tichy• We all have habit and we tend to repeat the same no matter what ever changes

Understanding Change management : Reflections from the past

Nothing fails like success	Occurrence Evaluation
<p>1990</p> <ul style="list-style-type: none">• R. Pascale• Business needs to continuously invent something new to be successful. Hence changes are inevitable	<p>1991</p> <ul style="list-style-type: none">• Peter Schwartz• Strategic Planning cannot be done in advance. We tend to change or act based on situations

Understanding Change management : Reflections from the past

Strategic Anticipations	Disruptive Technology
<p>1996</p> <ul style="list-style-type: none">• Slywotzky• We can predict the future by evaluating the current situations and can change our self based on that	<p>1997</p> <ul style="list-style-type: none">• Christensen• People tend to adopt change when they adopt disruptive technology and try to adopt a technology which makes their life simple

Understanding Change management : Reflections from the past

Strategic Decay	Complexity Theory
<p>2000</p> <ul style="list-style-type: none">• Gary Hamel• No matter how brilliant the idea is it is old after some time	<p>Present</p> <ul style="list-style-type: none">• Some Business Planners• Multiple agents interact together.

Managing Change: Examples success and failures

Change can be interpreted in different ways

Using the examples of change we can see how change means different things to different people

Using the stories of change we can see a wide range of issues that affect why and how change occurs

Examples of Change success and failures

NOKIA

Evolved into an industrial conglomerate producing rubber boots, cables, generators, military communications equipment in 1992

Changed strategy, focusing on telecommunications,

Turnover increased from €6.5 to €31 billion and the growth in sales and profitability continued until 2008

Completion from apple and Samsung

Adopted Windows Phone operating system



Examples of Change success and failures

Titan Vs HMT

Losing market share due to mechanical and quartz Watches

Watch becoming a fashion accessory for both men and women

Aesthetics played an important role in marketing

Diversified product range from Tata in association with quartz

Innovation is the key to success



Examples of Change success and failures

Hewlett Packard: Change issues

- Organizational politics and lobbying
- Merging of cultures as a form of change
- Communicating change to internal employees and company stakeholders
- Restructuring the organization as a common type of change

Examples of Change success and failures

Hewlett Packard: The key lessons learned

Different interests need to be recognized and addressed

Negotiation and persuasion are key communication skills

successful communication strategies touching people

Pressures to change come from both outside and inside organizations

Restructuring



Examples of Change success and failures

The case of IBM: Key change issues

- Change can come from top and down
- transformational changes being instigated by the CEO
- Innovative changes often emerge from below in organizations
- Change needs appropriately placed champions to gain support
- Change requires marshalling of appropriate resources
- Incremental and transformational changes



Examples of Change success and failures

Kodak: The key change issues

- Internal and external stakeholders interpret and react to change differently
- Communication strategies need to be directed at both groups of stakeholders
- History of past changes influence the reactions and the way managers deal
- Managers of change need to address the question for staff of “How will I be affected?”
- Downsizing strategy

Examples of Change success and failures

McDonald: The change issues

- The external environment can lead to organizational changes
- Organizations may consider that they have a social responsibility to the external community, and this can lead to pressures for change
- Not all planned changes come to fruition
- Movie: Supersize me

Examples of Change success and failures

McDonald: The key lessons learned

Changes occur in a competitive, international business environment

Organizations face external pressures to change such as providing socially responsible products and services

Some changes fail to deliver on their intended outcomes

Showed significant changes in line with environmental pressures

realigning their focus to the long term health and wellbeing





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Topic: Change managers and their image

Change managers and their role

Change managers initiate the change process in the organization to increase organizational effectiveness

Helps an organization transform by focusing on such matters as improvement and development.

Acts as a facilitator, consultant and counsellor

Act as catalyst and assume the responsibility to manage change

Internal (Within) and External change agents (Outside the organization)



Skills of Change managers

Understand the business environment

Vertical to horizontal functioning

Leadership at all levels

Maximizing the information flow

Shorter time frame Horizon

Balancing work and family life



Internal and External Change managers

Internal Change Managers	External change managers
Belong to the organization only and depending on the need where the change is required, they are selected from different levels and departments	Are generally the behavioral scientists who specialize in human behavior. They work as consultants for the company and devise its change strategy

Internal and External Change managers

Internal Change managers

Apply change practices suitable to the needs of the organization within the organizational norms.
View change as an on-going process .They use problem-solving skills to deal with problems
Their role is primarily of implementing the change process.

External change managers

Take total view of the organization as a system.
Not much affected by norms of the organization.
Use diagnostic skills to diagnose the problem and plan the overall strategy for change.
Act as process consultant, by deciding the process to introducing change.
Help the organization move towards self-renewal and growth



Advantage and Disadvantage of having internal Change managers

Advantage	Disadvantage
<p>Time saving</p> <p>Ready access to the organization</p> <p>Knowledge of organization, its culture and dynamics</p> <p>Access to information</p> <p>Less threatening than an outsiders</p>	<p>Lack of objectivity</p> <p>More cautions while dealing with integral power structure</p> <p>May lack certain skills and experience to facilitate organizational change</p>

Advantage and Disadvantage of having External Change Managers

Advantage	Disadvantage
<p>Expertise that is not available internally</p> <p>More objective perspective to the development process of the organization</p> <p>Ability to probe difficult issues</p> <p>Ability to challenge and raise questions about the status quo</p>	<p>Extra time required to get familiar with the organization</p> <p>Organization may be wary of outsiders</p> <p>Perception of outsider within the organization for investing time and effort</p>

Image of change managers

Each change manager

- Operates with an image or mental model of what s/he thinks is achievable.
- Has a different management style and image.

Images

- Illuminate certain aspects of change.
- Take us away from paying attention to certain aspects.

Objectives of understanding the image of change managers

Understand the importance of organizational images and mental models

Identify different images of managing and of change outcomes

Different images of managing change

Identify the theoretical underpinnings of these change management images

Understand the practical implications of the images and how to use them.



Images of managing change

- **Controlling**

(Source: Palmer, I., Dunford, R., & Akin, G. (2009) *Managing organizational change: A multiple perspectives approach*)

- Top-down view of management
- It is based on controlling the activities in the organization
- Fayol's theory of management: planning, organizing, commanding, coordinating and controlling.

- **Shaping**

- Participative style of management
- attempts to mold change outcomes through encouraging a variety of players within the organization to be involved in the various stages of change.
- Improving the capabilities of people within the organization



Image of change outcomes

(Source: Palmer, I., Dunford, R., & Akin, G. (2009) *Managing organizational change: A multiple perspectives approach*)

- **Intended Change:**
 - change as a result of planned action instigated and influenced by a change manager
 - **Partially Intended Change:**
 - a discrepancy between the change that is planned and that which occurred
 - Change may need to be re-modified after it is initially implemented
- **Unintended Change:**
 - Forces beyond the control of the change manager



Images of change managers by Palmer et.al, 2009

6 images of change managers

		Images of Managing	
		Controlling . . . (activities)	Shaping . . . (capabilities)
Images of Change Outcomes	Intended	DIRECTOR	COACH
	Partially Intended	NAVIGATOR	INTERPRETER
	Unintended	CARETAKER	NURTURER

(Source: Palmer, I., Dunford, R., & Akin, G. (2009) *Managing organizational change: A multiple perspectives approach*)

Images of change managers

Director	Coach
<ul style="list-style-type: none">▪Based on an image of management as control and of change outcomes as being achievable.▪Supported by the n-step models and contingency theory	<ul style="list-style-type: none">▪Relies upon building in the right set of values, skills and “drills” required to achieve desired organizational outcomes.▪Related to OD approaches

Source: *Palmer, I., Dunford, R., & Akin, G. (2009)Managing organizational change: A multiple perspectives approach*

Images of change managers

Navigator	Interpreter
<ul style="list-style-type: none">■ Control is still seen as at the heart of management action■ Variety of external factor mean that some intended change (within control) and some unintended change (no control) will occur■ supported by the contextual and process theories of change	<ul style="list-style-type: none">■ manager creates meaning for other organizational members■ helping them to make sense of various organizational events and actions■ Only some of these meanings are realized as change outcomes■ must be legitimized by the change manager

Source: *Palmer, I., Dunford, R., & Akin, G. (2009) Managing organizational change: A multiple perspectives approach*



Images of change managers

Caretaker

- The management action is still focused on control, but severely impeded by a variety of internal and external forces beyond the scope of the manager
- seen as directing their organizations along as best they can

Nurturer

- Even small changes may have a large impact on organizations
- managers are not able to control the outcome of these changes but may nurture their organizations.
- This facilitates organizational qualities that enable positive self-organizing to occur

Source: Palmer, I., Dunford, R., & Akin, G. (2009) *Managing organizational change: A multiple perspectives approach*



Uses of these images

1. Highlight a variety of assumptions change managers make about change
2. Increase the awareness of different interpretations of change.
3. Draw attention to the dominant images of change within an organization.
4. Highlight a range of perspectives available to change managers.

(Source: *Palmer, I., Dunford, R., & Akin, G. (2009)Managing organizational change: A multiple perspectives approach*)





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Topic: Type of Change: Incremental and Transformational

Incremental and Transformational Change

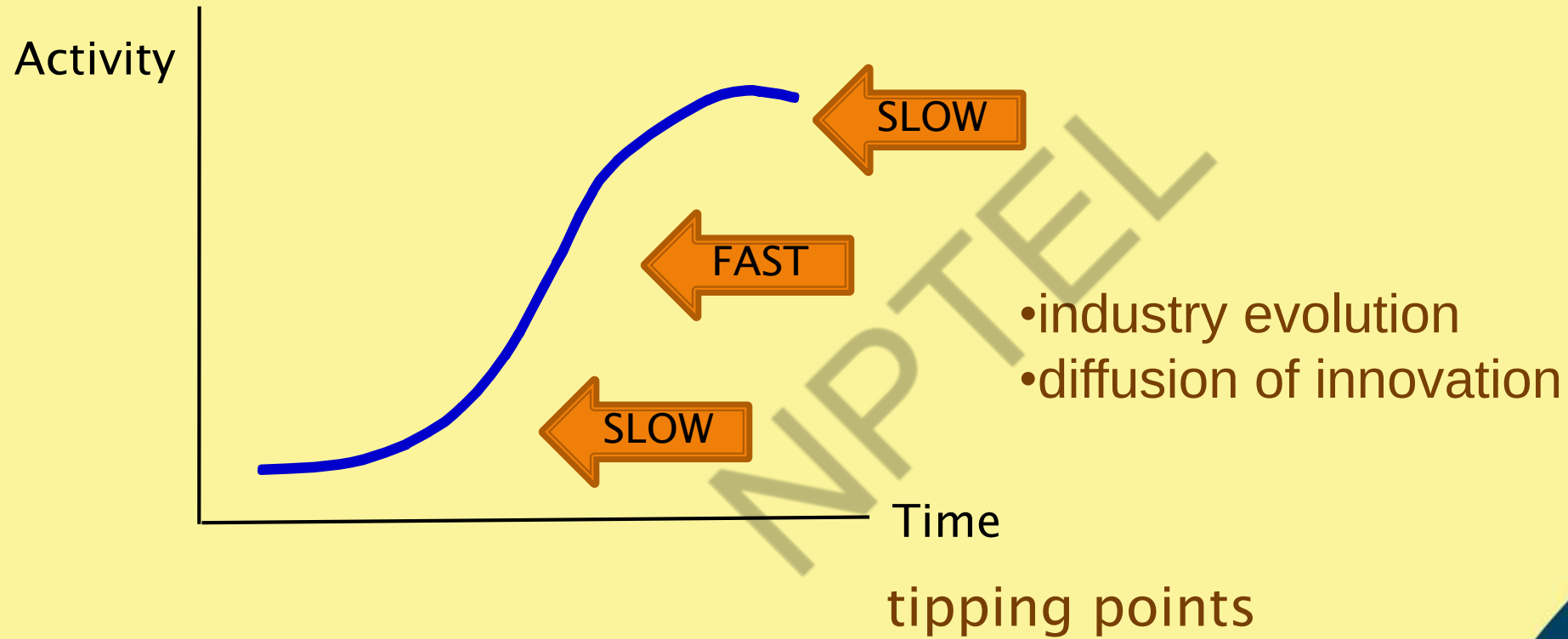
Incremental

Continuous progression
Maintain equilibrium
Affect organizational part
Through normal structure and management processes
New technology
Product improvement

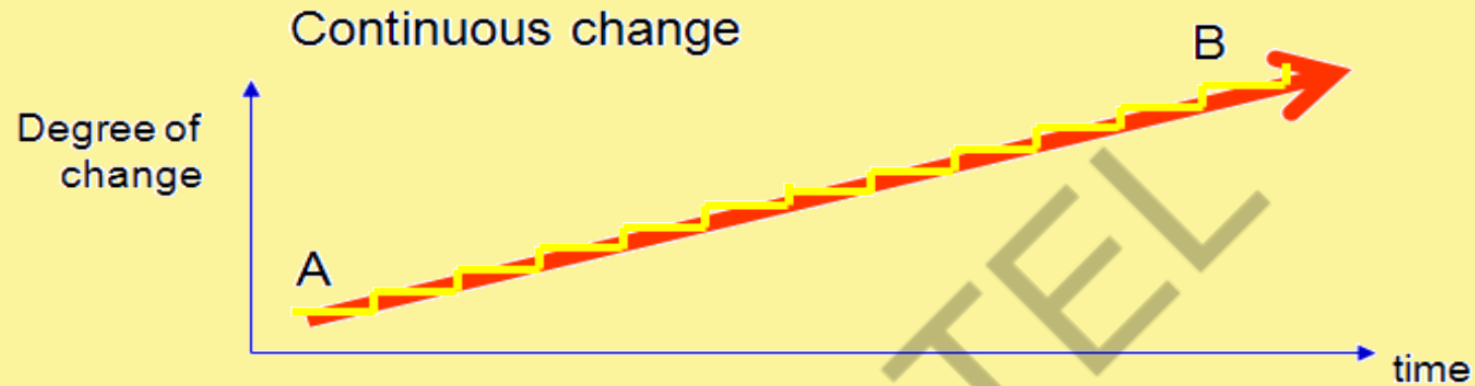
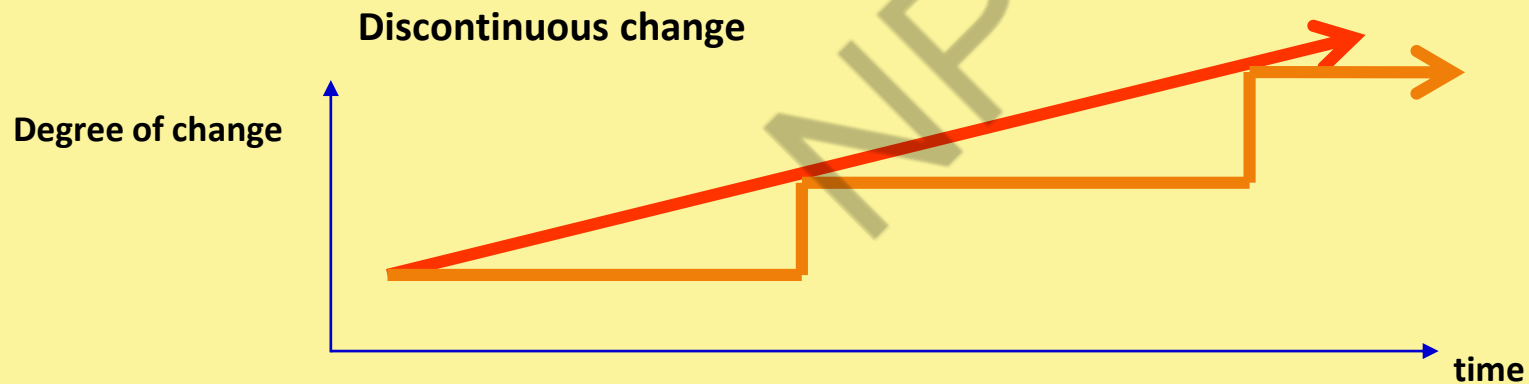
Transformational

Frame-breaking burst
Reach new equilibrium
Transform entire organization
Create new structure and management
Breakthrough technology
New products create new markets

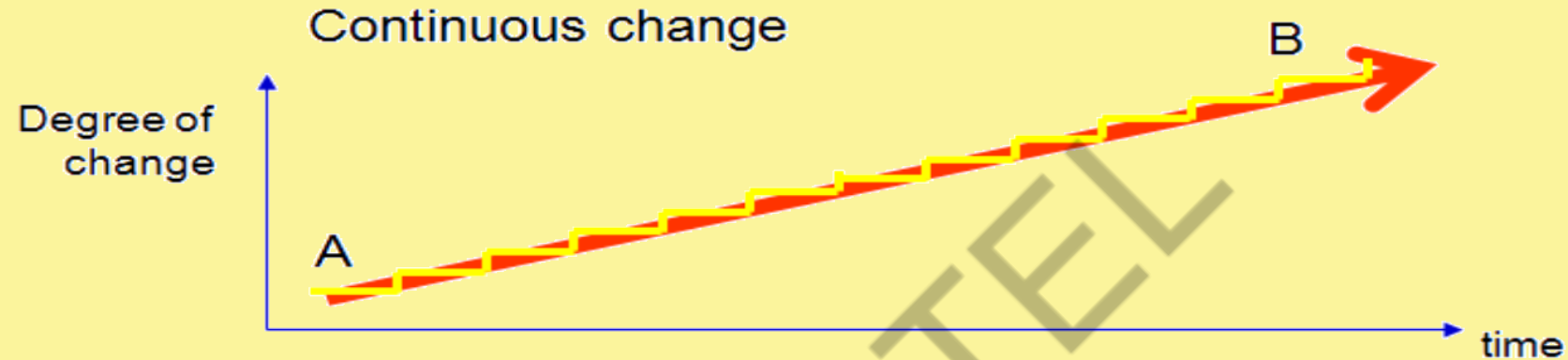
The rate of change is not constant



Continuous and discontinuous change



Gradualist Paradigm

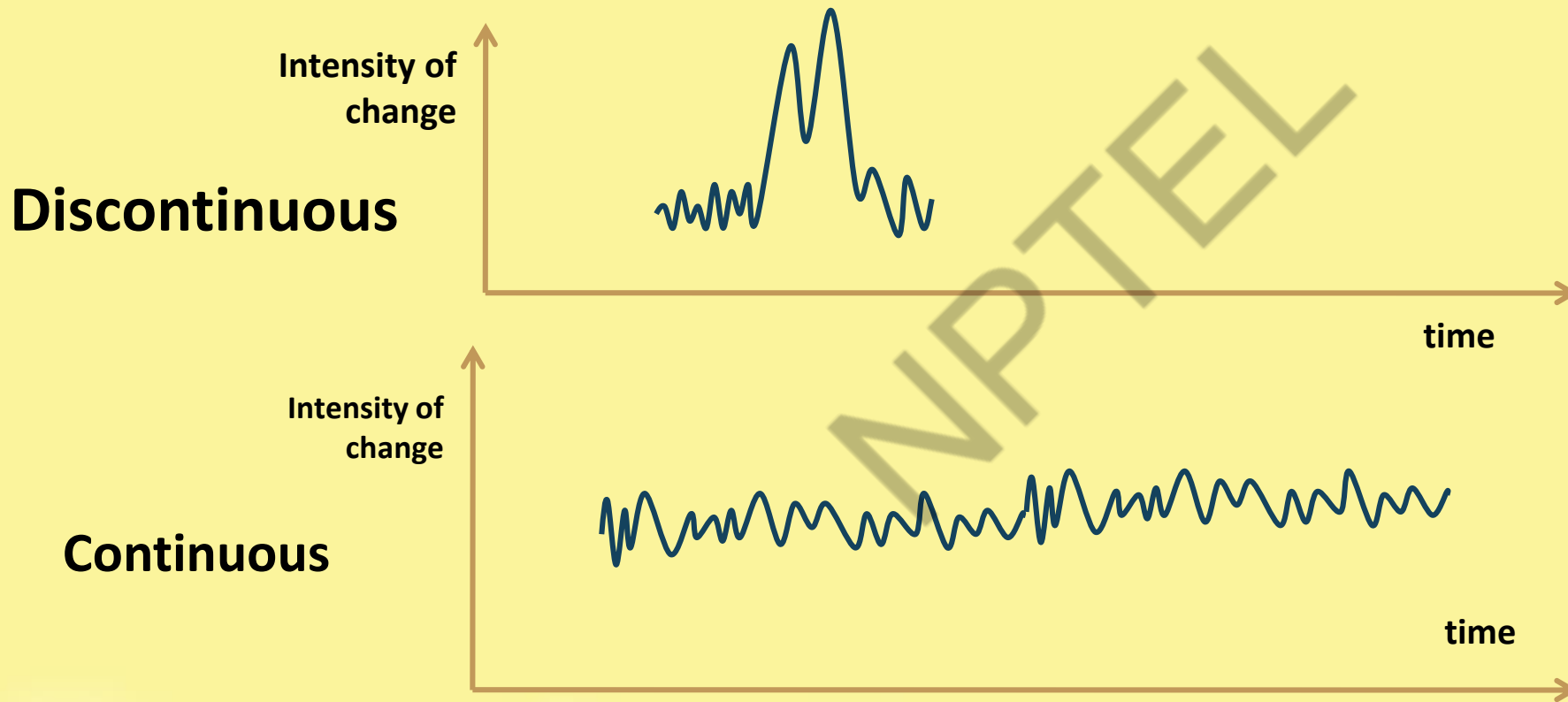


The gradualist paradigm posits that an organization:

- changes and develops through a continuous process of *incremental* adjustment,
- these adjustments (changes) accumulate over time to ensure that the organisation is always aligned with its external environment.

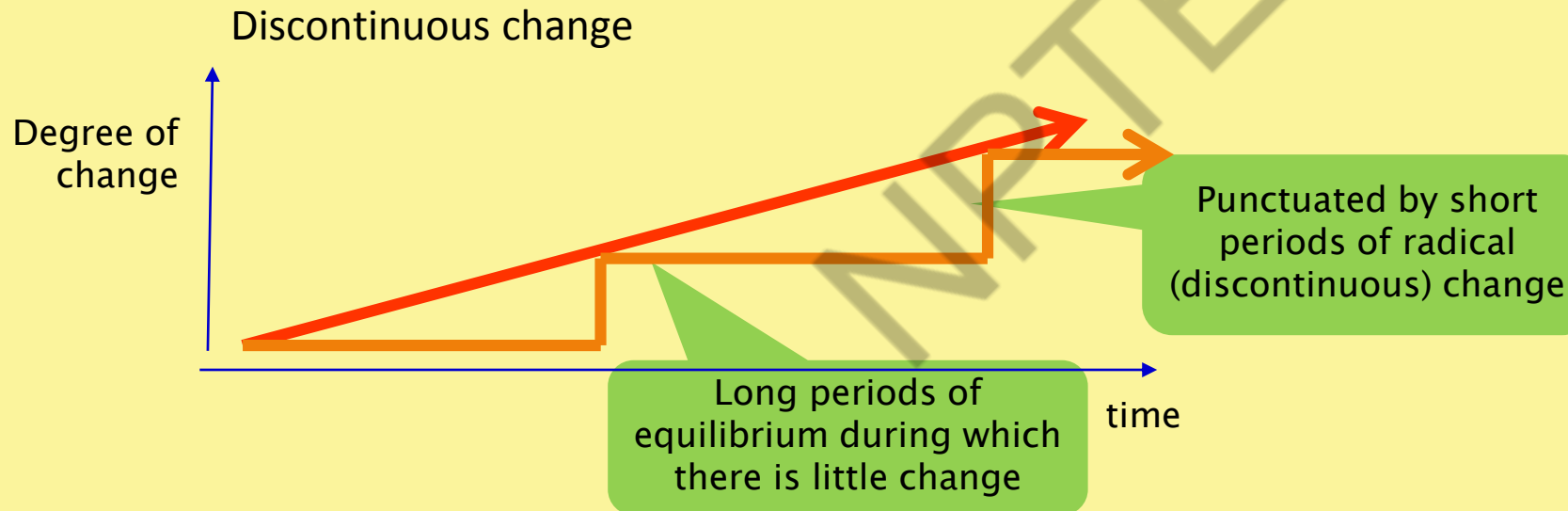
Continuous and discontinuous change

Viewed from the perspective of the intensity of change



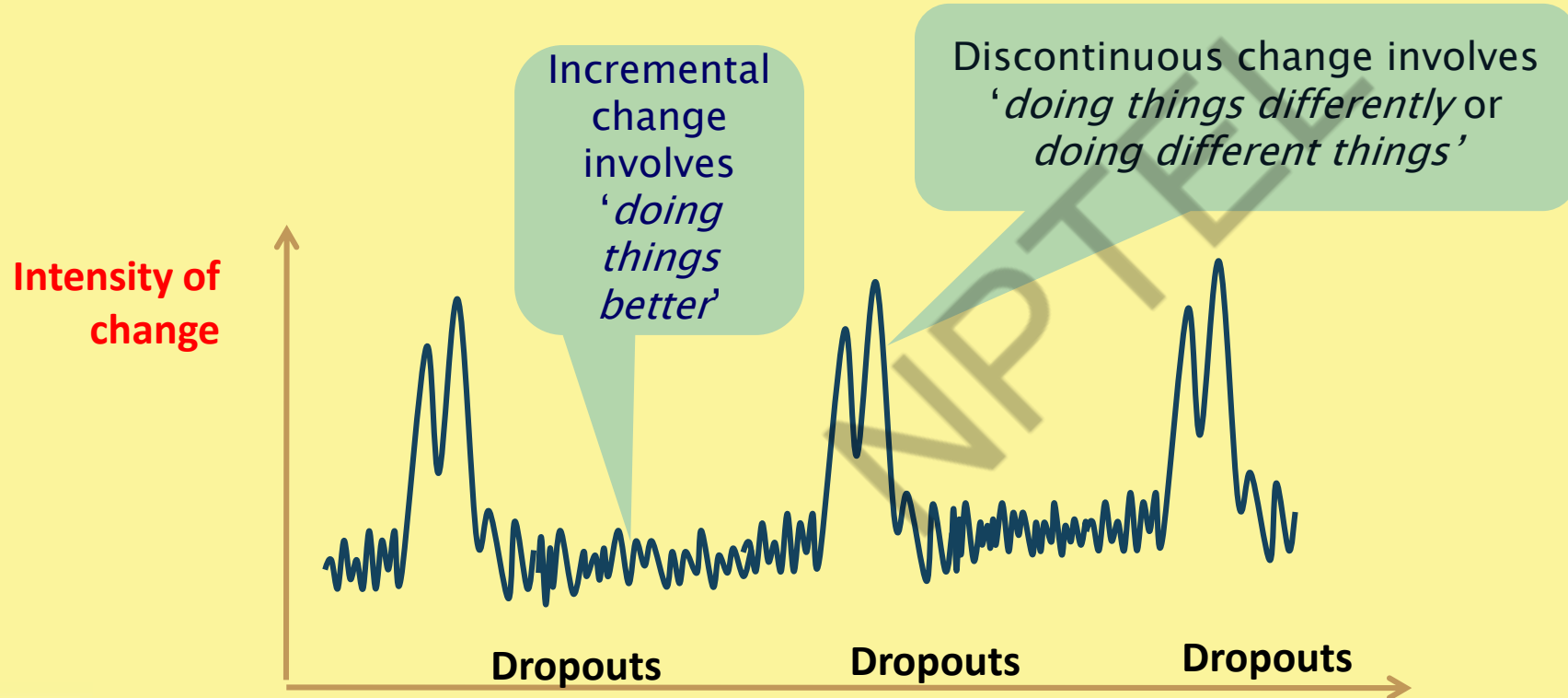
The concept of Punctuated equilibrium

A process of continuous gradual adjustment might be the ideal. Evidence suggests that most organisations experience change as a discontinuous process often referred to as a pattern of ***punctuated equilibrium***

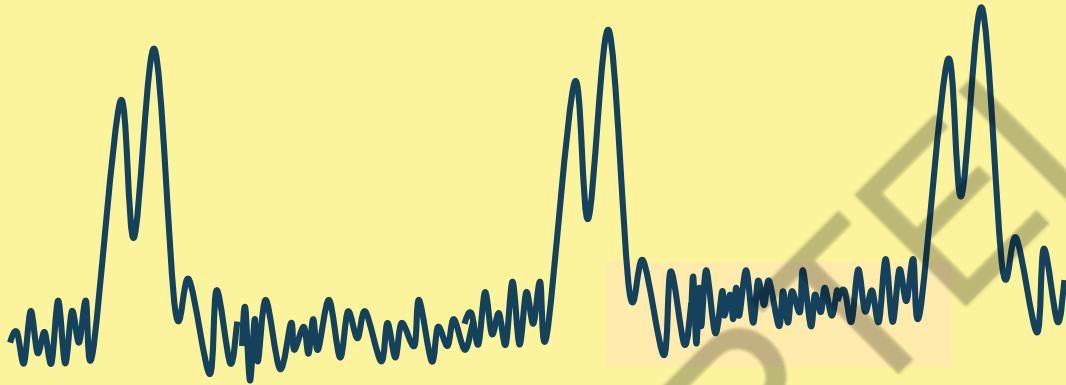


Punctuated equilibrium

Involves long periods of low intensity incremental changes punctuated by short bursts of high intensity discontinuous change



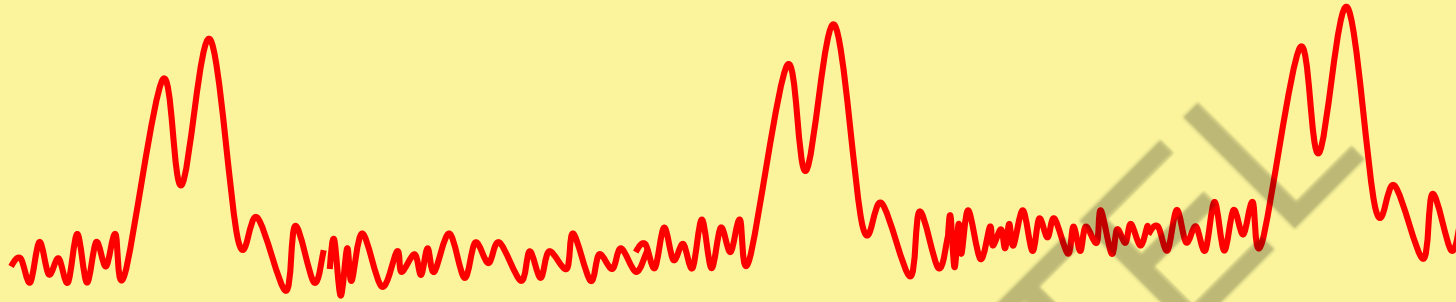
Punctuated equilibrium is the dominant pattern of change



equilibrium : periods of low intensity change

This is the dominant pattern of change because a number of factors act to limit the degree of change that occurs in the periods of low intensity change

A fear of change



Many people are reluctant to change because:

- they prefer the status quo to an uncertain future
- they anticipate that the cost of changing might outweigh the benefits

Persistent 'deep structures'

Deep structures are the fundamental choices that determine an organization's pattern of activity.

Football analogy

The **rules of the game** represent deep structures – taken for granted and difficult to change.

The **game-in-play** describes activity in periods of equilibrium when the coach and players can make changes that will affect team performance but not the rules of the game.



Deep structures act as forces for inertia that work to maintain the status quo

Strategy, leadership and culture at Brompton Bikes →



Deep structures & tight and loose coupling

Deep structures are difficult to change

Football analogy

It would be difficult for one team to modify the rules. A football club is tightly coupled with the other clubs that play in the same league

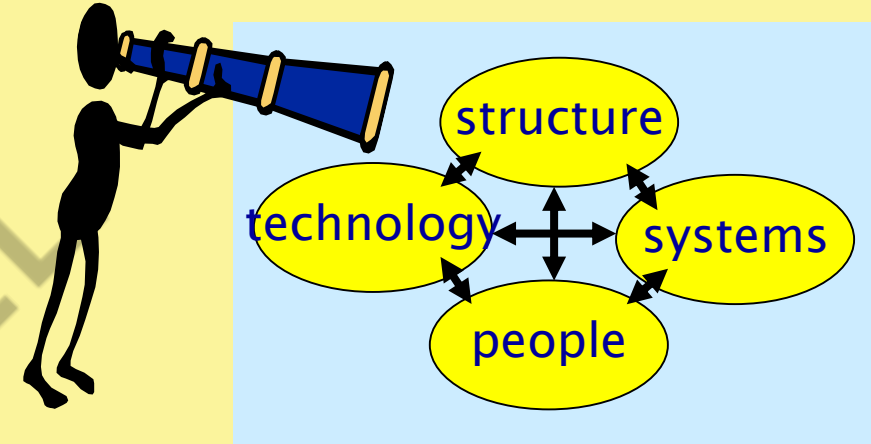


Forces for inertia are strongest when a group, department or organisation is part of a network of tightly coupled mutual dependencies

Pressure to deliver short term results

This pressure:

- directs managers' attention towards improving internal alignment in order to increase efficiency.
- diverts their attention away from external alignment.

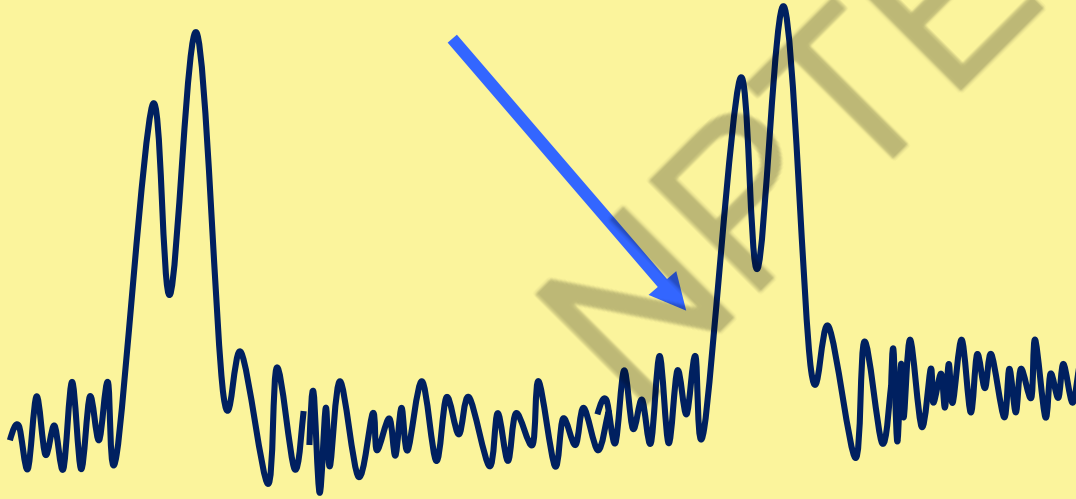


All three factors (fear of change, persistent deep structures and the pressure to deliver short term results) combine to inhibit change and promote strategic drift.

The organization does not change fast enough or in the ways that will ensure that it remains aligned with its external environment.

The trigger for discontinuous change

Eventually this misalignment with the external environment reaches a point where major change (radical transformation) is caused.



Evidence supporting the theory of punctuated equilibrium

Romanelli and Tushman examined the life histories of 25 minicomputer producers and found a pattern of discontinuous, episodic change

- changes in strategy, structure and power-distribution were clustered in time - the pattern of change predicted by the punctuated equilibrium model
- changes were not spread over relatively long periods of time as predicted by the gradualist paradigm.



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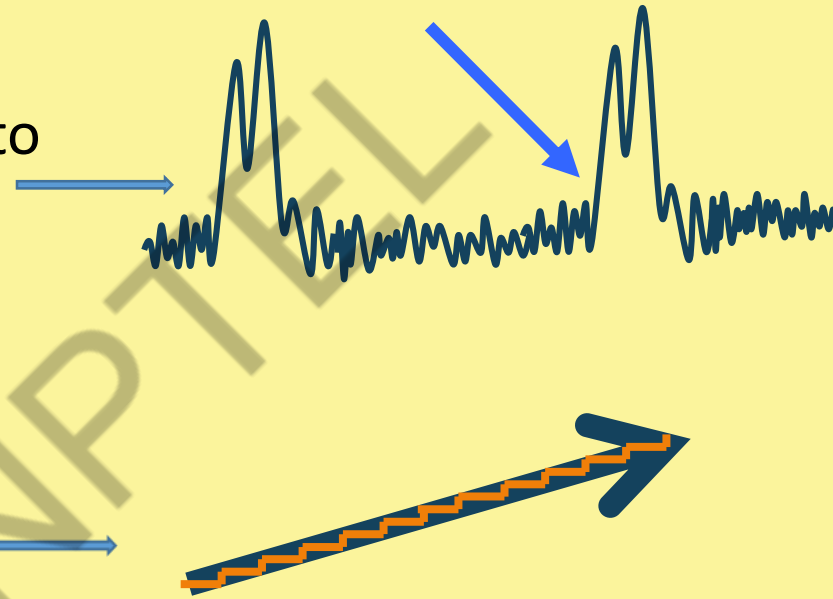
Indian Institute of Technology Kharagpur

Topic: Types of Change: Incremental and Transformational (2)

Breaking the Equilibrium

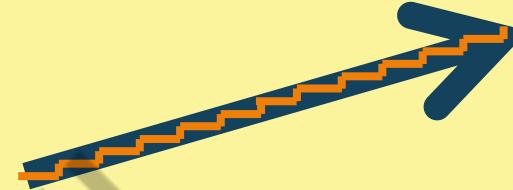
Can managers break out of this pattern of punctuated equilibrium and avoid the need to react quickly to radically transform their business?

They can, but only by making their organisations continuously adaptive over the longer term.



Conditions for continuous adaptation

continuously adaptive organizations
experience the kind of continuous change
described by the gradualist paradigm

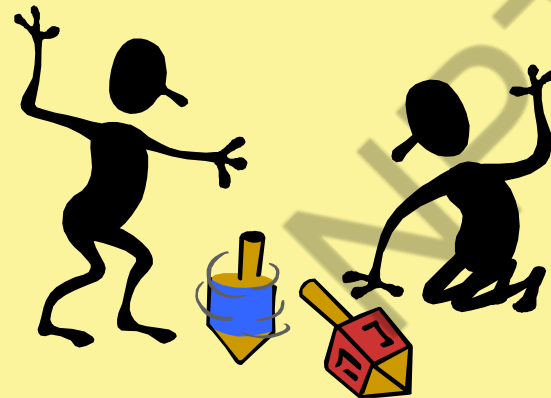


This requires organizations to engage in repeated patterns of:

- **Improvisation** that leads to a continuous modification of existing work practices
- **Translation** that involves the editing and imitation of ideas as they travel through the organization
- **Learning and new insights** which facilitate changes in the way the organization responds to problems and opportunities

Exceptions for Punctuated Equilibrium

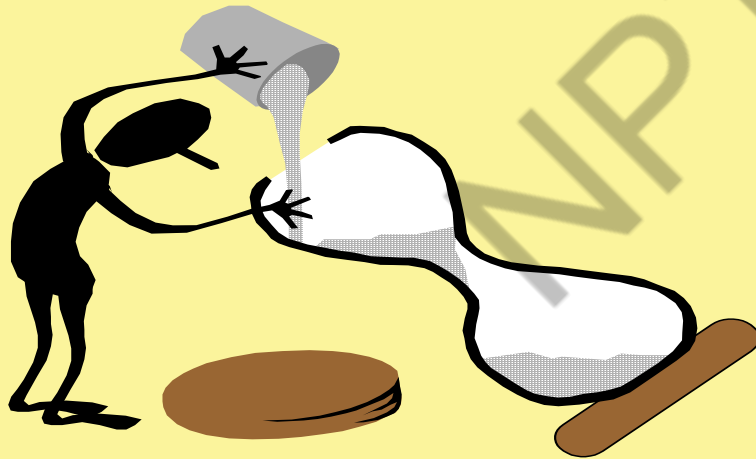
1. The small minority of “learning organizations” that do manage to continuously adapt through ongoing processes of improvisation and learning



Exceptions for Punctuated Equilibrium

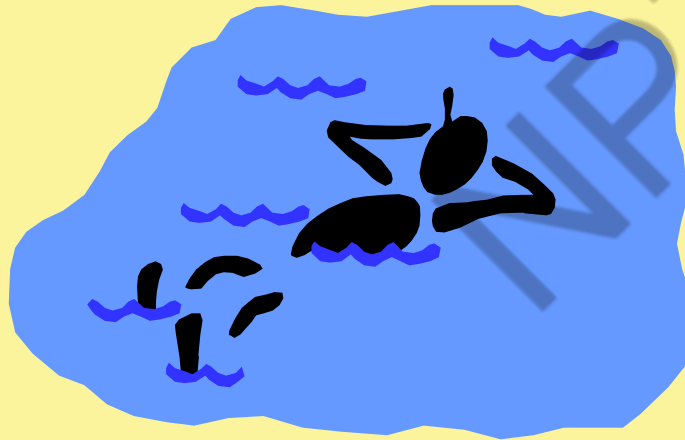
2. Companies operating in niche markets or in slow moving sectors

Did not encounter the kind of environmental change that requires them to transform their deep structures



Exceptions for Punctuated Equilibrium

3. Organizations that are able to continue functioning without transforming themselves they have sufficient 'fat' to absorb the inefficiencies associated with misalignment.



Strategic drift

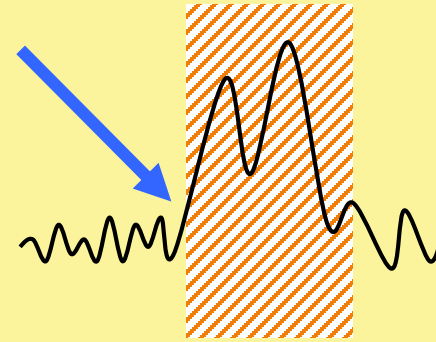
Strategic Drift usually occurs when organizations are unable to keep pace with the changes that happen in their immediate environment which in turn leads to their slow and gradual demise...

Firms cannot ignore changes in their external environment for ever.

Eventually they have to adapt if they are to survive.

Some firms are slower than others to recognise the need for change or slower than others to take action.

Their response is reactive rather than proactive.



Example of a strategic drift

My Space: An online social networking company

Initially was a successful company even surpassed Google as most visited site

Failed to accurately assess the changes happening in the environment with regards to the expectation of tech savvy new generation youngsters and emergence of potential customers

Lost its market share

Facebook overtook it



Lead times and time pressures

It is more difficult to manage change when the need for change is urgent.

- There is less time for planning
- It is more difficult to involve people in the process
- There is less time to experiment and search for creative solutions

A typology of change

Combining notions of continuous and discontinuous change with the way an organisation responds to change (proactive or reactive) provides a useful typology

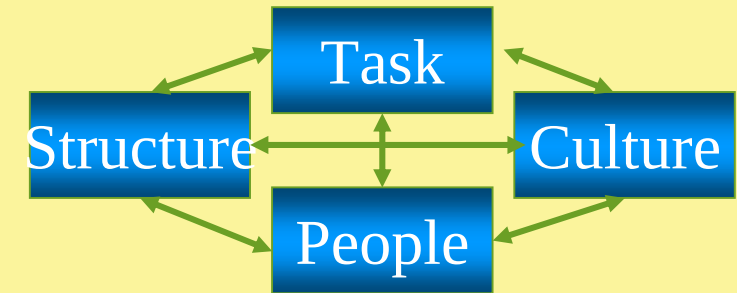
	Incremental (doing things better)	Transformational/discontinuous (doing things differently or doing different things)
Proactive Anticipatory	1. Fine Tuning Citibank	3. Re-orientation Nestle – 1980s
Reactive	2. Adaptation Other banks reaction to Citibank's move	4. Re-creation Asda – 1990s

Implications of these different types of change for change management practice

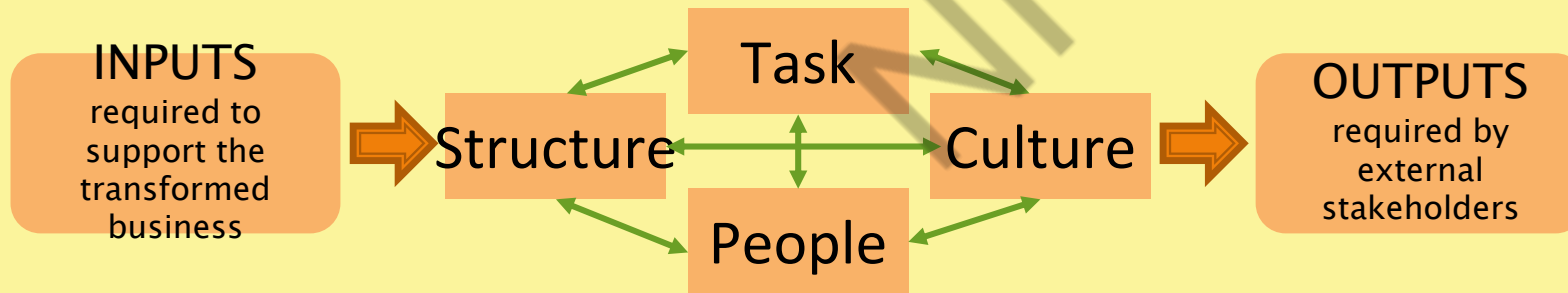
1. Focus for change effort
2. Locus for change: who will manage the process?
3. Sequence of steps in the change process
4. Role of change agent

1. Focus for change efforts

With incremental change the aim is to improve the alignment between existing organizational components in order to 'do things better'



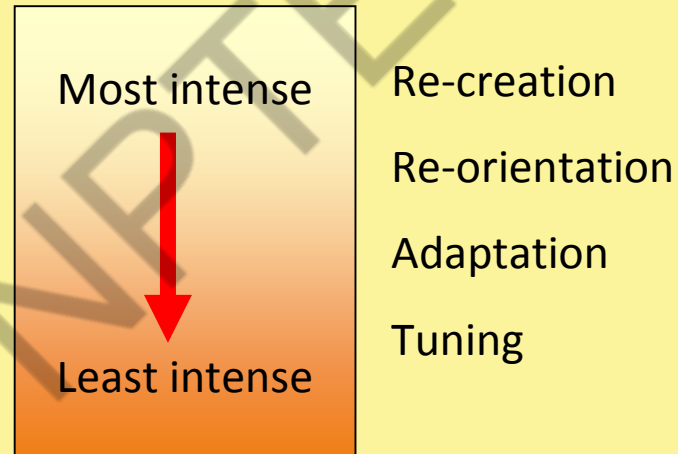
With discontinuous/transformational change the aim is to seek **a new configuration of organizational components** that are aligned to external circumstances. The outcome may be that the firm 'does things differently' or 'does different things'



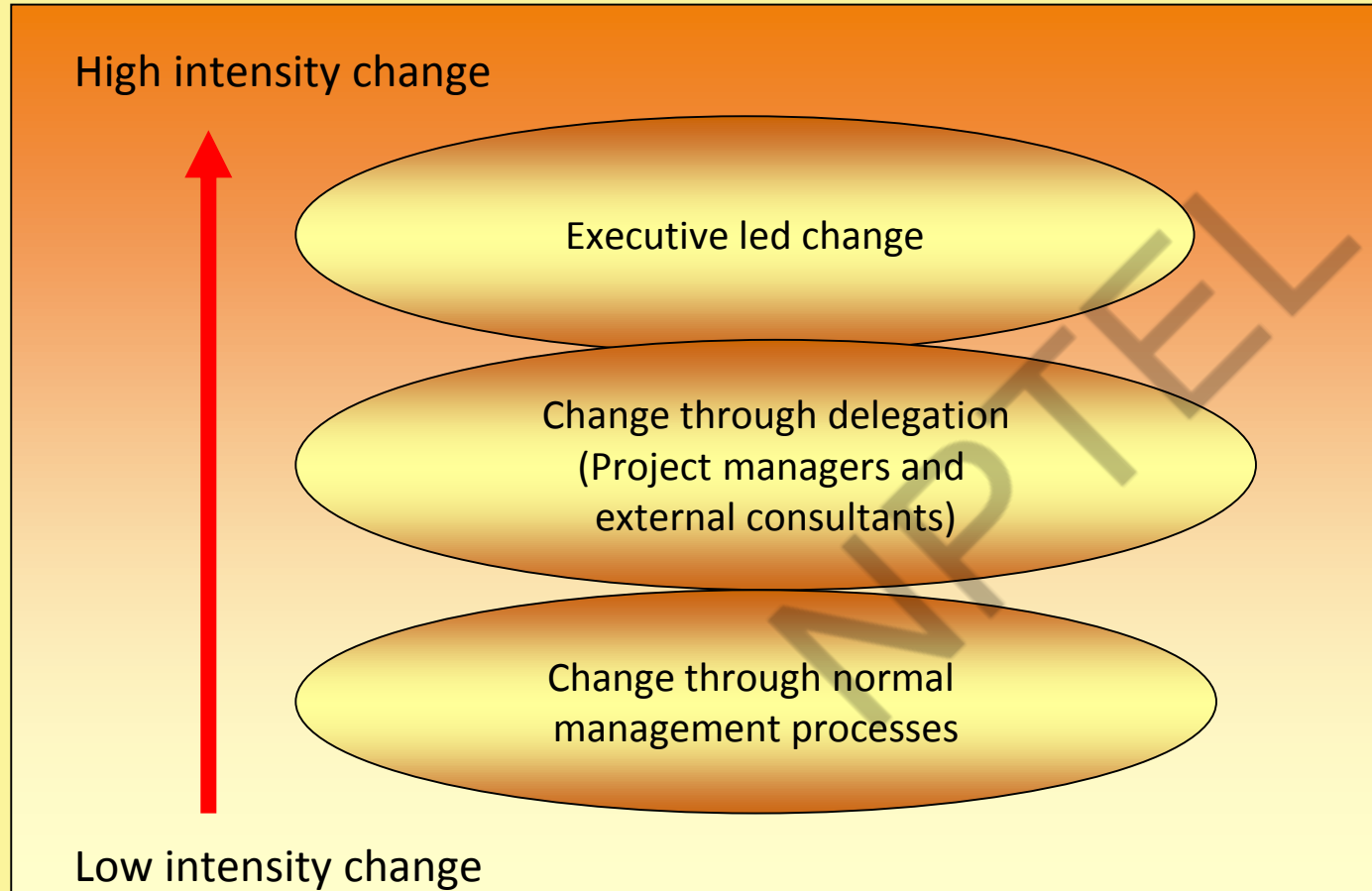
2. Locus for change

The intensity of change (indicated by the stress, dislocation and trauma associate with change) affects the point in the organization where the leadership for change is located.

Discontinuous change is more intense than incremental change, and reactive change tends to be more intense than anticipatory change



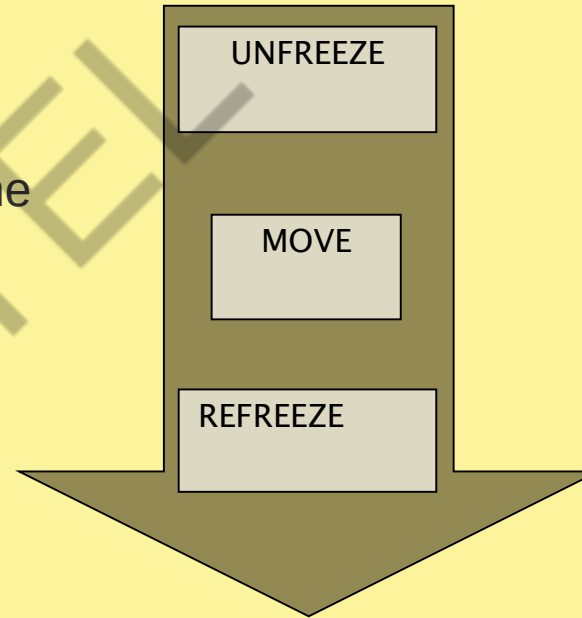
3. Locus of change



3. Sequence of change

Change typically involves a three step process that follows the sequence

1. **Unfreezing** the restraining forces that maintain the status quo
2. **Moving** the organisation to a new state
3. **Refreezing** to consolidate the change



Sequence of change

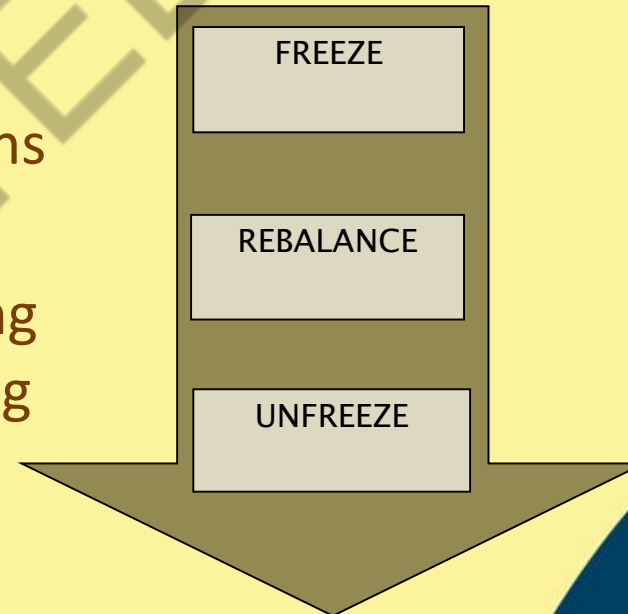
Firms operating in high velocity environments: The key problem is not overcoming inertia and unfreezing the organization, but redirecting the continuous process of change that is already underway.

This may require the following sequence

Freezing in order to take stock, identify patterns and highlight what is happening

Rebalancing – reinterpreting history, identifying and amplifying best practice and re-sequencing patterns

Unfreezing to enable patterns of activity to resume with fewer blockages



4. Role of change agent

With **discontinuous/transformational** change the role of the change agent is to be the prime mover who initiates and manages a process of planned change

With rapid continuous change the role of the change agent is to help others make sense of the change dynamics already under way



Conclusion

Conclusion

1. Discussion about the nature of change
2. Various perspectives on change and image of change managers
3. Different type of changes



Conclusion

Text Books followed:

1. Ian Palmer; Richard Dunford; David Buchanan (2009) Managing Organizational Change: A Multiple Perspectives Approach: McGraw-Hill: New York
2. John Hays (2002). Theory and Practice of Change Management. Palgrave Mcmilan: UK.
3. Mills, J H; Dye, K; & Mills, AJ (2009). Understanding organizational change. Routledge: New York





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