Lecture 12

Organisational change

- Definition: organisational change is any alteration that occurs of an organisation's people, structure, or technology

Structure
Authority relationships
Coordinating mechanisms
Job redesign
Spans of control

Technology
Work processes
Work methods
Equipment

People
Attitudes
Expectations
Perceptions
Behaviour

- Current environment is one of constant change
- Only expected to accelerate with new technologies and economic pressures to increase revenue and cut costs
- Agent of change
  - person or group who takes leadership responsibility for changing the existing pattern of behaviour of another person or social system
- forward-looking, proactive and embraces new ideas
- A 'status quo manager'
  - conservative, reactive and comfortable with habit
- Links to leadership
  - Transformational leaders : Agents of change
  - Transactional leaders: Maintain consistency

Models of Change
- Top-down change
  - Change initiatives come from senior management
- Bottom-up change → change initiatives come from all levels in the organisation
  - Most successful change is that which harnesses both top-down and bottom-up (from lower levels of workers) input and commitment

Planned an unplanned Change
- **Planned change**
  - A direct response to a person's perception of a performance gap
  - Links to planning and control covered previously
- **Unplanned change**
  - Occur spontaneously without the benefit of a change agent's attention, such as a strike, GFC,
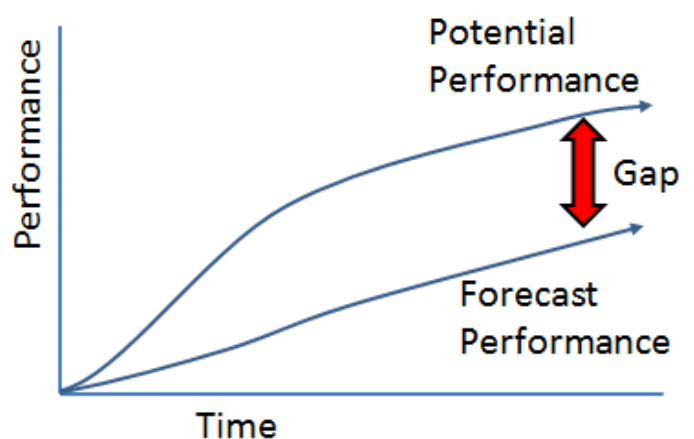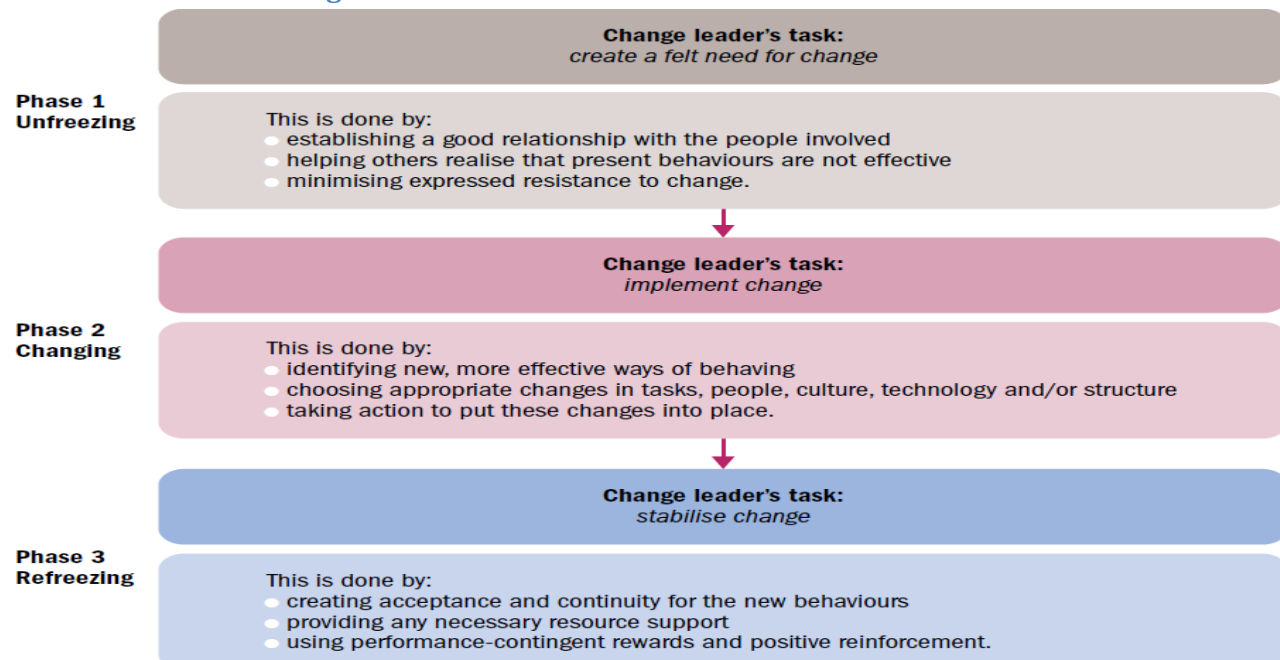
plant closure, Tsunami in Japan (impact on car component parts)

Forces and Targets for Change

- **Forces of organisational change**
- ***global economy and market competition,***
  - *local economic conditions,*
  - *government laws and regulations,*
  - *technological developments,*
  - *market trends, and*
  - *social forces*
- **The many targets for planned change include**:
  - *tasks*
  - people
  - *culture*
  - technology
  - *structure*

Phases of Planned Change

**Phase 1
Unfreezing**

Change leader's task:
create a felt need for change

This is done by:
- establishing a good relationship with the people involved
- helping others realise that present behaviours are not effective
- minimising expressed resistance to change.

**Phase 2
Changing**

Change leader's task:
implement change

This is done by:
- identifying new, more effective ways of behaving
- choosing appropriate changes in tasks, people, culture, technology and/or structure
- taking action to put these changes into place.

**Phase 3
Refreezing**

Change leader's task:
stabilise change

This is done by:
- creating acceptance and continuity for the new behaviours
- providing any necessary resource support
- using performance-contingent rewards and positive reinforcement.

Choosing a Change Strategy

Change strategy	Power bases	Managerial behaviour	Likely results
Force-coercion Using position power to create change by decree and formal authority	Legitimacy Rewards Punishments	*Direct forcing and unilateral action* *Political manoeuvring and indirect action*	Fast — Temporary compliance
Rational persuasion Creating change through rational persuasion and empirical argument	Expertise	*Informational efforts using credible knowledge, demonstrated facts and logical argument*	
Shared power Developing support for change through personal values and commitments	Reference	*Participative efforts to share power and involve others in planning and implementing change*	Slow — Longer term internalisation

Resistance to Organisational Change

- Why do people resist organisational change?
  - Change replaces the known with uncertainty
    - We do things out of habit
  - Fear of losing something already possessed
  - Disagreement with the necessity to change
  - Limited tolerance for change
  - Increased workload
  - Loss of confidence or control
- **Organisational silence**

  A form of *resistance,* which occurs when employees:
  - fear speaking up about workplace problems
  - *believe managers know best about most issues of organisational importance*
  - believe that disagreement and dissent should be avoided
- *Managers often interpret organisational silence as agreement*

Managing Resistance to Change

- **Techniques to effectively manage resistance:**
  - ***Education and Communication (clears misunderstandings and explains why)***
  - ***Participation and Involvement*** (increases involvement and acceptance and uses expertise
  - ***Facilitation, Support and Negotiation*** (when resisters are fearful and have anxiety)
  - ***Manipulation and Co-optation*** (when a powerful group's support is needed)
  - ***Explicit and Implicit Coercion*** (threatens consequences of resisting

Organisation Transformation

- Organisational transformation (OT)
  - Radical transformation of an organisation's vision and structure, usually involving large-scale downsizing of its workforce
- Organisational transformation occurred on a large scale as a consequence of the global financial crisis in 2008-09

Future Directions of Global Change

- **Some examples:**
  - companies who design, brand, build, package and then deliver their products to customers will soon no longer exist
  - companies now have the ability to strip down their business to focus on greatest value creation
  - non-essential functions can be eliminated through partnerships and outsourcing
  - e.g., Growth in call centres in India, rise in clothing manufacture in Bangladesh