OCM 1

Organizational change
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Change

• A response to meaningful information
• A “disturbance” of a system
• A method of self-preservation
• Natural progression, constant force
From or To?

- Changing from something
  - “We gotta get out of this place!”
- Changing to something
  - “There’s a place for us...”
- Doing both
  - Frankly, where are we now?
  - Where do we want to be?
  - What constitutes progress?
Kinds of Change

• Incremental
  – Tweaking the system or process

• Transitional
  – Restructuring, reorganizing

• Transformational
  – New vision, new mission, new values

John Kotter
Organizational Change

Planned Change - change resulting from a deliberate decision to alter the organization

Unplanned Change - change that is imposed on the organization and is often unforeseen

Managers must be prepared to handle both
Three Categories of Change

**Structure**
- Authority relationships
- Coordinating mechanisms
- Job redesign
- Spans of control

**Technology**
- Work processes
- Work methods
- Equipment

**People**
- Attitudes
- Expectations
- Perceptions
- Behavior

Organizational Culture
Top down and bottom up change

Traditional Organizational Structure

Top Management

Middle Management

Lower Level Management and Front Line Supervisors

Employees

Support Flow

TQM/HPO View

Lower Level Management and Front Line Supervisors

Middle Management

Top Management
The Change Process

One way to visualize the process of change in an organization is to imagine an *ice cube* melting, turning into *water*, and then being frozen again into *ice*. In organizational terms, the process can be seen as three stages: “unfreezing” the existing status quo, “changing or movement” through some set of actions, and “refreezing” into a new stable pattern!

Figure 1. The Change Process
As today’s organizations restructure, the middle layers of organizational hierarchies tend to get removed. The result is a flatter organizational structure, which puts managers closer to the issues about which they have to make decisions.
Why do people resist change?

- No compelling case for action
- Don’t like to get out of their comfort zone
- Risk averse
- No clear vision of new state
- Not clear on how to bring about change
- Economic cost of change
- Caught up in operational matters
- Unable to see the big picture
- See change as different but not better
- Upsets routine
- Loss of control
- Unexpected surprise
- Loss of face if unsuccessful
- Competence concerns
- More work
- Past resentment
Managing change - approaches

• Beer & Nohria (2000) distinguish between two distinct approaches to strategic change. They label these “theory E” and “theory O”.
  – Theory E, the hard approach, is change based on the pursuit of economic value
  – Theory O, a soft approach, is change based on the development of organisational capability.
Differences Between Hard & Soft Change Approaches

**HARD**
- Clear goals and objectives
- Quantifiable data
- Control mechanisms are clear
- Power is clear, known to work
- Unitary view of organisation
- Evolved first to meet needs of modern engineering and industrial systems
- Aims to solve problems
- Analyst detached from situation

**SOFT**
- Organisations as social entities
- Goals need negotiation
- **Different perspectives**
- Power diffuse and frequently unknown
- Consensus view/conflict view of organisation
- Evolved later (1960s) in response to difficulties in using hard approaches
- Aims to appreciate and improve problems
- Analyst part of the situation
Journal References – Organisational change


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