Introduction to Management

Module 6

Management of Change;
Future of Human Resources Management

Chapter-11

MANAGEMENT OF CHANGE

INTRODUCTION

- Everything in this world is subject to change. *Technology changes rapidly. Competition is hitting up. Economic shocks occur every now and then*. It is getting complex day by day with so many changes happening.

- Successful organisations have to adapt and change continually in order to stay ahead of others in the competitive race.

- Organisational change may be defined as *'the adoption of a new idea or behaviour by an organisation'*. It is a way of modifying an existing organisation. The purpose of undertaking such modification is to increase organisational effectiveness.

The dilemma of change

1. **Stability Vs change dilemma :**

- Some Organisations desire change in order
  - to remain competitive,
  - to remain in harmony with the ever-changing environment

- Organisations also want to achieve internal stability because of the predictability and certainty it provides.

- As such organisations sit on the horns of a dilemma with reference to change.

- Organisations handle the stability-change dilemma depending on the amount and type of innovation required.

The dilemma of change

2. What type of change ?

Changes can be seen in a variety of ways.

a) Evolutionary change

- Evolutionary in nature
- Do not greatly alter the status quo
- They are usually piecemeal, takes place one by one
- They are very slow in nature

b) Revolutionary change

- Change may be cataclysmic (large scale and catastrophic)
- Such change results in overturning the status quo, cause violations, rejections or suppression of old expectations
- Revolutionary changes are rarely introduced except where situation becomes highly intolerably having no other acceptable opinion

The dilemma of change

c) Planned change --

1. It is deliberate, systematic and intentionally undertaken.
2. It takes place in all organisations at varying speeds/degree of importance
3. It takes place in all parts of an organisation
4. It challenges the status quo and sets the organisation on a new path.
5. It can have positive as well as negative impacts. When viewed positively, employees accept and undertake change enthusiastically. If employee look at it in an unfavourable way, they tend to oppose it vehemently.
6. Planned change may focus on organisation's technology, products, markets, processes, people etc.
7. Planned changes are difficult to bring about, costly and time consuming.

d) Reactive change :

- This type of Change is normally required in response to the changes in environment and there is no option but to change

The process of planned change

It is an organisational change, introduced through a new structural design or due to a new technology coming in, attempts to make employees change their behaviour.

According to Kurt Lewin, any planned change effort should be viewed as a three phase process: unfreezing, changing and refreezing.

1. Unfreezing

- Unfreezing means that old ideas and attitudes are set aside to give place to new ideas. It refers to *making people aware that the present behaviour is inappropriate, irrelevant, inadequate and hence unsuitable for changing demands of the present situation.*
- It involves discarding the orthodox and conventional methods and introducing dynamic behaviour, most appropriate to the situation.

2. Changing

- The old ideas are gradually replaced by the new ideas and practices. It is not enough to sense that the current behaviour is inadequate. During the phase of changing ,individuals learn to behave in new ways, the individuals are provided with alternatives out of which to choose the best one.

3. Refreezing: Refreezing is on the job practice. The old ideas are totally discarded and new ideas are fully accepted. It is reinforced attitudes, skills and knowledge. During this phase individuals internalise the new beliefs and experiments with the new method of behaviour and sees that it effectively blends with his other behavioural attitudes.

Elements of change phases

1. **Compliance :** Compliance occurs when the individuals are forced to change either by rewards or punishments.

2. **Internalisation :** It occurs when individuals are forced to encounter a situation and calls for new behaviour.

3. **Identification :** It occurs when individuals recognise one among various models provided in the environment that is most suitable to their personality

Forces for change (internal & external)

Organisational changes do not occur spontaneously. They occur when the forces encouraging change become more powerful than those resisting change. These forces to change can be either

1. Internal forces (emanating from within an organisation)

- Increased size
- Performance gaps
- Employee needs and values
- Change of CEO

2. External forces (Coming from outside an organisation)

- Technology
- Market situation (requirement)
- Social and political change
- The domino effect

Types of planned change

Four categories :

Structure change, Tasks change, Technology change, People change

1.Structural change : Any change in the manner in which the organisation is designed and managed. The structure focussed change efforts may include :

- Changing the number of organisational levels
- Altering the span of management
- Changing from one base of departmentation to another base
- Altering the line and staff, and functional authority relationships
- Bringing in more rules and procedures to increase standardisation

2. Redesigning tasks :

- Change efforts focus on increasing the scope or diversity and depth of the job.
- By job scope, we mean the number of operations performed by the job holder and the frequency of the operation of the job cycle.

Types of planned change (Contd..)

3. Changing technology : A technology change is concerned with organisations' production/operational processes

- Changing problem-solving and decision-making procedures.
- Automation
- Converting from unit production to mass production technology
- Introduction of sophisticated management information systems.

4. Culture / People change :

- People change emphasises increasing organisational effectiveness by changing attitudes, skills, perceptions, expectations and values of organisation members.
- Introduction of Competitive wages, performance-based bonuses, crating promotional avenues, offering training programmes are all steps intended to bring about positive changes in the attitudes of employees.

Resistance to change

Resistance to change may be individual or organisational.

People resist to change for a variety of reasons : fear of losing job, obsolescence of skills, disturbs the status quo and social relationships

1.Economic reasons

a) Fear of economic loss : Employees often feel insecure about loss of employment and economic benefits such as :

- Fear of technological unemployment
- Fear of reduced work hours and consequently less pay
- Fear of demotion and thus reduced wages
- Fear of speed up and reduced incentive wages

b) Obsolescence of skills

Resistance to change

2. Personal reasons

- Fear of unknown
- Status quo is felt more convenient
- Self-interest and ego-defensiveness

3. Social reasons

- Social displacement
- Peer pressure

4. Organisational Issues

- Threat to power and influence
- Organization structure
- Resource constraints
- Sunk costs

Overcoming resistance to change

Some of the approaches, at the individual as well as group level, designed to reduce resistance to change are :

1) Educating and communicating the employees about

- What the change is about
- When is to be introduced
- How it will be implemented
- Why the change is required
- What is the basic purpose of change
- How the change is going to help them etc.

2) Participation and involvement : If people participate in what is happening, they will be more likely to go along.

Overcoming resistance to change (Contd..)

3) Facilitation and support :

Change agents can offer a range of supportive efforts to reduce resistance.

Compassionate and sympathetic listening may be used to reduce employee’s fears and anxieties.

4) Negotiation and agreement :

Sometimes management can neutralise potential or actual resistance by exchanging something of value for cooperation.

Overcoming resistance to change (Contd..)

5) Manipulation and cooperation : Manipulation occurs when managers selectively withhold undesirable information, create false rumours, distort facts to get potential resisters accept the change

6) Coercion : In coercion, managers use formal power to force employees to change

7) Group dynamics : Forces operating within groups can be used to overcome resistance to change

Management of Change

In large scale industries, changes seldom occur without a bit of chaos. Change becomes orderly when it is planned and implemented in a systematic way. The process of implementing the planned change comprises the following steps :

1) **Identify the need for change :** The manager should identify the forces demanding change. These forces, thus may be internal or external.

   a) Internal forces :

   - Employee turnover
   - Change related role conflicts
   - Any other internal changes (introduction of new department etc)

   b) External forces :

   - Technological changes
   - New marketing strategies
   - New production techniques

Management of Change

2) Diagnose the problem :

- This involves the identification of the root cause.

3) Plan the change : It involves answering three important questions :

- When to bring the change (timing)
- How to bring the change (Methods) and
- Who will introduce the change (change agent)

4) Implement the change : This involves three programs

- Managing the Resistance
- Usage of Power
- Control

5) Follow-up and feedback is required While the change process is on

Organisation Development

The term organizational development was coined by Richard Beckhard in the mid-1950s. Organizational development is an acronym of two words i.e., organization and development.

Organization: A social unit of people that is structured and managed to meet a need or to pursue collective goals.

Development: The systematic use of scientific and technical knowledge to meet specific objectives or requirements.

Organisation Development :

- Organization development (OD) is a deliberately planned effort to increase an organization's relevance and viability.
- Organizational development is the framework for change, and often times a manager helps to lead this change.

Meaning of Organization Development

- Organization development is known as both
  - a field of applied behavioral science focused on understanding and managing organizational change and
  - as a field of scientific study and inquiry.
- Organization development
  - is a systemic learning and development strategy intended to change the basics of beliefs, attitudes, and relevance of values and structure of the current organization
  - to better absorb disruptive technologies, market opportunities, and ensuing challenges and chaos.

Definitions of Organization Development

According to **Middlemist and Hitt** define “organizational development is a systematic means for planned change that involves the entire organization and is intended to increase organizational effectiveness.”

Bennis. W define “Organizational development is a response to change, a complex educational strategy intended to change beliefs, attitudes, values, and structures of organizations so that they can better adapt to new technologies, markets, and challenges, and the dizzying rate of change itself.“

Cummings and Worley define "Organization development is a systemwide application of behavioral science knowledge to the planned development and reinforcement of organizational strategies, structures, and processes for improving an organization's effectiveness."

Objectives of Organisation Development

According to W.French, the typical OD program tries to achieve the following objectives :

- Deepen the sense of organisational purpose and align individuals with that purpose
- Strengthen interpersonal trust, communication, cooperation and support
- Encourage problem solving rather than problem-avoiding approach to organisational problems
- Develop a satisfy work experience capable of building enthusiasm
- Supplement formal authority with authority based on personal knowledge and skill
- Increase personal responsibility for planning and implementing
- Encourage personal willingness to change

Features of Organisation Development

Organizational development is

- Long-range effort
- Broad based
- Dynamic process
- Planned and proactive
- Systems view
- Research-based

Involves

- Goal setting and planning
- Educative strategy
- Interventions
- Change Agents

Organisation Development values

- OD is a way of looking at the whole human side of organisational life
- The emphasis of OD is on human dimensions of organisation is reflected in the following cardinal list of humanistic values :

  - Respect for people
  - Trust and support
  - Power equalization
  - Confrontation
  - Participation

Organisation Development process

- Organization Development (OD) is a planned approach to improve employee and organizational effectiveness by conscious interventions in those processes and structures that have an immediate bearing on the human aspect of the organization.

A normal OD process can be planned in following manner : (like a flow)

1. Problem Identification
2. Data Collection
3. Diagnosis
4. Planning and Implementation
5. Evaluation and Feedback

Organisation Development process (Contd..)

1) Problem identification: The awareness of the problem includes knowledge of the possible organizational problems of growth, human satisfaction, the usage of human resource and organizational effectiveness.

2) Data Collection: Having understood the exact problem in this phase, the relevant data is collected through personal interviews, observations and questionnaires.

3) Diagnosis: Organization development efforts begin with diagnosis of the current situation. Usually, it is not limited to a single problem.

Organisation Development process (Contd..)

4) Planning and implementation: After diagnosing the problem, the next phase of OD, with the OD interventions, involves the planning and implementation part of the change process.

5) Evaluation and feedback: Any OD activity is incomplete without proper feedback. Feedback is a process of relaying evaluations to the client group by means of specific report or interaction

Organisation Development Interventions

- An intervention, in OD terms, is a systematic attempt to correct an organisational deficiency uncovered through diagnosis.
- "Interventions" are principal learning processes in the "action" stage of organization development. Interventions are structured activities used individually or in combination by the members of a client system to improve their social or task performance.
- Interventions range from those designed to improve the effectiveness of individuals through those designed to deal with teams and groups, intergroup relations, and the total organization.
- There are interventions that focus on task issues (what people do), and those that focus on process issues (how people go about doing it).
- Interventions may be roughly classified according to which change mechanism they are going to focus upon: for example, feedback, awareness of changing cultural norms, interaction and communication, conflict, and education through either new knowledge or skill practice.

Organisation Development Interventions

- Some important OD interventions are :
  1. *Sensitivity of T-group Training*
  2. *Team Building*
  3. *Survey Feedback*
  4. *Process consultation*

Managing the Change : Case Study

How Employees react to change in Organization

Quality Control Equipment --- Page 230

Chapter-12

FUTURE OF
HUMAN RESOURCE MANAGEMENT

Introduction

What used to be viewed by many as one of the least exciting areas of an organization is now one of the most dynamic places to work.

Human Resources is evolving into more than just hiring and firing and having a huge impact on the employee experience and the future of work.

Ways of Human Resource - how it is shaping up

- From hiring and firing to enabling, empowering, and creating experiences
- From the "police" of the organization to the coaches, mentors, and thought leaders
- From maintaining status quo to destroying status quo
- From not technologically advanced to relying heavily on technology
- From not defining strategy to shaping and leading strategy

Ways of Human Resource - how it is shaping up

- From no seat at the table to a key seat at the table
- From payroll, compensation, and benefits to employee experience
- From cost center to profit-enabling center
- From a clearly defined workforce to a dynamic and changing workforce
- From focusing on employee inputs to focusing on employee outputs
- From treating employees like "resources" to treating employees like water and air

Ways of Human Resource - how it is shaping up

- From performance appraisals to real-time recognition and feedback with employee check-ins
- From filling gaps in jobs to unlocking human potential
- From a "one size fits all" model across the organization to "one size breaks all" approach
- From siloed from lines of business to working closely to understand business needs
- From multi-year project design and roll-outs to fast design, implementation, and iteration
- From human resource job titles to people, talent, and experience titles

Technology impact on HRM

- Technology has revolutionised the way we access information, and thereby the way we do business. Regardless of industry, every company and every industry can now be digital — and has the potential to be global. An abundance of information makes it possible for companies to segment and personalise products and services. It also enables companies to quickly move into other new spaces of innovation.
- These changes will have a deep impact on the workplace. The way workforces are structured and organised will have to change fundamentally, leading to many knock-on effects in human capital management. Thus organisations will need to rethink the way they hire, engage, develop, reward and lead their workforces.

Six Best Ways for HR to Proceed

– *Transformation of leadership*
– *More personalized and transparent rewards*
– *Improving the employee experience by applying product design thinking*
– *Targeted recruitment driven by social media and cognitive assessment*
– *Leveraging people analytics to improve organisational performance*
– *Redefining human resource management*

Human Resources: Present and Future in India

- According to an SHRM sponsored study conducted by the Economic Intelligence Unit (EIU) India's total labor force in 2020 is estimated to be 602 million, almost 4 times that of the US at the same time India's rapid growth has elicited a range of reactions from world economies and organizations

- **What does this mean?**

This means that organizations have a bigger, far more challenging task in the areas of employability of this workforce.

It also means shaping this huge potential into sustainable talent that organizations can hire and transform into business drivers.

This by far will be the biggest challenge faced by the HR community. Their level of readiness to face this challenge is what must be developed now.

Advancing the HR Profession in India:

- Increasingly it is imperative to simultaneously enable global integration and local responsiveness.

- This will involve
  - managing diverse workforces ensure scalability of talent,
  - integrate multigenerational workforce prepare for evolving workplaces
  - balance multiple priorities between business performance, growth
  - developing social responsibility and building sustainable organizations

Future of HRM in India :

- Trends in Joint Decision Making
- Greater Emphasis on Human Resource Development
- Change in the Profile of Workers
- Change in Attitude: of Top Management
- Increasing Role of Government
- Better Method of Performance Appraisal
- More Importance to Motivation
- Changing Work Ethics

The future of Aviation Industry

Some Challenges ahead

1. The airline industry may not be financially healthy enough.
2. Price and availability of fuel becomes a challenge In 2006, fuel accounted for about 30% of the operating costs of US airlines, up sharply from a few years earlier. In 2006, fuel accounted for about 30% of the operating costs of US airlines, up sharply from a few years earlier. For air transportation, there is no easy substitute for fossil fuels in this regard. Still, the fuel efficiency of air transport has substantially improved in recent decades, as high as 70% between 1960 and 2000, and possible future reductions are expected to take place at a rate of 1 to 2% per year.
3. Terrorism and security needs more attention The rise of the airline industry was facilitated in part by the steady advance in the safety and predictability of air travel from the early post-WW I days of "Flying Coffins", Terrorism directed against civil aviation threatens the confidence of ordinary travelers in addition to impose additional security constraints taxing passengers in many ways.

- How it was visualized for next 10 years