**Managing Change in Organizations**
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**Lecture – 01**
**Nature of Change Management (1)**

I welcome you to this course on Managing Change in Organizations, and I hope that you will enjoy this course. In this course basically we are going to discuss about the dynamics of change that is happening in the environment, and how it is going to impact the organizations. We will also see that how organizations respond and cope with the challenges of the environment.

So, to a start with in this lecture I will talk about some of the basics of change management and then we will proceed further to see that what are the factors which are important, what triggers changes, and then we will take up some examples to see that how change is managed by the organizations. So, this topic on change management we are going to start with the introduction of what a change, how can we define change, what is organizational change, and what is change management.
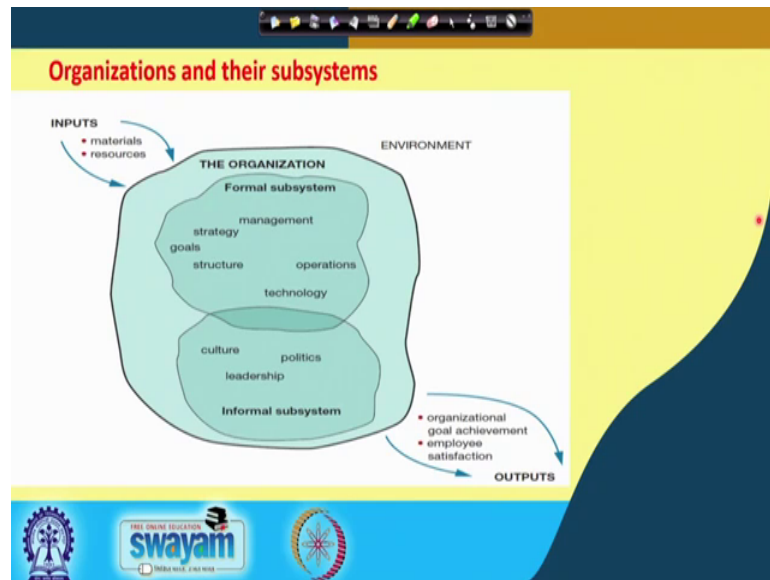
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So, now if you look at this the concepts that we are trying to cover here is; what is the nature of the organizational change. Then we will discuss about the change managers and their image, and then we will talk about various perspectives of organizational change

including the theories of change. And then finally, we will talk about the incremental and transformational change. So, these are the major concepts that we are likely to cover in this module.

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Now, to start with I would like to define about what an organization is and how organizational functions. So, here we can see their organizational as an open system which has a input, the process and the output.

Now, if you look at this figure you can see that the input part is here this is the input. Input of an organization includes materials resources and these resources may include human resources, right. Other kind of resources which is requires like technology, materials, finances all of them are going to be called resources which is going to be used by the organization. Now, when we are using this input and it goes to the organization this is the procurement system, and then organization itself has a system. And you can see that there is a boundary it means that this input is coming. And then this is the boundary of the organization that you can see here, and then you can also see here the environment.

It means that organizations in operate in an environment. This environment is external to the organization, right. So, here we are talking about the external environment which is going to impact organizations and then there is a external environment within the organization also, right. Now, within the organization you can see that we have lot of

systems, sub systems which are which may be formal in formal like what kind of a strategy is adopted by the organization. What are the goals, and objectives what are the operations that is performed by the organization to produce something and what kind of technology is used, right.

So, this is a part of the system of the organizations because organizations you certain operating systems, there is a technology which is used to produce or transform that input into output, ok. They have a structure where we shows the reporting relationship which shows that who is going to do what, then they have certain goals and objectives for which they have been set up and then a strategic direction which basically tells that what an organization is going to do in order to achieve the goals and objectives. And then there is a management sub system, right. So, you have various functions that people perform like marketing production system HR, all right. So, these are the various formals of systems.

Then coming into the in formals of systems you also have culture of the organization the norms and values that people follow, the politics that goes on the organization and the kind of leadership style it is there. Now, if you look at this organization both the formal and informal system which make up the organization is used to transform this input into what you call the output, all right.

So, basically this is a input output model where input is coming from the external environment, right and then the organization processes these inputs we unique certain systems, sub systems. And then at the end of that you have certain outcomes what you call output like whether the organization has been able to achieve its goals and objectives, which has been stated by them and whether people are satisfied with what they are doing.

So, output could be in terms of what you call products and services which is produced by the organization using these inputs. And also see that whether organization is able to perform well up to it satisfaction and whether people are happens it is 5 by working in the organization. So, the output could be at two different levels, individual level and organization level and they are working in an environment. That is why you see a very clear boundary here which is separated from the environment.

Now, this external environment is going to affect the organization and that is why the organization has to bring about changes in their formal as well as informal system to cope up with the challenges of this environment in order to remain competitive in the market, all right. And that is why these environmental factors become very very important. So, any change effort is basically to bring about the change in the system of the organization. So, that it is able to complete and survive in the market.

Now, this change is triggered by various environmental factors which will take up later. But here what I would like to tell you that this in this input output model basically the environment is a very important factor because it is going to influence the organization and its working. Environment, it depends upon the kind of environment in which and the organization is operating and what is the level of uncertainty in the environment. If environment is very uncertain then organization need to go frequently change this kind of system. If organization operates in a more certain environment then there are frequent changes in systems and subsystems, ok.

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So, after discussing about the organization systems and subsystem we move to the next part and that is we will talk about what does it mean to say when I am talking about the change. Does it mean to transfer a convert certain things or can we say that yes within code change if the last nature everything in this world is changing. You will find that yes your life is changing the products is changing, organizations are changing, work is

changing, spaces are changing. So, all kind of changes are happening in this environment, all right. So, change is the only constant, all right it has been said by many people.
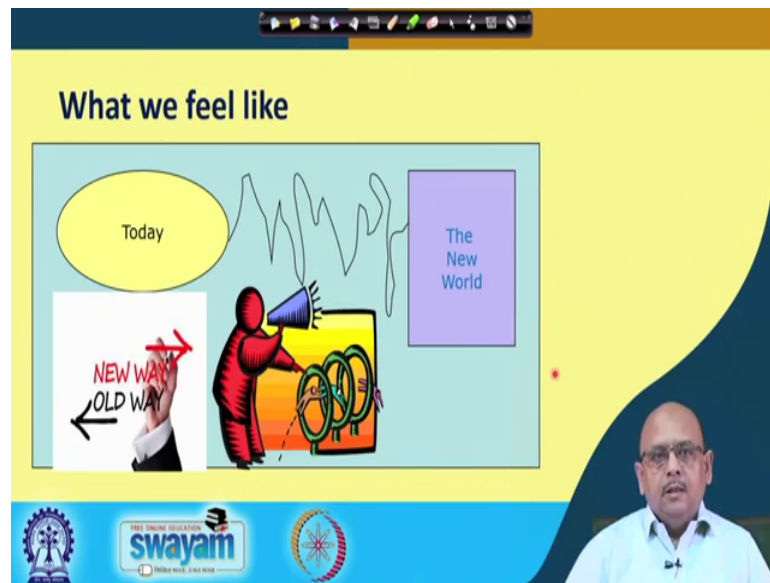
So, it is very important to transfer or convert depending upon the requirement of the change, right. And the statement says nothing is permanent and except change. It means change is something that is constant. Everything in this world, whether it is related to your life, your work, or organization is undergoing the changes, all right. So, if you look at the meaning of the change it says that ok, it is related to transformation or conversion of something and it is always happening because it is the law of the nature.

So, things keep on changing as and when there and it is the only thing which you can see is constant, ok. So, what is to be done? You need to change yourself also or the organizations also need to change themselves depending upon the requirement, ok. So, either you make or become different. If you do not make yourselfs adaptable to the changes or if you do not become different depending upon the requirement and then you will you it means that you have not been able to change as per the requirement and there could be problems, all right.

So, the same thing can be said about the organizational also. Organizations also keep on changing a transforming their product and services, ok. They keep on changing the systems and processes, they keep on changing the cultures and systems, all right. Because, if they do not change, then it become something what you called maintaining the status go and which is not good, because if you do not change yourself then things are going to be different.

So, when you are talking about the meaning of change means that you are going through a transformation, organizations are also going through a phase of transformation and it is something that is that is happen on a regular basis. It means the nature of the changes cyclical. It means all the time the changes happening.
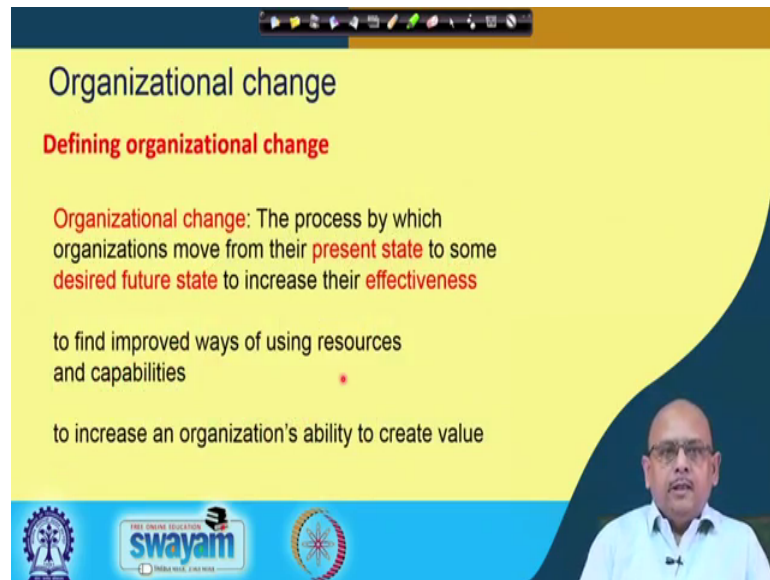
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Now, when you are talking about that all the time to changes happening it means what is our experiences. Now, if you look at this figure you can see where you are standing today ok, and how do face or look at the new world which is going to be there, there tomorrow and how are going to take it up with yourself.

And the same thing can be said about the organization that how organizations are going to perceive to the world today and tomorrow, because today they are working they have good products and services, they have good performance good market, but not necessary that in the new world order they are going to be like that. So, what needs to be done? The path to move from today to the new world is not linear you can see that it shows a non-linear path. It means their ups and downs to reach and understand the new world it and for that you what you need to do is to the scan.

As a manager or the organization you are suppose to scan what kind of new world you are going to face tomorrow and how we are going to treat the path from today to tomorrow it means that the way you have been doing of look at this the old way of doing thing need to be changed. And then whether no you have doing things in the new world because the way you have been doing it today is not going to be successful tomorrow, all right. And for that in you need to identify the kind of new world that is going to be there tomorrow and for that you need to scan the new world or you need to identify the kind of world that you are going to have tomorrow, all right.

So, basically if you look at this it suggest that we have been doing something in a every state passed away, but we need to change depending upon the new things are the changes that is happening in the environment in the organization.

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Now, based on this let us define about the organizational change, that what is organizational change? Now, when we are looking at organizational change this suggest that it is a process through which you move from your present state to some desired future state, ok. So, you are here today and tomorrow you are going to be it something different, all right. So, the change basically means a process and through this process you move from your present state to some desired features state. But why you want to move to a desired future state that is very very important.

The idea is so that you are able to increase your effectiveness. In order to remain competitive viable and performing well by providing goods and services, you need to ensure that your competitiveness, your market share your growth is maintained, all right. And for that you need to move from the present state of affairs to a desired future state, all right and how it come it is possible, that is how you are trying to improve yourself by using the resources and capabilities.

So, in order to increase your effectiveness in a desired feature state what you need to do is, you need to utilize all the resources we talked about the various inputs like materials, peoples, technology, money. What are materials that you are using how you can

optimally use these resources and the capabilities of the people to improve your effectiveness, right so that when you move to the desired future state you remain competitive and viable, alright. Because if you are not going to remain competitive and viable tomorrow as an organization then probably you are going to have a bleak future, all right. Then the down slides starts, and you can see that those organizations which have not been able to compete and remain viable are not the existing these has to be exist tomorrow.

And if you have been able to improve your effectiveness by utilizing or resources and capabilities and that is how you create value for the organization, ok. This value could be in terms of economic value, it could be in terms of utility of for the organization of whatever resources we are using. So, the basic idea of bringing about the change in the organization is to increase the ability of an organization to create value for whom for all the stakeholders maybe the employees, may be for the customers, may be for the management. So, if you are not able to create value for them in terms of utility and economic value then you do not remain competitive.

So, it is very very important for you to ensure that when you move to a desired future state you remain competitive and viable and keep and performing constantly well. So, that you progress and create value for the organization.

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Now, this is what exactly I wanted to talk about, all right. Now, if you look it at this figure you can see that how we represent change there are 3 different stages ok, that is your current state and then you have the desired future state, right. This is the desired future state. And this is this, this transition state it means that you need to move from this current state to this states, that is desired future state.

So, now if you look at this figure you can very clearly see that in the current state means what; what is there today; what are the things that you have been doing today in order to perform well, all right. Next state is the transition states, right. How you move from the current state to a desired future state Here you can see that you need to move in such a way so that you are able to move effectively to the current future state, all right and that is where the change management comes in so that you need to bring about certain changes in different things that we will take up later.

So, that we are able to reach to a desired future state because if change is not happening during this states then you cannot reach to this desired future state. So, the desired future state is what? How the things will be there tomorrow. It means the way you have been doing things today we will change tomorrow because the changes in the environment are the factors of the environment may be say economy, technology, a government legislation, social cultural values, right customers expectations, everything is changing. So, depending upon the requirement of these environmental factors you need to bring about a change, in your system, your structure, your process, your culture, your technology everything, all right.
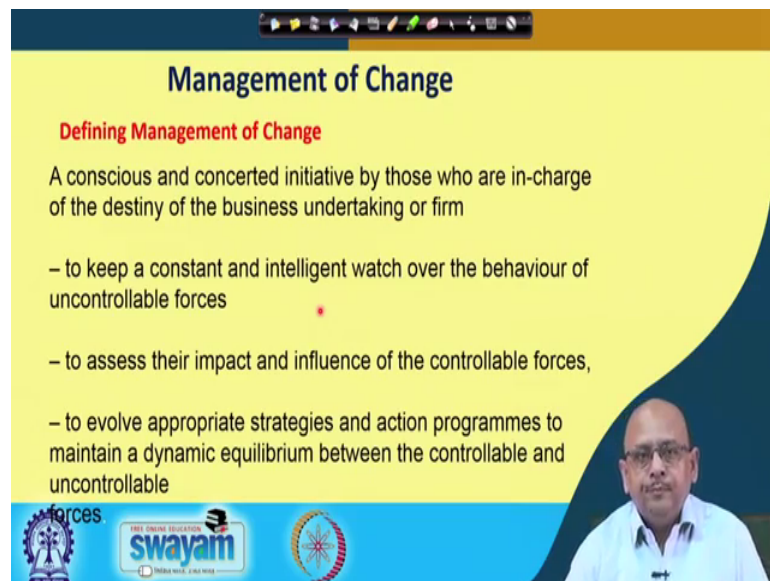
So, say for example, we are using a certain technology for producing goods and services. Now, you need to bring about a new technology so that you can be more efficient. Because the idea of changes to improve the effectiveness as we have discussed earlier. Now, when you say that you want to bring about a new technology, so how do you successfully implement and initialize a new technology that is related to transitional state.

If you have been successful in bring about and its initializing a new technology then you can say that yes we have been successfully reach to this future desired future state and now you are going to make use of this new technology to be more efficient and productive, all right. So, if when you are talking about organizational change is nothing

else, but moving from the current state to a desired state through change management efforts so that you are successful and remain competitive and viable.

Now, this is organizational change, but what is more important here is to look at this factor that how we take up this transition state. It means that how you manage change that is very very important, all right.

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So, the next thing that we are going to discuss in this continuum is; what is management of change. So, management of change means that how you effectively translate from your current states to a future desired state, all right. Now, when you are talking about these things we have to look at it that how management of change is defined here.

So, if you look at the definition trace that there are people who are going to take up this initiative, all right and this initiative is very consulted and consuls effort that is made by the people who are in charge of the change, all right. So, this concession consulted initiative by those who are in charge of the change are very very important because it is the their responsibility to see that what is the destiny of the business and what kind of business you are going to be in tomorrow, and accordingly what kind of changes to be brought in, all right.

So, when you are talking about the transition states that is the second states you need to see that what kind of initiative in an efforts are required by the change managers to

ensure that you reach through the desired future state which is nothing else, but the destiny of the business ok, for which they are doing it, all right. So, during this transition phase you also need to see that what are the forces which are within your control and what are those who are such which you are not able to control, all right.

Maybe say there are certain environmental factors on which you do not have control. So, how are going to deal with those forces which are not under controls. Say for example, there will certain economics ups and downs ok, say price raises going up, all right. So, you need to keep a watch on those on the behavior of those forces which is uncontrollable say prices, right. For example, if you know I can tell you say when we are importing oil and of the dal prices are going up, all right then the prices of crude oil will go up, all right.
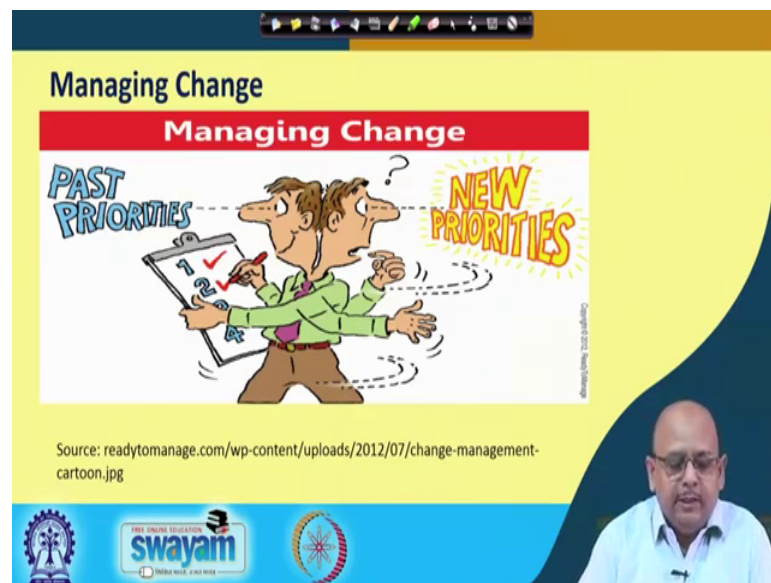
So, you are not having any control along these things and if you are using it as a as a resource then definitely the cost will go up. So, how are going to manage these resources which are not under your control? But at the same time there are lot of resources internally within the organization which could be under our control. So, also need to access and impact the influence of controllable forces like your employee behavior. So, can you suggest that; may be that cost factor is high, but we need to increase our efficiency and production to match the cost factor, all right.

So, you need to access that how we are going to impact or say influence the control controllable process whether they are within the organization or outside the organization, all right. And then who developed certain strategies and action plan to see that how to make a balance, a equilibrium and this equilibrium is not something that a static is it dynamic because it keep on changing, but when the controllable forces and uncontrollable forces.

So, there are certain forces within the environment which are controllable, there are certain forces in the environment which are not controllable, so you might and see that what kind of a strategy you need to adopt in order to ensure that we are able to make a better balance between those forces to see that the organizations are doing what they want to do. Because if you are not able to control those forces which are even within your control then you will not be able to grow and develop yourself. So, it is very very important that all change efforts that is initiated by the change managers they need to

look at what are those forces which are within the control and what are those forces which are not under the control and see that how they can maintain an equilibrium which is dynamic because these controllable and uncontrollable forces keep on changing, right. And that is how they are able to better manage the change.

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It is something like this, see. Now, this person appear to be the change manager, all right his job is to see that how we can change the things. So, far that he is going to look at the past, what has been happening in the past. So, he is going, ok. These are these are the things that have been doing well and then there are list which are not being doing well and then he is to see that what are the new things that need to be done, all right.

So, it is the responsibility where change managers to move from past to the new priorities and the process they are going to see what are the activities they need to take up, what are the forces that they need to control, alright, those controllable and uncontrollable forces both.

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Now, moving further see it is a tendency for all of us as a individual also to go for a change. Now, if you look at this figure which is appeared to be blunt, but what is more important to see that what is happen actually this people are running out you are going out, all right. You are doing something, it means that it shows something is there which is dynamic or that is something that is not constant are people changing, right. See, all these examples that is given here denotes some kind of changes which is happening either in the individual or in the organization.

Like when you are going to start a new business I want to go for a change in your job when you want to try a new product for a work out because you want to change yourself or you want to change your carrier or whether you want bring about a change in our behavior, simply you want to go on vacation to bring about some changes in your say daily schedule and these kind of things. Now, what does this basically so that yes; we are always looking for the change because we think that it is going to be good for us, all right, but not necessary that it is going to be good.

For example, if you change your carrier may not be you may not be satisfied with that one. You try a new product it may not be good ok, or when you are changing a job you find that it is more difficult, all right. And if you start a business it might be a failure, but there are certain challenges which are associated with all these and that that is why

people seek for change. And then they try to see that how there are going to meet with the challenges of the change.

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So, now this is a statement which is which is made that it is not the strongest who survived. Now, the most intelligent, it means who is going to survive tomorrow, not the strongest or the intelligent person. It is those who are going to survive who are very very responsive to the changes ok, if you do not respond to the change as a individual or an organization then if tomorrow you may not be able to survive, ok.

And how organizations are going to respond to the changes you can see here by offering new products and services ok, entering into the new competition by are offering products and services in those areas where they have not been there, all right. Then also need to identify the tastes and preferences of the customers and accordingly of our products and services. They need to respond to the changes because there has been a major shift and say social political environmental and cultural framework. See, it is not only that the customers taste and preferences are changing there are changing in the political environment, economic environment, the cultural environment and the social political environment.
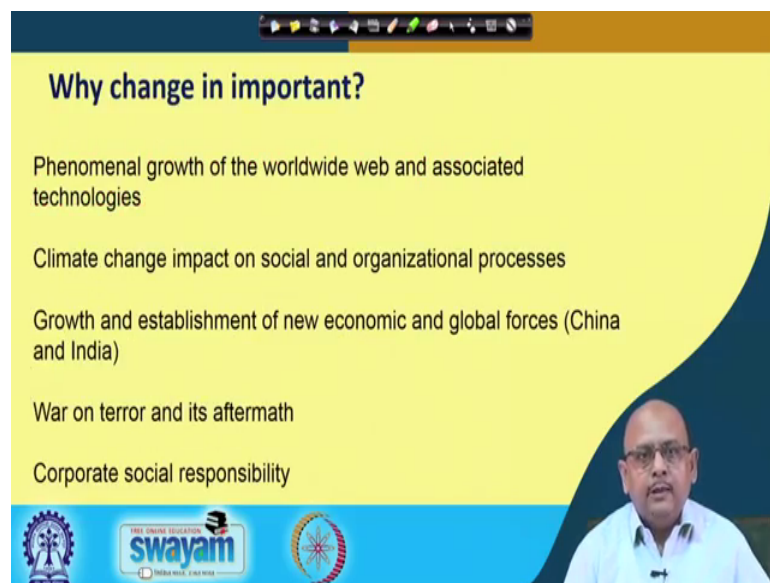
Now, the shift in the social political or cultural environment need to be looked into by the managers or change and charges see that how they are going to respond to the changes which is happening in these kind of environment and how they are going to cope of with

these changes. For example, so look at the political environment say if in case of political environment you know that suppose there is a political party which is more responsive to the economy, but there is a another political party which is a less responsive to the economy. Then how are going to cope of with this kind of challenge, all right.

So, you need to see that how you can respond to the challenges which is created by the various environmental factors. Similarly you know that there are lot of changes which are happening in the technology field of technology, in any kind of work environment you will find that there has been shift in the technology, ok. We have move to the state of technology, we will also find that now people have been replaced by the robots, ok. There are certain factories in many countries where you will find that equal number of robots are working along with the people and their increasing efficiency.

So, what I am trying to tell you that you need to respond to the changes which is coming out of any of these factors ok. And then you have to see that were the new markets where you can sell your products and services, all right. So, if you are not going to respond to the changes of the markets of the competition by offering goods and services to suit their expectations you may not survive tomorrow, all right. And that is why this change also created lot of challenge or the individuals and the organizations.

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Now, another question is that why this change is important and why there is a need to respond to the changes which is coming out of the organization, all right.

You know that the as I already talked about that yes there are lot of changes and information and communication technology, ok. There has been you know that internal penetrate it like anything in our houses today, all right and the associated technology which has basically changed the world of the work, all right. So, this how this ICT is going to impact our lives, not only our life, but also our work lives. Similarly they are concerns about the change that is happening in the climate, all right and how climate change is going to impact processes social processes and organizational processes, all right. How companies are going to respond to do these changes to create a more environment friendly products and services, all right.

And similarly you will find that if you look at the economic and economic and global forces worldwide. In addition to say US and Russia there are local regional forces which are coming out like Singapore, Vietnam, China, India, which are basically new economic and global forces and they are going to give lot of challenge to we can say the strongest economic forces in the world like US or Russia.

Similarly, another important thing that is happening in the world is basically there is a war and terror, ok. You will find lot of terror activities happening and how it is going to impact businesses and organizations, all right and we also need to look at the consequences. So, there have been consulted effort by the government and nations to take up this war and terror and see that how they can combat these kind of things and how they can reduce the consequences of these kind of terror on societies and organizations.

And another important thing is then since who are going to respond to the climate changes you have to see that how you can create more sustainable world ok, and for that businesses also need to understand their responsibility to or the society ok. So, because of these factors it is very very important that you go for a change otherwise you will not be able to compete. Because if you do not solve the suit what is happening around us are in the society and the world are in the when organizations then probably you will be lagging behind and you will not be able to compete. So, it is very very important to look at these factors which are very very important and how this is going to impact our life, our work and organizations. So, we have to see that what is what kind of impact change is going to have on our life work in the organizations.

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You see that where the changes that is happening, that is happening everywhere like the kind of technologies that we are using yesterday and we are using today there is a lot of changes, ok. Now, if you look at technology which is moving to become more digital in nature, all right.
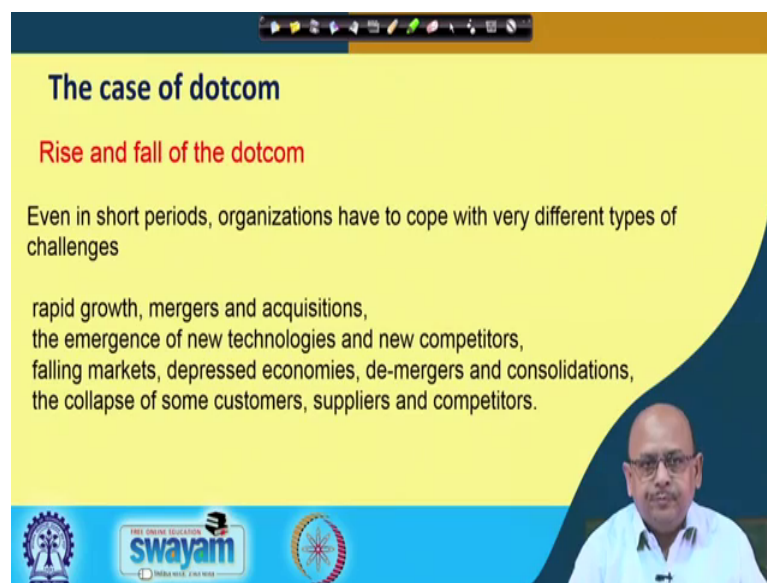
The customer expectations are also changing, the level of competition, the kind of competition has improved look at different sectors, may be that is aviation sector or say mobile sector. You can see that how the competition is challenging the organizations and in what way organizations are going to cope up with the challenges that is created by the competition. Government has also come out with legislations to protect the interest of the stakeholders. So, if the government has come out with certain legislations how organization are going to keep cope of it this legislation.

For example, now you know that you have a uniform tax policy say goods and services tax which is going to impact the organizations. So, how organizations are going to take up this challenge to ensure that going to smoothly inculcate these government legislations like GST into the systems and processes, all right. There have been change in the economy ok, everywhere in India and also abroad where you will find the lot of some countries are facing crisis, some countries are in dept are having in economic and financial crising, in some countries the growth has almost stranded this stagnated while some countries are going very fast.

So, the economic development is also going to affect not only our life and the way you are working, but also the organizations. Then communication media which is very very important, the growth of inter technology internal technology that I talked about has changed the way we leave and work, all right; then, the value systems of the people and the societies, all right that has also changed. And then how organizations supply and distribute goods and services, so the entire supply chain has under gone for a change, all right because the technology has changed.

So, if you look at the impact of change on your life there has been tremendous impact not only on our life and the way we work, but on the organizations. And that is why organizations also need to look at these changes and see that how they can cope of with this kind of thing.

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And finally, I am going to discuss a very important case just to explain that not all changes are going to be successful and this is a very famous dot com boom that happened in the 90s, late 90s or 2000 you can say and this is known as the case of dot com companies. You know that when internet technology came into existence and there was a boom of ICT lot of dot com companies came into existence not only in India, but across the world. And what happened to these dot com dot com companies? Most of these dotcom companies did not survive forget about the growth and development, ok.

Because they face lot of challenges, and they were unable to cope up with the challenges and that is why most of these dot com companies did not survive, all right. So, what was happening in the organization said that are that point of time? Lot of mergers and acquisitions were going on, companies are merging with each other, all right, new technologies were coming, new competitors were there ok, markets were going down, economies were depressed and when in the economic growth was lowest statistics level most of the companies which has must went for demergers, all right customers, supplies, competitors almost collapsed. So, this was the situation and because of that we will find that most of these dotcom companies could not survive, forget about the growth and development.

So, what I want to say here is that the change of impact could be drastic. If you are not able to compete, if you are not able to take up the challenges of the environment if you are not able to consolidate your position or reposition yourself, to grow and development, then tomorrow you reach to exist has an organization, all right. And this presents a very strong case that how we manage change effectively in the organization, all right.

And, with this case we want to finish this.

Thank you very much.