

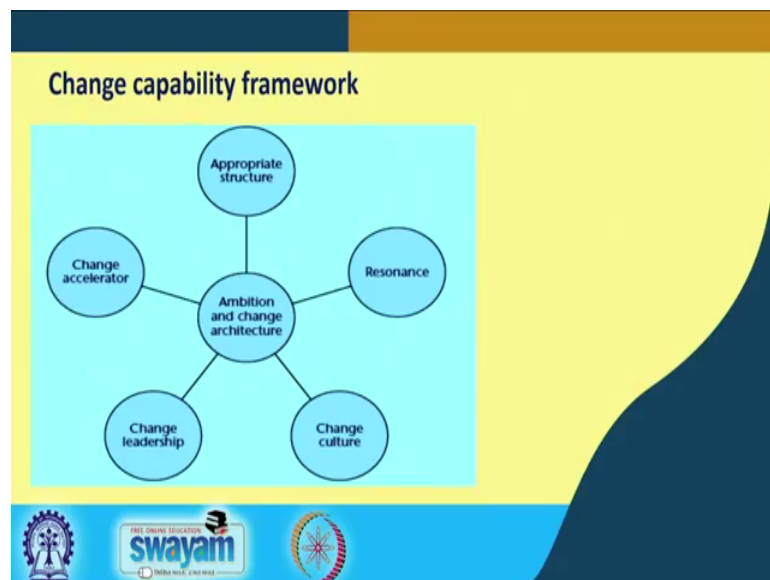
**Managing Change in Organizations**  
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**Lecture – 09**  
**Scope of Change (Contd.)**

So, welcome back to the next session. This is the 2nd week of the course. And in this week, we have discussed about what are the different kind of changes that are happening. Basically if you look at the changes that are happening is in the field of structure, system, technology, people, and cultural related changes.

Now, we will discuss about these kind of changes, but before we move onto discuss what are the different kind of changes, in terms of where the change changes are applied. We will discuss the context and then importance of the change in strategic frame work. So, what we are going to discuss is that before we go for looking in to the change, and think of identifying, why we are going for a change, we need to look at the capability.

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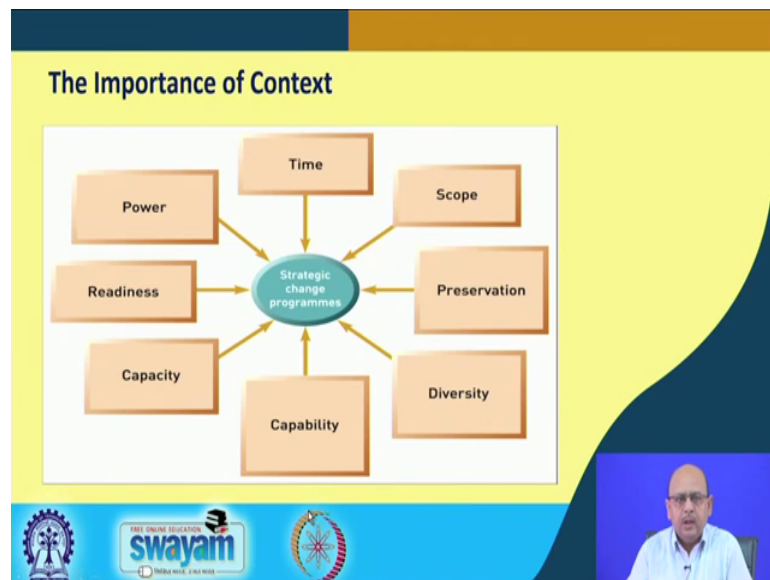
So, here we are going to discuss about the change capability framework, where we are going to see that how the process of the change or the architecture of the change is going to be influenced by a number of factors. And this includes the structure part. So, when you are going to bring about a change, you also need to see that how it is going to be influenced by the structure of the organization or structure is going to influence this kind

of change. Whether this change is going in resonance with other changes, which are happening.

Similarly, whether there is a need to bring about the change in the culture of the organization, because you are not to bring about the change in the organization. And also in the leadership whether there is effective leadership, which is being initiated by the top management to ensure that you are able to correctly identify the change, and you are going to implement successfully in the organization.

And then what are the accelerators of the change? Accelerators in the sense that what are the factors, which I have proceeded, which I have forced due to go for a change right. So, looking into this capabilities framework, you need to identify especially the culture, structure, and the leadership issues. And only then you can think about going for a strategic change right. And then you also need to identify the forces. So, the accelerators may come from the environment, internal as well as external environment right. And then you need to proceed further to see whether you are going to see, where the change is going to happen.

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Now, the context is very very important that what we have been talking about say the accelerators. So, accelerators basically provide the context. Context in the sense in what context you want to bring about certain change. So, any kind of a strategic change program, which an organization is ready to initiate is going to be influenced by a number

of factor the time. At what point of time, you want to introduce? Whether you are going to introduce it at a time when it is really required or you are going to introduce at a later stage.

So, it is important that you need to introduce any change program as and when it is required. Say for example, you find that your structure is not efficiently working right, it is not helping organizations to go for better coordination vertically and horizontally. So, you need to bring about a change immediately, then they are you need to bring out some change in your structure. So, the timing of bringing about any changes is very very important.

Then you also need to decide about the scope of change. What is to be changed whether you want to bring about the change in the culture, whether you want to bring about the change in the structure, whether you want to bring about change in the technology or leadership, so you also need to define the scope of the change from where you are going to start the change initiatives. So, what we have discussed about the timing of the change, and where you are going to introduce the change.

Then the preservation, whether you will be able to sustain it or not that is also important issue and then diversity. Diversity means, what are the different kind of stakeholders, who are going to be influenced by this kind of change program. And here when you are talking about diversity it is not only the diversity of the work force, which is going to influence any successful change initiative, but also the different kind of stakeholders, who are going to influence the organization.

Different kind of a stakeholders may include say your vendors, suppliers right so all external agencies, and then internally your employees right. And also among employees different type of employees and different levels across departments right, who belong to different sets of you can say diversity factors like age, gender, so because that is very very important.

Say who is going to accept change more frequently a young person or an old person ok, male or female ok, more professionally more educated or less educated. So, all these factors have diversity are very very important, because it is going to influence your any kind of change program, which you want to initiate in the organization.

Then capability. Capability here refers to what, the capability of the organization, whether organization is a capable enough whether it has resources to go for this kind of program right. Suppose, you want to bring about change in the technology. Do you have resources to meet the technological requirement of the organization this organization is capable enough in terms of the resources, strength, so that it can cope with the external factors, and come out with some changes, say technological changes to ensure that this kind of change is going to successfully incremented. Because, if you do not have capability, even if you to find a scope and you know this is the right time to go for a new technology, it is not possible because the resources are not there right.

Then the next factor is capacity, capacity of the people. Capacity of the people is very, very important, because ultimately any change program that is initiated the success of that particular program is dependent on the knowledge skill and competence of the people. So, people are not competent enough, then it would be very difficult for the organization to go for any kind of change program and then readiness.

Then you have to see whether people are really ready or willing to accept, these kind of changes or not. Because if people are not willing, then it may not help organization to succeed in any change initiative. So, the readiness of the people is very very important in the sense that whether there is on to be less resistance or more resistance. So, the leaders must be able to identify the level of resistance that is present or is likely to be there, and then how they are going to deal with this particular factor.

Moving further we are going to talk about another important factor that the kind of power politics that is being played in the organization. What kind of power structure is there, it depends upon the level of decision making or centralization or decentralization decision making right. Then the internal languages of the organization, some people who would like to go for this kind of change, some people would not like to go for this kind of change. So, they would create certain problems.

So, you also need to understand the power dynamics. And the politics that goes on within the organization, when you want to initiate any change program right. So, these are the various factors, which are very very important. Because, if you want to introduce any kind of change, you must keep in all these factors, which are responsible for ensuring

that the change program is successful. So, what you have discussed the capability and the context in which the change happens.

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Now, look at the targets, what are the targets for the change? So, the targets could be at different levels, it could be at HR level, functional level, technological level or at the capabilities level. Similarly, you can also find the targets at three different level. Whether the change is to brought in to the individual level or it could be at the group level at could be the organizational level right.

So, these kind of changes, for example if you are talking about individual level right, we are talking about the people related changes. Group level, it means that you want to change the group, their attitude, their behavior. Say for example, you want to have a good thing. So, you want to bring about the change in the behavior of the team, so that is the group level change or you want to bring about the change in the organization level right.

Now, when we are talking about these four different levels of the changes, it talks about the scope of the change. The changes could be brought in the HR right, when you want to bring about the change in the policies, systems, and practices to manage and develop people. It would also relate to the function of the organizations. Different kind of functions, which an organization performs. Then the technological capabilities and

organizational capabilities. So, let us just discuss it one by one that different levels of changes.

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**Human Resources**

Typical kinds of change efforts directed at human resources include:

- Investment in training and development
- Socializing employees into the company culture
- Changing culture in response to diversity
- Reward systems
- Changing top management team

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Now, when we are talking about changes at the human resource level, so what does it include? For example, you want to conduct a training and development program. To ensure that the competence increases or you want to go for socializing program to ensure that yes, people are ready to accept the change in the culture or you want to link performance with the reward to promote better performance among the organizations right.

So, there are lot of changes that could be brought in at the HR level, are you want to bring about a change in the reward system of the organization right. So, you are trying to link in the performance, you want means the objective to motivate employees for better performance. Similarly, you want also want to bring about the change in the management team of the organization right. So, that would alter the supporting relationship of the people right. So, if these kind of changes, which are aimed at people, and how they are going to function the organization, these kind of changes are coming under what you call HR changes right.

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**Functional and Technological, and Organizational Capabilities**

**Functional resources** – as the environment changes, organizations often transfer resources to the functions where the most value can be created.

**Technological capabilities** – these give an organization the capacity to change itself in order to exploit market opportunities

**Organizational Capabilities:** through its design of organizational culture and structure, An organization can harness its human and functional resources to exploit technological opportunities

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Coming about the other kind of changes that you want to bring in light functional, resources. So, when you look at functional sources means, that how resources are going to be utilized by the organization and the various departments of the organization right.

So, in the change environment if you want to bring about the changes, so you also need resources, which are very very important right. Now, these resources must be optimally utilized. So, you need to ensure that appropriate resources are utilized by the organization. And for that what you need to do, you need to ensure that how these resources are going distributed across departments right that is very very important.

Because, suppose you want to go for technological changes, it means that you are going to allocate more resources for the technology right. Suppose, you know that you need to spend more money on people so accordingly, you need to spend create more budget for people related changes right.

Similarly, the technological capabilities. The idea here is that when you are talking about improving the capabilities in terms of technology, so you have to see what kind of technology is being used by the organization currently, and what kind of changes it wants to bring about the technology of the organization. The basic idea is that you can use make use of this technology to create value for the organization right, so that you can have better market opportunity better in terms of more share more profit, and these kind of things.

Then the capability of the organization. When you are talking about organization capabilities, basically you want to bring about the change in the structure and culture of the organization right. So, you go for some kind of restructuring in a processes, which we will discuss in detail again. So, where we are talking about bringing about a change in the culture that means, you want to bring about change in the norms and values of the organizations right.

And then you try to ensure that these norms and values are aligned are intoned with the goals and objectives of the organization. So, in what way these cultural values are going to help organizations to perform better. One example that can that I can give here is like State Bank of India recently went for a cultural transformation.

The idea of this cultural transformation in state bank was to develop those norms and values, which are going to be more aligned to what you call performance. So, they try to examine and link whether bringing about a change in the culture of the organization that is the values and the norms of the organization would bring sufficient changes or significant improvement in the performance of the employees in the organization right.

So, they identify those designated norms and values. So, these spouse values were communicated to the employees, and they are asked to imbibe them, so that these cultural transformations happen. As a result of these cultural transformation State Bank of India was able to transform itself in to a more productive organization.

Similarly, when we are talking about structural changes, structural changes could be of anything where you are trying to reduce some departments or you are trying to reduce the levels in the hierarchy right or whether you are going to change the reporting relationships right. So, all kind of changes, which basically effects the structure the organization is related to structural changes.

So, whether you want to bring about the change in the culture or whether you want to bring about the change in structure both, actually aim improving the capability of the organization to perform well right. So, you can harness your HR and functional sources only when you are increasing the capability in terms of the culture structure and technologies right.



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**Strategic types of change**

**Technical Change**

Changes in an organization's production process, including its knowledge and skill base, that enable distinctive competence

Designed to make production more efficient or to produce greater volume

Include work methods, equipment, and workflow

**Example: GlaxoSmithKline** :Developed software to help researchers screen potential drugs for possible adverse medical reactions at early stage

So, moving further we will further discuss again what are the different kind of changes that happens in detail. And here we talk about the technical changes. Now, when you say the technical changes, it means that you want to bring about a change in the way the output is coming out of it, it means that we are talking about the production process. So, when any organization wants to bring about a change in the production process, it means that the knowledge and skill base of the individual also go for a change, because in order to produce with a new technology, you have to see that what are the knowledge and skill that is required right.

So, you need to ensure that people had the competencies to work with the new technologies right. The idea is that you can make use of this new technology to be more efficient or you can produce in greater volume, because the idea bringing to the new technology is what you are having a product which is more efficient. So, you are able to assure its accuracy, quality and efficiency, and you can also produce in more numbers right.

And what basically it includes it? The tools, equipments, the processes, and how the work flows an assembly line. So, all this could be a part of technology right. For example, you can measure how much time and movement is taken by a person to perform an activity and assembly line right. So, it is for using a new technology, whether this time and movement of the individual can be reduced, so that he is going to be more

efficient. So, if jobs are interdependent, so that he can do his job faster, and then their product moves to the next table or to the next person, so that he does his job right.

So, you need to identify what are the processes equipments and the flow, which is used in producing something a good say for example right. One example that I have taken is a GlaxoSmithKline, so in a pharmaceutical company. So, what they did basically they developed a software, which could help researches to screen potential drugs for it is possible adverse medical reactions.

So, they could identify what could be the medical reactions of this drug on the people right, so that before doctors prescribed this drug right. The software would be able to detect what could be the reactions for the people based upon it is cases (Refer Time: 17:24) based upon his reactions to various drugs of the people some people are more reactant to certain drugs. So, this software is in a position to identify what could be the possible reactions. So, it would help doctor to prescribe a particular medicine or not right. So, the software is what? Software is a kind of change that you want to bring about how having to prescribe a drug that is related to the work method right. So, these kind of technology changes are very very important.

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**Strategic types of change**

**Types of Technical Change**

- There are a variety of new technologies being used, for example:
  - Customer relationship management (CRM) systems
  - Enterprise resource planning (ERP)
  - Wireless technology
  - Business process reengineering (BPR)
  - Six Sigma
  - CAD, CAM, CIM, Flexible manufacturing system
  - ICT

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Similarly, if you look at other kind of technical changes, which has been brought in either manufacturing sector or even the services sector right. So, there is the new variety of technology that is being used today, by the company like customer relationship

management. So, it is also software, which takes care of the customers starting with what you call approaching customer to closing the deal. So, everything is managed using a software.

Now, you have an integrated supply resource plan that is known as enterprise resource planning, which basically tries to connect all modules or all parts of the organization at the duplicacy, and it ensures that people are able to connect with each other more accurately using an IT system.

So, when you are talking about enterprises so planning basically, it is used to create more efficiency on the people. Then people are using wireless technology, so that it also helps people to communicate more effectively. Similarly, you have business process reengineering. In business process reengineering, the objective is to restructure each and every process, you start from the scratch, and see whether any process any business process.

Say for example, related to any function with product and function, marketing function, HR function, how it could be improved further. So, you evaluate the business process and say, what are the drawbacks of this process, what are the things that you need to drop or what are the things that you need to add, and accordingly you come out with a business process, which is going to be more efficient.

Then most of the companies today go for Six Sigma programs. Six Sigma programs are basically used to control the quality factor right, so that the defects in the product could be reduced to in a great extent right. So, most of these Six Sigma programs assure that your product is of to a certain standard quality. And that is why, companies have gone through these kind of changes.

Then in manufacturing sector, you will find that a lot of changes are happening in terms of technology like using computer aided design, computer aided manufacturing, computer integrated manufacturing basically, everything is starting with the designing prototype to the final product, everything is being controlled, and they are related by the computers.

Then most of the companies are moving to a more flexible manufacturing systems. Especially, in case of manufacturing technology, so that they can produce what you call

the custom based products in comparison to teller based products, so that they can meet the requirement of different customers, and their needs and expectations.

Then another important thing that is developing very fast in manufacturing sector is the use of information and communication technology right, which give you feedback, which also acts as a control system for most of the organizations. And most of the organizations use ICT systems for data cravings like you have data warehouse, data mines or all kind of things are basically is a byproduct of what you call information and communicational technology, so that also helps you to take decisions, and to decide what is to be done.

So, you can see that there is the variety of technology starting with manufacturing services, and IT that is being used by the organization. And any kind of change that is to be brought in here is going to form of what you call the technical change.

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**Strategic types of change**

**Product and service changes**

Pertain to the product or service outputs of an organization

New products include small adaptations of existing products or entirely new product lines

Designed to increase the market share or to develop new markets, customers, or clients

Toyota's Hilux truck was a new product designed to increase market share  
Apple's iPod was a new product that created a new market for the company

Tata Consultancy Services mKrishi service delivers weather information and crop advice to farmers in rural India via cell phone.

Now, moving from technical changes to another kind of change that is product and service changes. Product and service change means that when you are coming out with a new product or new service of the organization. So, it is related to either a product or a service related to an organization. Both of them are outputs basically right.

So, new product could be say small adaptations through existing products, so you are offering some products, to add a new feature to feature to that product right or you are

coming out with a entirely new product. So, both are included. Whether you are going to modify a product or whether you coming out with a new product at all.

Then it is the objective of this product and services change is to ensure that you are able to increase your market share or come out with new markets, new customers, because you are going to offer a product, which is distinct or different from what others are offering your competitors.

Some examples that I have taken here like Toyota's Hilux truck, it was a new product which was designed to increase the market share and (Refer Time: 22:40) have them to increase their market share. And the example that I can give here is Apple's iPod, which has a new product has created a new market product company right.

Then in context of India, we have Tata Consultancy Services, they came out with IT maple services known as mKrishi and this is service, which basically delivers weather information and crop advice to the farmers in rural India via cell phones. So, you just download this app, and you can get all the information right. So, this is where you are using a technology to provide better services to your customers and clients right. So, all these are examples of what you call the product and service changes.

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**Strategic types of change**  
**Strategy and structure changes**

Pertain to the administrative domain in an organization

Structure and system changes are usually top-down

Include changes in organization structure, strategic management, policies, reward systems etc.

**3M:** A system change instituted by top management implementing a Six Sigma program

A shift to self-directed teams at ICU Medical Inc.

Moving further, we are going to talk about the structural changes. And most of the structural changes basically brings about a change in the structure of the organization.

So, they are in the administrated domain right. Mostly it is top down, because suppose you want to reduce the number of levels in hierarchy, what does it mean? It means that you are trying to reduce the communication gap, you are trying to be more, sorry less formal and this kind of things right.

So, it includes changes in the structure as well as strategy both. Because, if you are going to bring about a change in the structure, it means that you need to ensure that there are certain strategical alignment or if you are to bring about the change in the structure, you need to ensure that it brings about the change in the structure of the organization also right.

Some examples that is given here like 3M, which is on the top of the innovation index. So, they try to bring about a change in the system, which was instituted by the top management, and their Six Sigma program. So, with this Six Sigma program, they were able to improve their quality of the product to a greater level right.

For example, in ICU medical, they went for a different kind of working method that was self directed teams right. So, self directed teams means the team, which is managing itself. So, this is also known as a self managed teams. So, everything is left it to the team. So, they are going to recite what is to be done, how it is to be done right. And they are responsible for the product or service, which they are producing. So, from individual working they move to what you call the team working activities. So, this is a kind of system changes. So, structural change are basically related to the system and the structural changes.

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**Structural changes**

- Hierarchy: Number of levels
- Span of control: Broad or Narrow
- Chain of command: centralized or decentralized decision making
- Degree of formalization
- Departmentation
- Management systems

Taller vs. flatter or Mechanistic vs. organic

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Now, what are the different kind of structural changes that could be brought in. The 1st one is that when you are trying to bring about change in the hierarchy of the organization, it means that you are trying to reduce the number of levels in the hierarchy right.

Then another could be like when you are trying to change the span of control, span of control that is how many people have been supervised by a person right. So, you can make it broad or you can make it narrow depending upon the requirement, so that is also a kind of change. So, most of the organizations today are moving from broader span (Refer Time: 25:45), so that more people can be effectively supervised.

Now, you see this hierarchy and this kind of control is very much related. For example, if you want to reduce the number of levels in the hierarchy, then accordingly you also move to have a broader span of control, because with less hierarchy one person is going to supervise more people in the organization.

Then chain of command right, the aligned relationship, who is going to report whom that is very important. Similarly, also say that what is the process of decision making that is centralized at the top or to have a decentralized decision making system. What is the degree of formalization to the (Refer Time: 26:24), which formal rules regulations are followed or not followed. So, most of the effective organizations had moved to say less degree of formalization today right.

Then departmentation; what are the various departments, whether they are required or not. So, you also try to bring about a change in the horizontal structure of the organization. So, hierarchy talks about the vertical structure, where we try to reduce the number of levels in the organization. And when you want to bring about the change in the number of departments in it means that you want to bring about a change in the number of departments that exist in a organization right, so that is related to departmentation.

Then the management systems, what are the different kind of systems that is followed by the management right. So, these structural changes are important and organizations go for these kind of changes. And they are aligned in such a way, so that you move to become either a taller structure or flatter structure, in other words you call it either a mechanistic structure or a organic structure.

So, when we are talking about organic structure, it means that you are trying to reduce the number of levels, a broader span of control, a decentralized decision making system less formalization, less number of departments, and better integration coordination right or if you are going to have a mechanistic system, then there just opposite of this happens.

More levels in the hierarchy, narrow span of control right, you have a sorry centralized decision making more formula is in rules and regulation are there right, you have number of departments, you create or all kind of departments depending upon your convenience, but that actually obstacles coordination both vertically and horizontally. So, if you want to create more efficiency, you need to ensure better coordination vertically and horizontally, and that and that is why you move from a mechanistic structure to a organic form of a structure.



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**Strategic types of change**  
**Type of strategic changes**

**MERGERS AND ACQUISITIONS**

- Enable organizational growth at an accelerated rate
- Types of mergers and acquisitions:
  - Excessive capacity
  - Neighboring market expansion
  - New product or market investment
  - Research and development
  - Leveraging to create industries

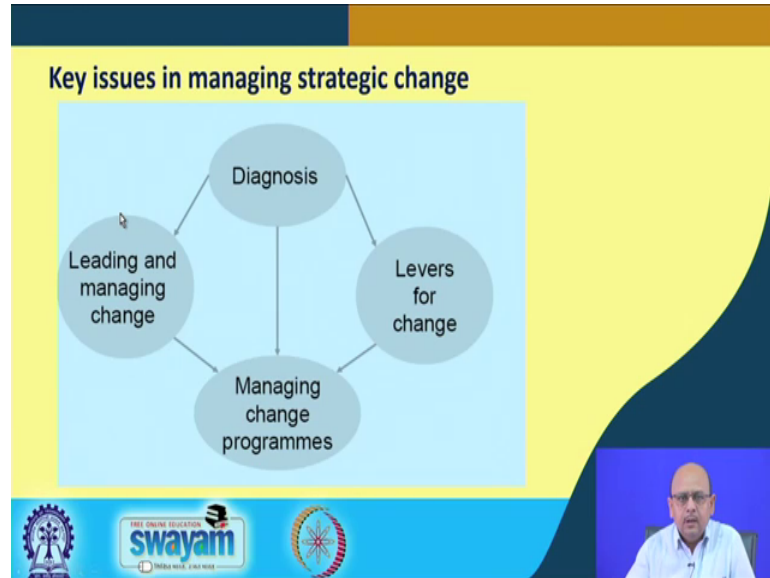
Then the different kind of strategy changes that happens is especially in when you are talking about strategic changes that is mergers and acquisitions, where two companies merged with each other, then it is known as mergers. For example, company a and company b must be together to create a another company right, so that is known as mergers right. Like HP Compaq, HP and Compaq have must together to create another companies, which is known as HP Compaq right.

Now, acquisitions. Acquisitions are different thing where one company if a company a is acquiring company b, so company b does not exist, it become a subsidiary a part of what you call company a. For example, when (Refer Time: 29:05) was acquired by Tata, so that it become a part of Tata group companies right. So, this merger's acquisitions also part of a strategic changes. And these strategic consolidations are made for strategic and financial integration, so that you can increase your revenue, you can increase your market share, so that you have better control over the market, because you have more resources that you are disposal.

And these are the reasons that you go for these kind of mergers and acquisitions right. And the it could be different kind of mergers acquisitions like you increase your capacity right, you go for expanding your markets, you want to have new product or you want to invest in the new market or you want to develop your R and D capabilities, it also creates some kind of leverage to the industries right, so that what you do not have you get it. So,

through acquisitions and mergers basically, you go for more integration or for strategies, so that you can better control the market right.

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So, apart from mergers and acquisitions, let us see what actually happens? What are the key issues, the diagnosis. Diagnosis in the sense, you need to identify what is to be done, and how it is to be done, then what are the levers of change, why you should go for these kind of things, then how it is going to be managed, and who is going to leave and manage this. So, any kind of strategic change it is very very important to identify that how do you proceed with that.

For example, if you want to go for acquisition right, so you need to identify, which company to acquire, why want to go for it, how you are going to manage this acquisitions, who is going to lead and manage this kind of activations right. So, any kind of strategic changes need to be looked into from the process prospective that how it is going to be made successful right. So, these are the key issues that is very very important.

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**Strategic leadership roles**

*Leadership is the process of influencing an organization (or group within an organization) in its efforts towards achieving an aim or goal.*

**Three key roles in leading strategic change:**

- *Envisioning future strategy.*
- *Aligning the organization to deliver that strategy.*
- *Embodying change.*

N.B. Middle managers have a key role in leading change as well as senior managers

Logos: Swamyam, and other educational institutions.

Moving further leadership. Leadership also plays a very important role right, because it is defined as a process of influencing an organization right, so that you are able to achieve the goal. So, what are the key activities or the key roles that has been envision for the leader is he is a person who is going to see what kind of a strategy is to be adapted in future. And that is why, leadership are the top management role is very very important in identifying, what kind of a strategy is to be used by the organization right.

So, when it comes to strategic decision, the leadership role is very very important. Because, if the top management, which is this possible for identifying the strategy of the organization right. And then, they are going to see that how they are going to align organizational activities to ensure that this strategy is going to work successfully for their organization right.

And accordingly what kind of changes is to be brought in because strategic change is brings changes in the culture may be in the structure also. So, accompanying changes, which comes out of its strategic changes need to also to be ensured by the leadership to ensure what is going to be successful.

Now, if you look at middle managers, they are not responsible for strategic changes their job is to execute these strategies right. So, the middle managers also play very important role. In leading the change about identifying this strategies to the top management responsible for identifying their strategies, and the middle managers are responsible for

executing and implementing those strategic at the organization levels right. So, the leadership is also important.

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**Styles of strategic leadership**

*Situational leadership* – successful strategic leaders are able to adjust their style of leadership to the context they face.

Two approaches:

**Theory E:** the pursuit of economic value; top-down; ‘hard’ levers of change; emphasis on changes of structures and systems, financial incentives, portfolio changes, downsizing.

**Theory O:** the development of organizational capability; emphasis on culture change, learning, participation in change programmes and experimentation.

A combination of the two approaches may be required and can be beneficial

The slide features a yellow background with a dark blue and orange header. At the bottom, there are logos for 'swayam' and 'INDIA RISE, INDIA RISE' along with a small video inset of a speaker.

Moving further what are the different kind of leadership that is adapted by the organizations right, this could be more situational. Situational in the sense depending upon the requirement right. So, strategic leaders basically try to adjust their leadership style depending upon the context, you remember we talked about the context earlier. So, the context is very very important depending upon the time, scope, power dynamics right capability of the organization, capability of the people, you decide how you are going to face the changes that you want to bring about right. And what kind of strategy, you want to bring to enable the change.

So, the two theories that have been identified that is theory E and theory O. Theory E basically talks about economic value right. So, economic value in theory talks about, but any change that you want to bring in structure system or any kind of thing whether it is going to be of some economic value. So, you are basically talking about by utility prospective, it means that any change must bring some economy or return to the organization right.

Theory O talks about that development or organizational capability perspective, which says that when you are trying to bring over the change in the culture or where go for some kind of experimentations related to RND basically, you want to increase the

capability of the organization to face the challenges better. So, both are applied. So, you can use both the economic prospective as well as the capability prospective to ensure that the leadership, which has initiated any strategic change is going to be successful.

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**Strategic types of change**

**Culture Change**

Changes in the values, attitudes, expectations, beliefs, abilities, and behavior of employees

pertain to changes in how employees think; these are changes in mind-set rather than technology, structure, or products

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Now, another kind of change that is brought in the organization case specially related with the cultural changes. So, we have been talking about structural changes, strategic changes right, HR related changes capability in changes, and also the leadership changes.

In that continuation in the change in the culture is also very very important. So, when you are talking about bringing about a change in the culture, and I gave an example of State Bank of India that how cultural transformation has become more productive and efficient. So, when we are talking about cultural change the idea is that what kind of changes, you need to bring about in the values, in the attitudes beliefs, and behavior of the people right.

So, basically here you think that yes this is how the employees think, this is what is their mind set. And what kind of mind change, you need to bring in the people right. So, you have not think about bringing about the change in the technologies structure at the product. But, you want simply want to bring about a bring about a change in the people and their mindset to ensure that productivity, and efficiency is achieved.

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**Types of Change**

**DOWNSIZING**

- Approaches to downsizing:
  - Retrenchment
  - Downscaling
  - Downscoping
- Does not necessarily lead to increased productivity
- Can be an excessively costly exercise

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Now, we will take up some examples of different kind of changes that organizations go through like downsizing right. Downsizing is also renamed as right sizing right, because many people understand that downsizing is a term, which is more derivative in nature. So, the term that is used today is the rightsizing, but the meaning is same.

We are trying to reduce certain things, it could be basically related to the headcount. So, if you are going to reduce the number of people in the organization, so it is related to downsizing. So, for that you go for may be reducing the number of levels in the organizations, closing down certain events and departments, so that you can go for downsizing right.

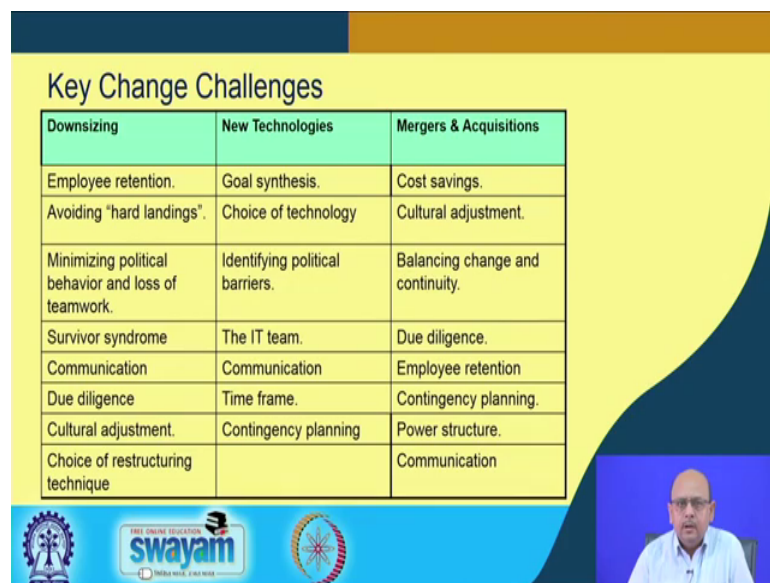
So, downsizing is related to bring about a change in the structure right. And it could be also people related changes, like when you are talking about retrenchment. So, retrenchment happens, because you are not productive enough right, there is no further people and that is why you go for retrenchment. So, this is related to what you call retrenchment, reducing the head count in the organization.

Then downscaling. Downscaling is related to scope in the market, since there is less demand for the product in the market. So, you want to reduce the production, so that is what we call downscaling. So, scaling down your products and services, so that you are able to meet the requirement, because there is the requirement is less, so you need to produce less.

Then the 3rd term is down scoping. The scope of activities that you have been performing, you also want to reduce. So, this is also part of what you call downsizing right. So, any effort of downsizing not necessary that it is when to reduce increase the productivity. The basic objective of downsizing is to cut the cast. So, any exercise related to retrenchment, downscaling, and down scoping is done to reduce the cost.

Say for example, most of the organizations have gone down scoping that is instead of working for 5 days, they have created 4 days working, so that they produce less. So, number of activities they are going to perform is going to be less in 4 days compared to 5 days or 6 days right. So, it is an effort which you relate with down scoping, which basically part of downsizing only, the idea is to reduce the cost right. So, all these efforts whether it is downscaling down scoping or retrenchment all part of what you call changes right with objectives to reduce the cost.

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The slide features a yellow background with a dark blue header and footer. The title 'Key Change Challenges' is centered at the top. Below it is a table with three columns: 'Downsizing', 'New Technologies', and 'Mergers & Acquisitions'. The table lists various challenges and their corresponding strategies. In the bottom right corner, there is a small video inset showing a man in a white shirt speaking.

Downsizing	New Technologies	Mergers & Acquisitions
Employee retention.	Goal synthesis.	Cost savings.
Avoiding "hard landings".	Choice of technology	Cultural adjustment.
Minimizing political behavior and loss of teamwork.	Identifying political barriers.	Balancing change and continuity.
Survivor syndrome	The IT team.	Due diligence.
Communication	Communication	Employee retention
Due diligence	Time frame.	Contingency planning.
Cultural adjustment.	Contingency planning	Power structure.
Choice of restructuring technique		Communication

Now, look at what we have discussed just now, the key challenges relate to down scoping, down downsizing, new technologies and mergers acquisitions, what actually happens in downsizing right. Downsizing basically is related to the employee retention, who is going to be left out, who is going to be part of the organization right. So, avoiding hard landings, so you do not want to go to take up some other decisions, you want to change bring about a change in other activities in products, technologies, structures.

So, basically it is a soft approach, we will try to see that how cutting the number of the people the organization (Refer Time: 39:03) down the cost though, it could be a wrong approach as well. So, this also is done to minimize the political behavior or and then there is a survivor syndrome, so those who are left out in the organization, after the retrenchment. So, they think that how long they are going to survive in this organization, because there is the retrenchment that is going on a continuous basis ok, because the company is going for downsizing. So, it creates some kind of anxiety, I mean those who are going to work for the company.

Then the communication, communication is very very important, whether you communicate about downsizing or not to the people. Because, if you should not communicate effectively, and also identify the reason for the going to downsizing, then it may create certain problem. Then it must be done with diligence, so that people are not going to be selective and do not react to this kind of changes that is brought in the organization, then we also need to bring about some cultural adjustments. See most of the companies are (Refer Time: 40:02) for downsizing today ok. And trying to reduce the number of to cut the cost and people related aspects right.

So, any kind of adjustments that need to be made, you see that the attitude, the behavior, the expectations that people are met through that, and how they are going to be if they are those, who are going to live with the company are going to adjust their norms and values with an aligned with the companies values system.

Then you also look at what are the other restructuring techniques that companies adapted. So, downsizing has other aspects that like those who are going to be left out, those who are going to be out of this organization are you going to do something for them, in terms of they are rehabilitation, redeployment. So, these are the issues or the challenges, which may come with downsizing.

Similarly, with a new technology, what kind of technology you want to bring it, is there any political barriers, which are there right. How IT team is going to align it with the production system, how you are going to communicate it what are the time frame to bring the new technology right, and whether you have any contingency plan.

For example, if the new technology is not working effectively, then what to do, how do you continue with the production? So, must have a contingency plan. Then coming to the



mergers acquisitions. So, mergers acquisitions basically the objectives is what, so that you can say cost on certain activities are you are going to be less dependent on resources right. So, you also go for cultural adjustments, because two companies during their merger together having different cultures, they need to align their culture with each other, so that it is going to be more productive right.

And then you have to say that when you are going to merger acquire a company, so you need to continue your job, and doing your job are being productive as usual as you have been in the past, plus you also need to see that how do not you balance the new change that you have brought in while continuing your products and services right. And any mergers acquisition must be done with diligence means, you must be very careful about it, when you are going to acquire a company.

And that is why, companies go for diligence in the sense that at different stage of mergers and acquisition, say pre-merger and post- merger stages. They need to ensure that it happens successfully, because you know that if it is not taken care at each stage, there is a every possibility that most of these mergers acquisitions do not succeed.

Then after mergers acquisitions there are certain issues related to the retention of the employees right. Whether you are going to read all the employees or you are going to throw some of them out right. And if does not succeed, then what will happen, what kind of contingency plan you have? And how you are going to balance the power structure, because you cannot have two managers for the similar position right and this might happen any kind of mergers acquisitions. And then finally, the communication; are you communicating with your stake holders, what you are going to do exactly in terms of mergers and acquisitions.

Thank you very much.