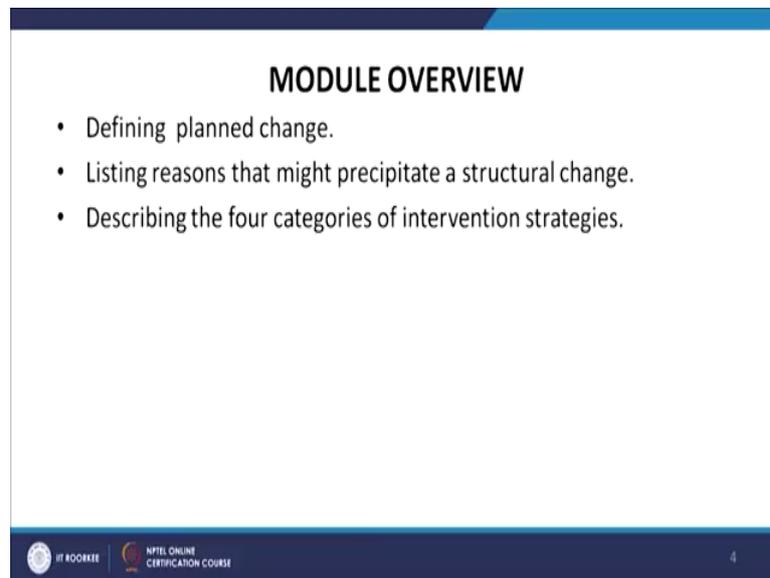


Organization Theory/Structure and Design
Prof. Zillur Rahman
Department of Management Studies
Indian Institute of Technology, Roorkee

Lecture - 33
Managing Organizational Change - I

Welcome to module 33 of this course, Organization Theory Structure and Design. So, the in the part 4 of this course, module-33 and 34, we will be taking about Managing Organizational Change. So, now let us look at what are the things that we will cover in module-33.

(Refer Slide Time: 00:47)



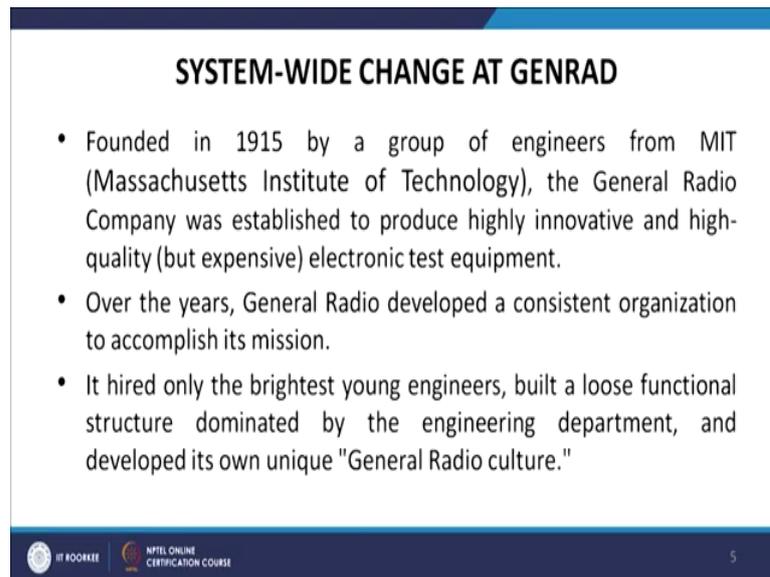
MODULE OVERVIEW

- Defining planned change.
- Listing reasons that might precipitate a structural change.
- Describing the four categories of intervention strategies.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 4

So, we will start with defining planned change, then we will move on and list reasons that might precipitate a structural change, and then we will describe the four categories of intervention strategies.

(Refer Slide Time: 00:58)



SYSTEM-WIDE CHANGE AT GENRAD

- Founded in 1915 by a group of engineers from MIT (Massachusetts Institute of Technology), the General Radio Company was established to produce highly innovative and high-quality (but expensive) electronic test equipment.
- Over the years, General Radio developed a consistent organization to accomplish its mission.
- It hired only the brightest young engineers, built a loose functional structure dominated by the engineering department, and developed its own unique "General Radio culture."

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 5

Now, let us start with an example that is system-wide change at GENRAD founded in 1915 by a group of engineers from MIT, that is, Massachusetts Institute of Technology, the General Radio Company was established to produce highly innovative and high-quality, but expensive electronic test equipment.

Over the years, General Radio developed a consistent organization to accomplish its mission. It hired only the brightest in engineers built a loose functional structure dominated by the engineering department, and developed its own unique “General Radio culture.”

(Refer Slide Time: 01:45)



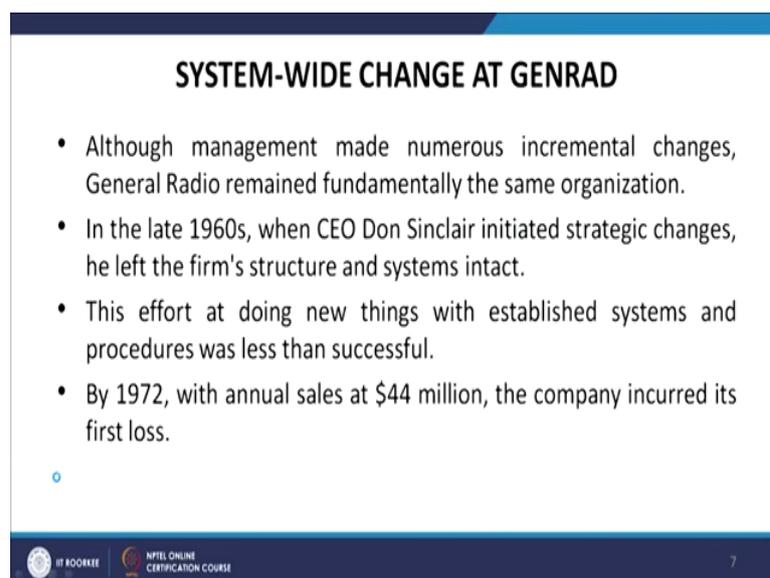
SYSTEM-WIDE CHANGE AT GENRAD

- This culture valued management by consensus, an absence of interpersonal and intergroup conflict, and slow growth.
- General Radio's strategy and associated structure, systems, and people were very successful.
- By World War II, General Radio was the largest test-equipment firm in the United States.
- After World War II, however, increasing technological and cost-based competition began to erode General Radio's market share.

IT ROOKIE | NPTEL ONLINE CERTIFICATION COURSE 6

This culture valued management by consensus, an absence of interpersonal and intergroup conflict, and slow growth. General Radio's strategy and associated structure, systems, and people were very successful. By the World War II, General Radio was the largest test equipment firm in the United States. After World War II, however, increasing technological and cost-based competition begin to erode General Radio's market share.

(Refer Slide Time: 02:39)



SYSTEM-WIDE CHANGE AT GENRAD

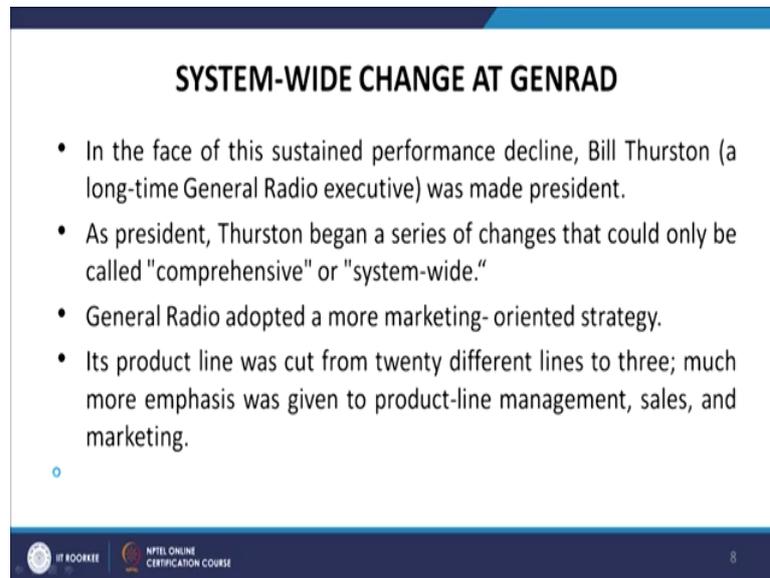
- Although management made numerous incremental changes, General Radio remained fundamentally the same organization.
- In the late 1960s, when CEO Don Sinclair initiated strategic changes, he left the firm's structure and systems intact.
- This effort at doing new things with established systems and procedures was less than successful.
- By 1972, with annual sales at \$44 million, the company incurred its first loss.

IT ROOKIE | NPTEL ONLINE CERTIFICATION COURSE 7

Although management made numerous incremental changes, General Radio remained fundamentally the same organization. And in the late 1960s, when CEO Don Sinclair

initiated strategic changes, he left the firm's structure and systems intact. The effort at doing new things with established systems and procedures was less than successful. By 1972, with annual sales at dollar 44 million, the company incurred its first loss.

(Refer Slide Time: 02:55)



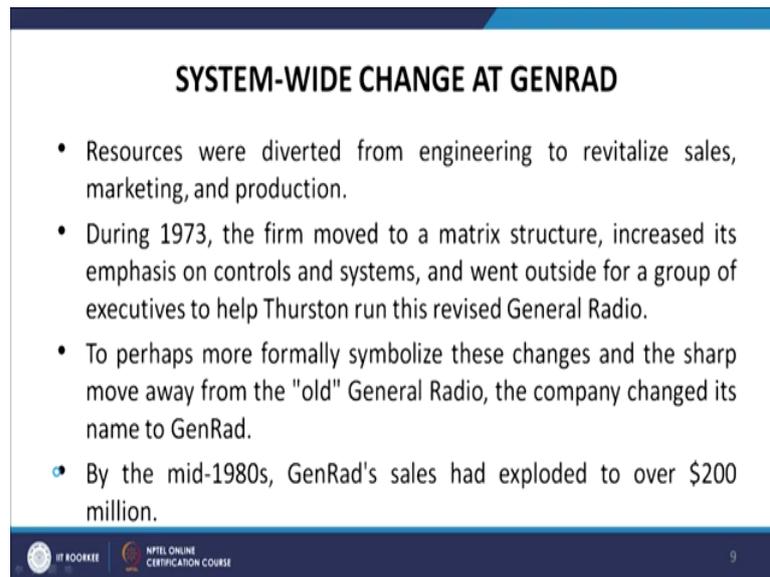
SYSTEM-WIDE CHANGE AT GENRAD

- In the face of this sustained performance decline, Bill Thurston (a long-time General Radio executive) was made president.
- As president, Thurston began a series of changes that could only be called "comprehensive" or "system-wide."
- General Radio adopted a more marketing-oriented strategy.
- Its product line was cut from twenty different lines to three; much more emphasis was given to product-line management, sales, and marketing.

IT PROGRESS NPTEL ONLINE CERTIFICATION COURSE 8

In the face of this sustained performance decline, Bill Thurston (a long-time General Radio executive) was made president. As president, Thurston began a series of changes that could only be called “comprehensive” or “system-wide.” General Radio adopted a more marketing-oriented strategy. Its product line was cut from twenty different lines to three; much more emphasis was given to product-line management, sales and marketing.

(Refer Slide Time: 03:24)



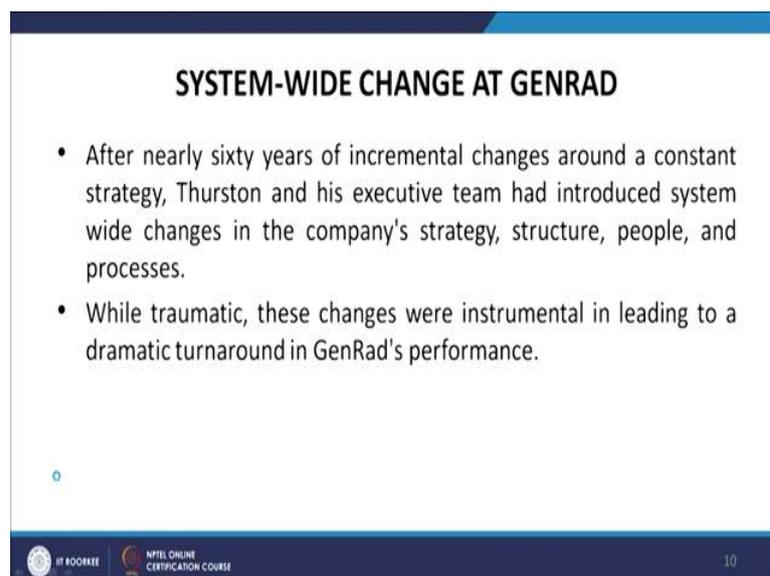
SYSTEM-WIDE CHANGE AT GENRAD

- Resources were diverted from engineering to revitalize sales, marketing, and production.
- During 1973, the firm moved to a matrix structure, increased its emphasis on controls and systems, and went outside for a group of executives to help Thurston run this revised General Radio.
- To perhaps more formally symbolize these changes and the sharp move away from the "old" General Radio, the company changed its name to GenRad.
- By the mid-1980s, GenRad's sales had exploded to over \$200 million.

UT ROOKEE NPTEL ONLINE CERTIFICATION COURSE 9

The resources were diverted from engineering to revitalize sales, marketing, and production. During 1973, the firm moved to a matrix structure, increased its emphasis on controls and systems, and went outside for a group of executives to help Thurston run this revised General Radio. To perhaps more formally symbolize these changes and the sharp move away from the “old” General Radio, the company changed its name to GenRad. In the mid-1980s, GenRad’s sales had exploded to over dollar 200 million.

(Refer Slide Time: 04:06)



SYSTEM-WIDE CHANGE AT GENRAD

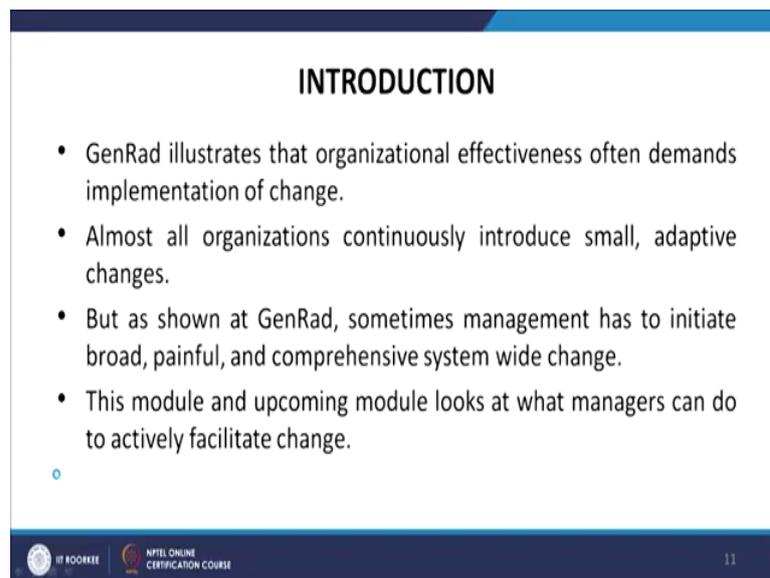
- After nearly sixty years of incremental changes around a constant strategy, Thurston and his executive team had introduced system wide changes in the company's strategy, structure, people, and processes.
- While traumatic, these changes were instrumental in leading to a dramatic turnaround in GenRad's performance.

0

UT ROOKEE NPTEL ONLINE CERTIFICATION COURSE 10

After nearly sixty years of incremental changes around a constant strategy, Thurston and his executive team had introduced system wide changes in the company's strategy, structure, people, and processes. While traumatic, these changes were instrumental in leading to a dramatic turnaround in GenRad's performance.

(Refer Slide Time: 04:45)



INTRODUCTION

- GenRad illustrates that organizational effectiveness often demands implementation of change.
- Almost all organizations continuously introduce small, adaptive changes.
- But as shown at GenRad, sometimes management has to initiate broad, painful, and comprehensive system wide change.
- This module and upcoming module looks at what managers can do to actively facilitate change.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 11

So, now, to introduce this module GenRad illustrates that organizational effectiveness often demands implementation of change. Almost all organizations continuously introduce a small, adaptive changes. But as shown at GenRad, sometimes management has to initiate broad, painful, and comprehensive system wide changes. This module and upcoming module looks at what managers can do to actively facilitate change.

(Refer Slide Time: 05:12)

INTRODUCTION

- Our basic tenet will be that an effective organization "is not a stable solution to achieve, but a developmental process to keep active."
- Of course, the importance of change in the structure and design of organizations should come as no surprise to you.
- Our previous review of the literature on strategy, technology, environment, adhocracy—to take the more obvious cases—made constant reference to change.
- Strategies that entailed a great deal of change had different
 - implications on structure than did those that were stable.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 12

Our basic tenet will be that an effective organization “is not stable solution to achieve, but a developmental process to keep active.” Of course, the importance of change in the structure and design of organizations should come as no surprise to you. Our previous review of the literature on strategy, technology, environment, adhocracy – to take the more obvious cases – made constant reference to change.

Strategies that entailed a great deal of change had different implications on structure than did those that were stable.

(Refer Slide Time: 05:40)

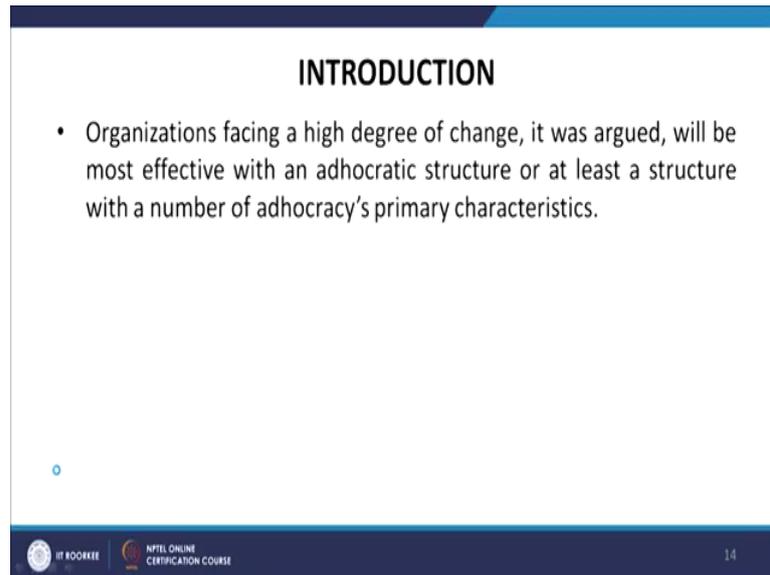
INTRODUCTION

- Nonroutine technologies entail more change than do routine ones, and, to ensure effectiveness, the nonroutine type requires a more flexible structure.
- Similarly, organizations facing rapidly changing environments will look for flexibility in their structures.
- Adhocracy was introduced as the model most compatible with change.
- Change demands flexibility, innovation, and rapid responsiveness.
-

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 13

Nonroutine technologies entail more change than do routine ones, and, to ensure effectiveness, the nonroutine type requires a more flexible structure. Similarly, organizations facing rapidly changing environments will look for flexibility in their structure. Adhocracy was introduced as the model most compatible with change. Change demands flexibility, innovation, and rapid responsiveness.

(Refer Slide Time: 06:12)



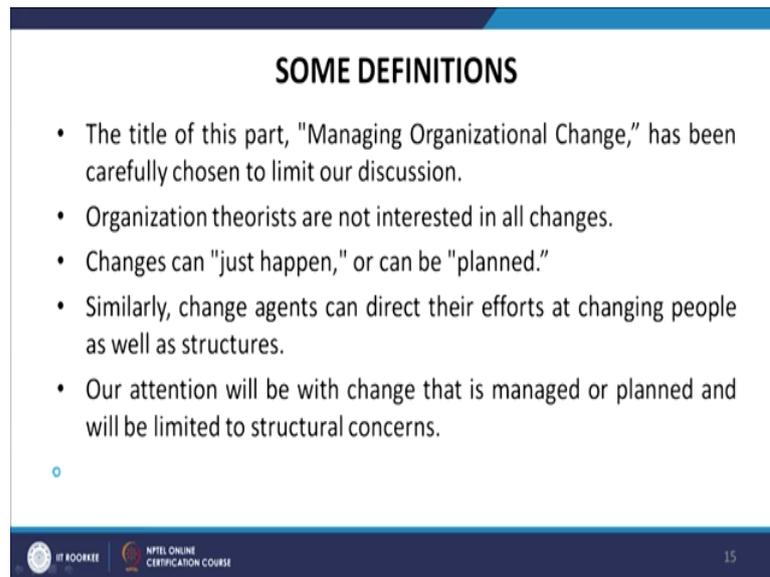
INTRODUCTION

- Organizations facing a high degree of change, it was argued, will be most effective with an adhocratic structure or at least a structure with a number of adhocracy's primary characteristics.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 14

Organizations facing a high degree of change, it was argued, will be most effective with an adhocratic structure or at least a structure with a number of adhocracy's primary characteristics.

(Refer Slide Time: 06:39)



SOME DEFINITIONS

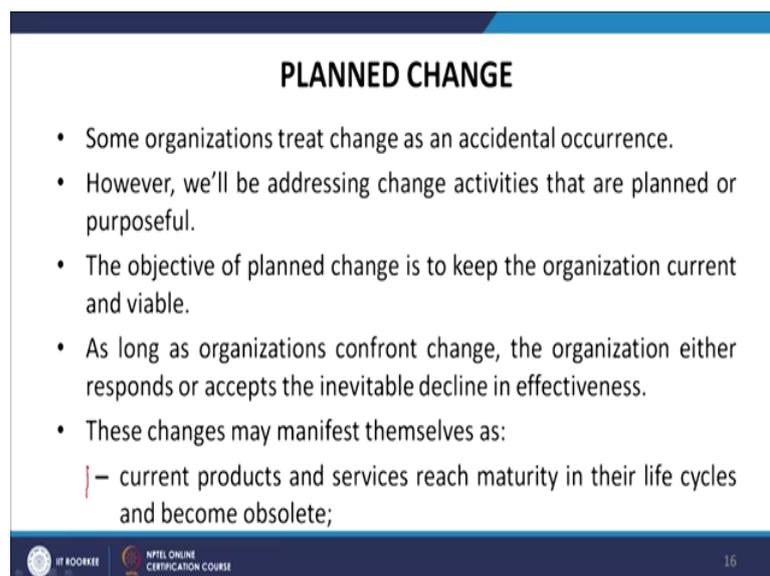
- The title of this part, "Managing Organizational Change," has been carefully chosen to limit our discussion.
- Organization theorists are not interested in all changes.
- Changes can "just happen," or can be "planned."
- Similarly, change agents can direct their efforts at changing people as well as structures.
- Our attention will be with change that is managed or planned and will be limited to structural concerns.

o

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 15

Now, let us look at some definitions. The title of this part, “managing organizational change,” has been carefully chosen to limit our discussion. Organizational theorists are not interested in all changes. Changes can just “happen,” or they can be “planned.” Similarly, change agents can direct their efforts at changing people as well as structures. Our attention will be with change that is managed or planned and will be limited to structural concerns.

(Refer Slide Time: 06:57)



PLANNED CHANGE

- Some organizations treat change as an accidental occurrence.
- However, we'll be addressing change activities that are planned or purposeful.
- The objective of planned change is to keep the organization current and viable.
- As long as organizations confront change, the organization either responds or accepts the inevitable decline in effectiveness.
- These changes may manifest themselves as:
 - current products and services reach maturity in their life cycles and become obsolete;

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 16

Now, let us start with what is this planned change. Some organizations treat change as an accidental occurrence. However, we will be addressing change activities that are planned or purposeful. The objective of planned change is to keep the organization current and viable.

As long as organizations confront change, the organization either responds or accepts the inevitable decline in effectiveness. These changes may manifest themselves as: 1 - current products and services reach maturity in their lifecycles and become obsolete;

(Refer Slide Time: 07:42)

PLANNED CHANGE

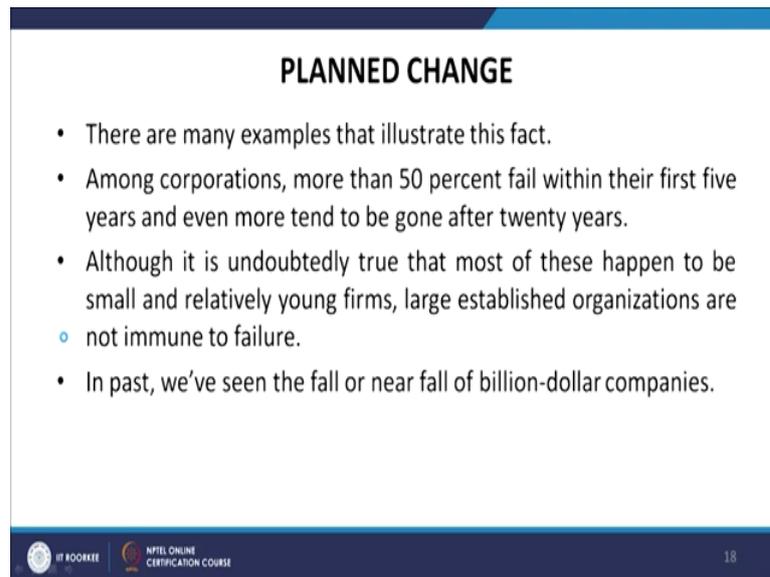
- 2 – competitors introduce new products or services;
- 3 – government regulations and tax policies affecting the organization are changed;
- 4 – important sources of supply go out of business;
- 5 – a previously nonunionized labor force votes for union representation.

- Organizations that persist in "keeping their heads in the sand" eventually find themselves running going -out-of business sales, in bankruptcy court, or just fading from the scene.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 17

2 – Competitors introduce new products or services; 3 – government regulations and tax policies affecting the organization are changed; 4th – important sources of supply go out of business. And the 5th one – a previously nonunionized labor force votes for union representation. Organizations that persist in “keeping their heads in the sand” eventually find themselves running going -out-of business sales, in bankruptcy court, or just fading from the scene.

(Refer Slide Time: 08:15)



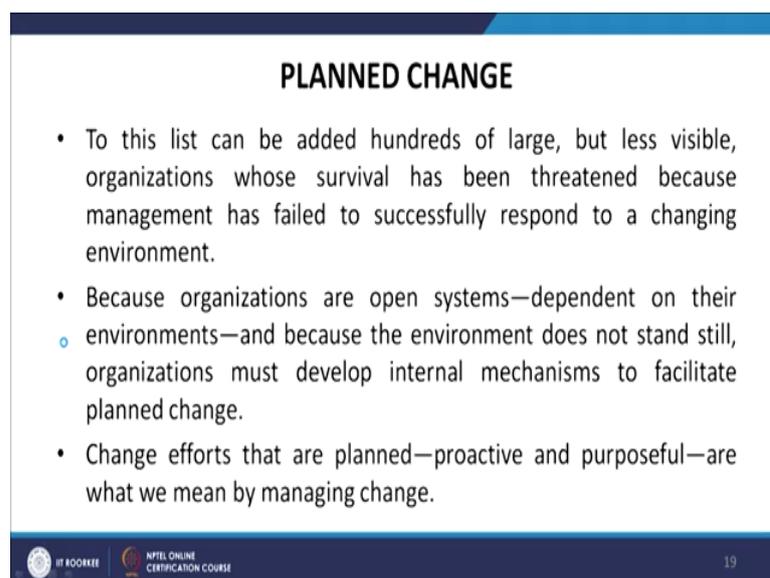
PLANNED CHANGE

- There are many examples that illustrate this fact.
- Among corporations, more than 50 percent fail within their first five years and even more tend to be gone after twenty years.
- Although it is undoubtedly true that most of these happen to be small and relatively young firms, large established organizations are
 - not immune to failure.
- In past, we've seen the fall or near fall of billion-dollar companies.

IT ROOKIE | NPTEL ONLINE CERTIFICATION COURSE 18

There are many examples that illustrate this fact. Among corporations, more than 50 percent fail within their first five years and even more tend to be gone after twenty years. Although it is undoubtedly true that most of these happen to be small and relatively young firms, large established organizations are not immune to failure. In past, we have seen the fall or near fall of billion-dollar companies.

(Refer Slide Time: 09:07)



PLANNED CHANGE

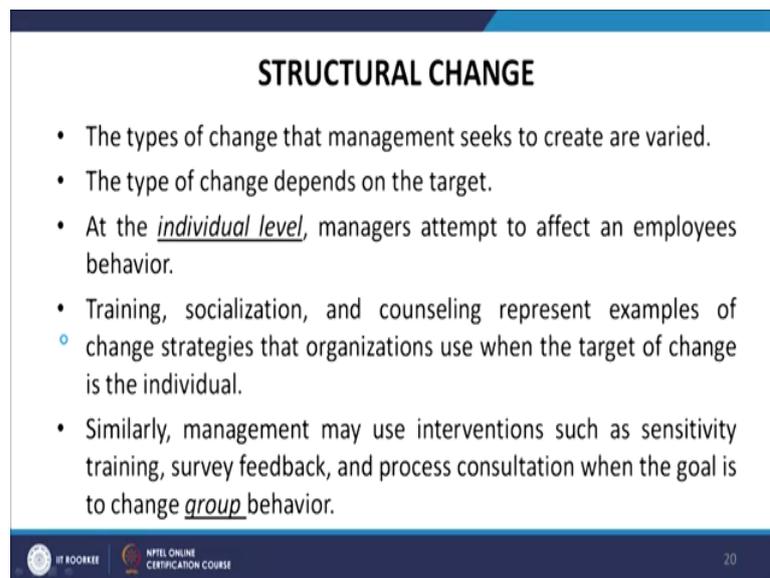
- To this list can be added hundreds of large, but less visible, organizations whose survival has been threatened because management has failed to successfully respond to a changing environment.
- Because organizations are open systems—dependent on their
 - environments—and because the environment does not stand still, organizations must develop internal mechanisms to facilitate planned change.
- Change efforts that are planned—proactive and purposeful—are what we mean by managing change.

IT ROOKIE | NPTEL ONLINE CERTIFICATION COURSE 19

To this list can be added hundreds of large, but less visible, organizations whose survival has been threatened because management has failed to successfully respond to a change

in environment. Because organizations are open systems—dependent on their environments—and because the environment does not stand still, organizations must develop internal mechanism to facilitate planned change. Change efforts that are planned—proactive and purposeful – are what we mean by managing change.

(Refer Slide Time: 09:21)



STRUCTURAL CHANGE

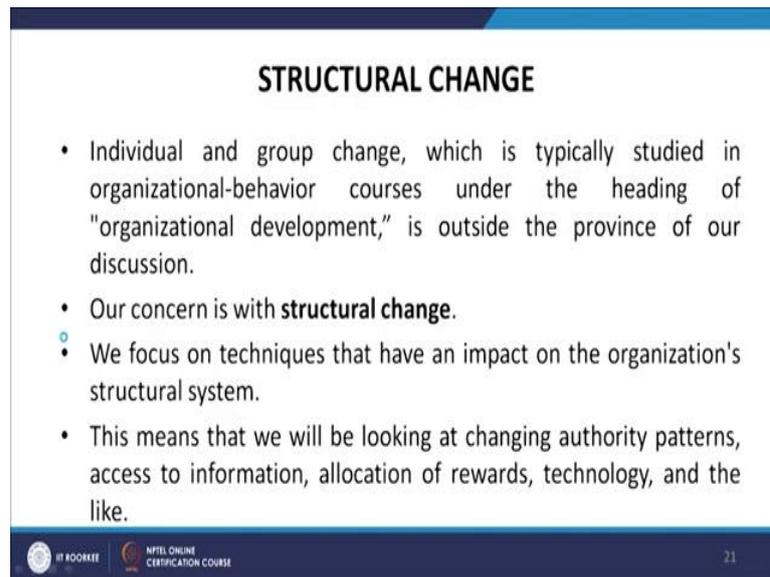
- The types of change that management seeks to create are varied.
- The type of change depends on the target.
- At the *individual level*, managers attempt to affect an employees behavior.
- Training, socialization, and counseling represent examples of change strategies that organizations use when the target of change is the individual.
- Similarly, management may use interventions such as sensitivity training, survey feedback, and process consultation when the goal is to change *group* behavior.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE | 20

Now, we will look at the structural change. The types of change that management seeks to create are varied. The type of change depends on the target. At the individual level, managers attempt to affect an employee’s behavior.

Training, socialization, and counseling represent examples of change strategies that organizations use when the target of change is the individual. Similarly, management may use intervention such as sensitivity training, survey feedbacks, and process consultation when the goal is to change group behavior.

(Refer Slide Time: 10:03)



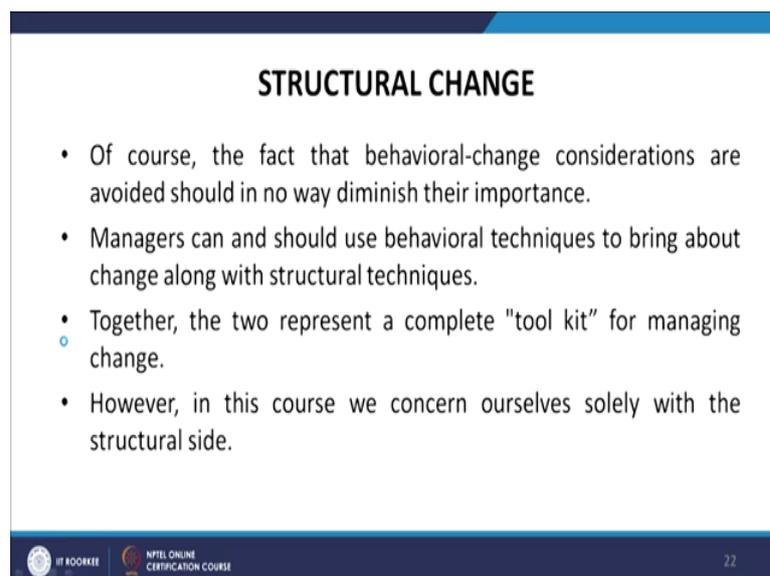
STRUCTURAL CHANGE

- Individual and group change, which is typically studied in organizational-behavior courses under the heading of "organizational development," is outside the province of our discussion.
- Our concern is with **structural change**.
- We focus on techniques that have an impact on the organization's structural system.
- This means that we will be looking at changing authority patterns, access to information, allocation of rewards, technology, and the like.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 21

Individual and group change, which is typically studied in organizational-behavior courses under the heading of “organization development,” is outside the province of our discussion. Our concern is with structural change. We focus on techniques that have an impact on the organization’s structural system. This means that we will be looking at changing authority patterns, access to information, allocation of rewards, technology, and the like.

(Refer Slide Time: 10:35)



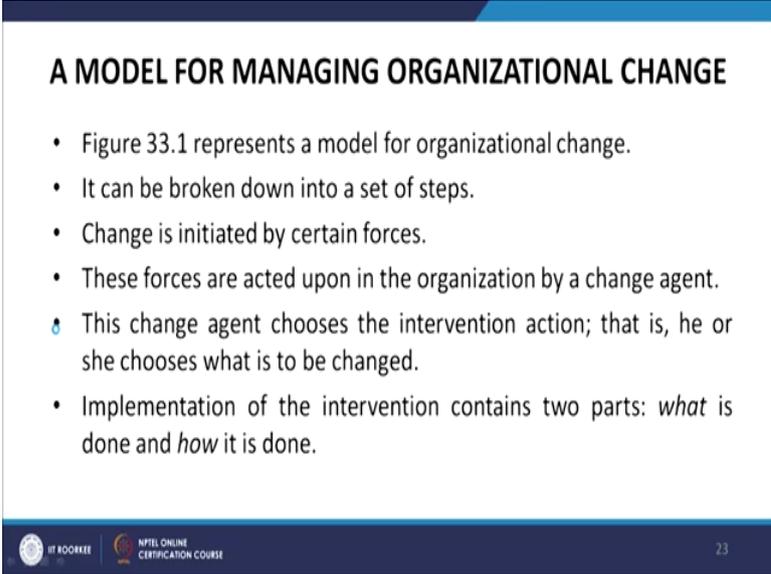
STRUCTURAL CHANGE

- Of course, the fact that behavioral-change considerations are avoided should in no way diminish their importance.
- Managers can and should use behavioral techniques to bring about change along with structural techniques.
- Together, the two represent a complete "tool kit" for managing change.
- However, in this course we concern ourselves solely with the structural side.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 22

Of course, the fact that behavioral-change considerations are avoided, should in no way diminish their importance. Managers can and should use behavioral techniques to bring about change along with structural techniques. Together, the two represents a complete “tool kit” for managing change. However, in this course we concern ourselves solely with the structural side.

(Refer Slide Time: 10:58)



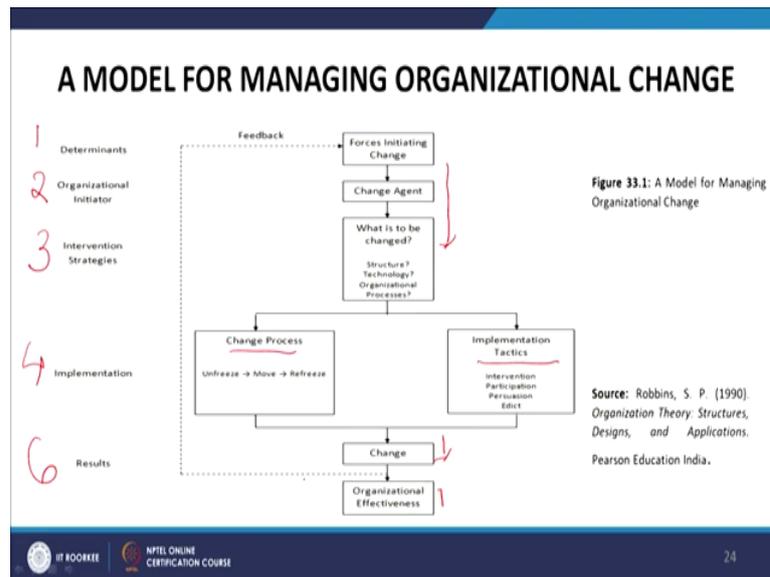
A MODEL FOR MANAGING ORGANIZATIONAL CHANGE

- Figure 33.1 represents a model for organizational change.
- It can be broken down into a set of steps.
- Change is initiated by certain forces.
- These forces are acted upon in the organization by a change agent.
- This change agent chooses the intervention action; that is, he or she chooses what is to be changed.
- Implementation of the intervention contains two parts: *what* is done and *how* it is done.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 23

Now, let us look at a model for managing organizational change. So, figure 33.1 represents a model for organizational change. It can be broken down into a set of steps. Change is initiated by certain forces. These forces are acted upon in the organization by a change agent. This change agent chooses the intervention action; that is, he or she chooses what is to be changed. Implementation of the intervention contains two parts: what is done and how it is done.

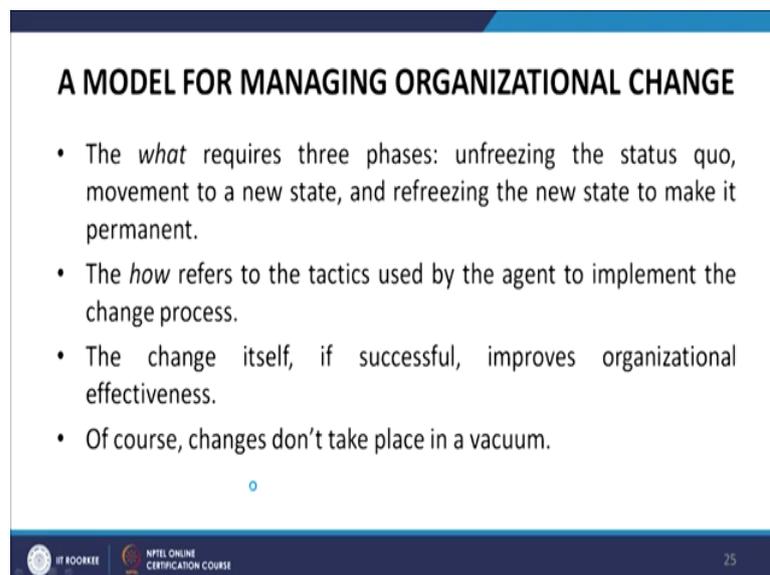
(Refer Slide Time: 11:37)



Now, this is the model for managing organizational change. So, on the first level, we have determinants, followed by organization initiators, then we have intervention strategies, implementation, and result.

So, it starts with forces initiating change, then comes the change agent, and then comes what is to be changed; is it structure, technology, or organizational process. Then comes the change process, and the implementation tactics. After that change occurs, and then we will see its impact on organizational effectiveness and this process then continues.

(Refer Slide Time: 12:21)



So, the “what” requires three phases: unfreezing the status quo, movement to a new state, and refreezing the new state to make it permanent. The “how” refers to the tactics used by the agent to implement the change process. The change itself, is successful, improves organizational effectiveness. Of course, changes do not take place in a vacuum.

(Refer Slide Time: 12:45)

A MODEL FOR MANAGING ORGANIZATIONAL CHANGE

- A change in one area of the organization is likely to initiate new forces for other changes.
- The feedback loop in Figure 33.1 acknowledges that this model is dynamic.
- The need for change is presumed to be both inevitable and continual.



26

The change in one area of the organization is likely to initiate new forces for other changes. The feedback loop in the figure 33.1 acknowledges that this model is dynamic. The need for change is presumed to be both inevitable and continual.

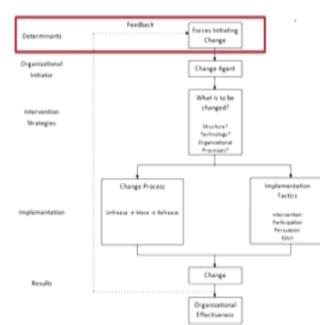
(Refer Slide Time: 13:04)

DETERMINANTS

- How does an organization know that change is necessary?
- It may be the identification of an opportunity upon which management wants to capitalize.
- More often, however, it is in anticipation or in reaction to, a problem.

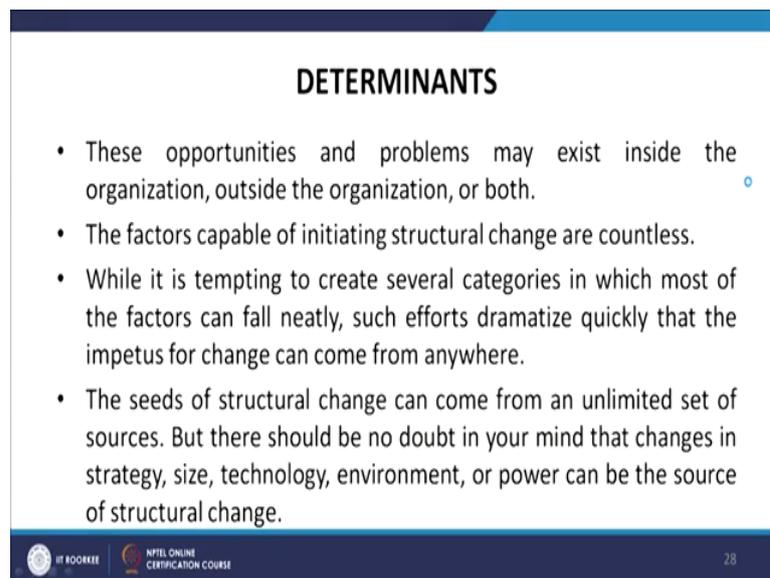


27



So, now let us start with the first thing, that is determinants, that is, forces initiating change. So, we are talking of determinants. How does an organization know that change is necessary? It may be the identification of an opportunity upon which management wants to capitalize. More often, however, it is in anticipation or in reaction to, a problem.

(Refer Slide Time: 14:00)



DETERMINANTS

- These opportunities and problems may exist inside the organization, outside the organization, or both.
- The factors capable of initiating structural change are countless.
- While it is tempting to create several categories in which most of the factors can fall neatly, such efforts dramatize quickly that the impetus for change can come from anywhere.
- The seeds of structural change can come from an unlimited set of sources. But there should be no doubt in your mind that changes in strategy, size, technology, environment, or power can be the source of structural change.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE | 28

These opportunities and problems may exist inside the organization, outside the organization, or both. The factors capable of initiating structural changes are countless. While it is tempting to create several categories in which most of the factors can fall neatly, such efforts dramatize quickly that the impetus for change can come from anywhere. The seeds of structural change can come from an unlimited set of sources. But there should be no doubt in your mind that changes in strategy, size, technology, environment, or power can be the source of structural changes.

(Refer Slide Time: 14:20)

SOME DETERMINANTS OF STRUCTURAL CHANGE

Change in objectives

- Consistent with the strategy imperative, if an organization chooses to move from being an innovator to being a follower, its structure will likely need to become more mechanistic.

Purchase of new equipment

- Consistent with the technology imperative, new equipment that increases capital intensity and standardizes internal processes will tend to require the organization to become more mechanistic.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 29

Now, let us look at some determinants of structural change. So, one is change in objectives. Consistent with the strategy imperative, if an organization chooses, to move from being an innovator to being a follower, its structure will likely need to become more mechanistic. The second is purchase of new equipment. Consistent with the technology imperative, new equipment that increases capital intensity and standardizes internal processes well tend to require the organization to become more mechanistic.

(Refer Slide Time: 14:54)

SOME DETERMINANTS OF STRUCTURAL CHANGE

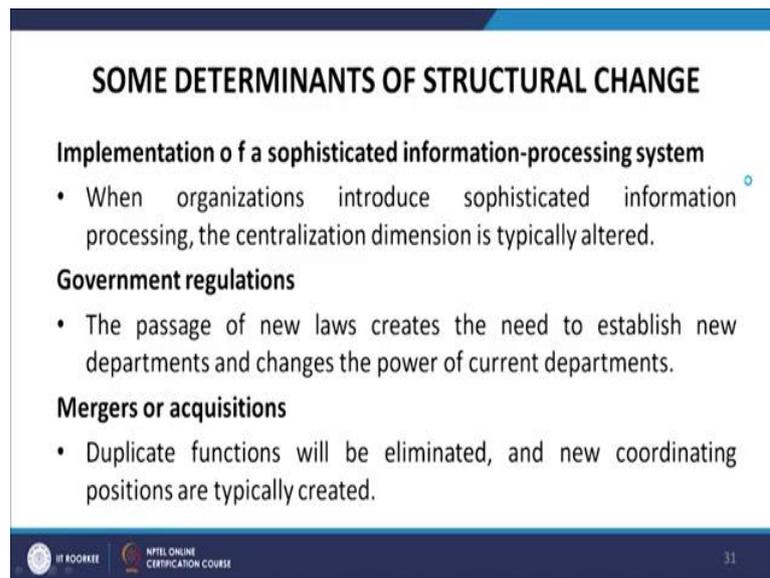
Scarcity of labor

- Labor shortages can result in changes in technology.
- The shortage of tax lawyers, systems analysts, nurses, and similar professionals has forced managers to make their organization more organic.
- Because these professionals are in short supply, they have been able to negotiate a greater voice in decision making, less direct supervision, and fewer rules and regulations.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 30

The third determinant is scarcity of labor. So, labor shortages can result change in technology. The shortage of tax lawyers, system analysts, nurses, and similar professionals has forced managers to make their organizations more organic. Because these professionals are in short supply, they have been able to negotiate a greater voice in decision making, less direct supervision, and lesser fewer rules and regulations.

(Refer Slide Time: 15:25)



SOME DETERMINANTS OF STRUCTURAL CHANGE

Implementation of a sophisticated information-processing system

- When organizations introduce sophisticated information processing, the centralization dimension is typically altered.

Government regulations

- The passage of new laws creates the need to establish new departments and changes the power of current departments.

Mergers or acquisitions

- Duplicate functions will be eliminated, and new coordinating positions are typically created.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 31

Another type of determinant of structural changes: implementation of a sophisticated information-processing system. When organizations introduce sophisticated information processing, the centralization dimension is typically altered. Then comes government regulations. The passage of new laws creates the need to establish new departments and changes the power of current departments. Another determinant is mergers or acquisitions. Duplicate functions will be eliminated, and new coordinating positions are typically created.

(Refer Slide Time: 16:02)

SOME DETERMINANTS OF STRUCTURAL CHANGE

Unionization

- Large, geographically dispersed organizations that suddenly become unionized will tend to centralize labor relations activity to facilitate coordinating negotiation of company wide collective bargaining agreements.

The economy

- When interest rates increase abruptly and sharply, a number of organizations respond by expanding the discretion of purchasing personnel and decentralizing authority to allow them to respond more quickly to changes in inventory needs.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 32

Unionization, large, geographically dispersed organizations that suddenly become unionized will tend to centralize labor relations activity to facilitate coordinating negotiation of company-wide collective bargaining agreements. Another determinant of a structural change is the economy.

When interest rates increase abruptly and sharply, a number of organizations respond by expanding and discretion of purchasing personnel and decentralizing authority to allow them to respond more quickly to changes in inventory needs.

(Refer Slide Time: 16:37)

SOME DETERMINANTS OF STRUCTURAL CHANGE

Increased pressures from consumer-advocate groups

- In response to consumer pressure groups, some organizations have created or expanded their public relations department, whereas others have upgraded the authority of personnel in the quality-control function.

Decline in employee morale

- Overly structured jobs can be a source of low job satisfaction. Redesigning the technology of these jobs by increasing task variety, autonomy, feedback, and the like can improve morale.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 33

Another type of determinant of a structural change is increased pressures from consumer-advocate groups. In response to consumer pressure groups, some organizations have created or expanded their public relation departments, whereas others have upgraded the authority of personnel in the quality-control function.

Decline in employee morale: overly structured jobs can be a source of low job satisfaction. Redesigning the technology of these jobs by increasing task variety, autonomy, feedback, and the like can improve morale.

(Refer Slide Time: 17:22)

SOME DETERMINANTS OF STRUCTURAL CHANGE

Actions of competitors

- Aggressive action by competitors can lead to the expansion of boundary-spanning roles and an increase in decentralization.

Sudden internal or external hostility

- Temporary crises are typically met by management centralizing decision making.

Increase in employee turnover

- Organizations that are losing employees that are good performers and who are difficult to replace often modify their reward system and redesign jobs to make them more challenging.

IT 6008EE NPTEL ONLINE CERTIFICATION COURSE 34

Action of competitors, aggressive action by competitors can lead to the expansion of boundary-spanning roles and an increase in decentralization. Sudden internal or external hostility, temporary crisis are typically met by management centralizing decision making. Another determinant is increase in employee turnover.

Organizations that are losing employees that are good performers and who are difficult to replace often modify their reward system and redesign jobs to make them more challenging.

(Refer Slide Time: 17:46)

SOME DETERMINANTS OF STRUCTURAL CHANGE

Decline in profits

- When a corporation's profits drop off, management frequently resorts to a structural shakeup.
- Personnel will be shuffled, departments added and/or deleted, new authority relationships defined, and decision-making patterns significantly altered.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 35

Decline in profit, when an organization's profits drop off, management frequently resorts to a structural shakeup. Personnel will be shuffled, departments added and or deleted, new authority relationships defined, and decision-making patterns significantly altered.

(Refer Slide Time: 18:05)

THE ORGANIZATIONAL INITIATOR

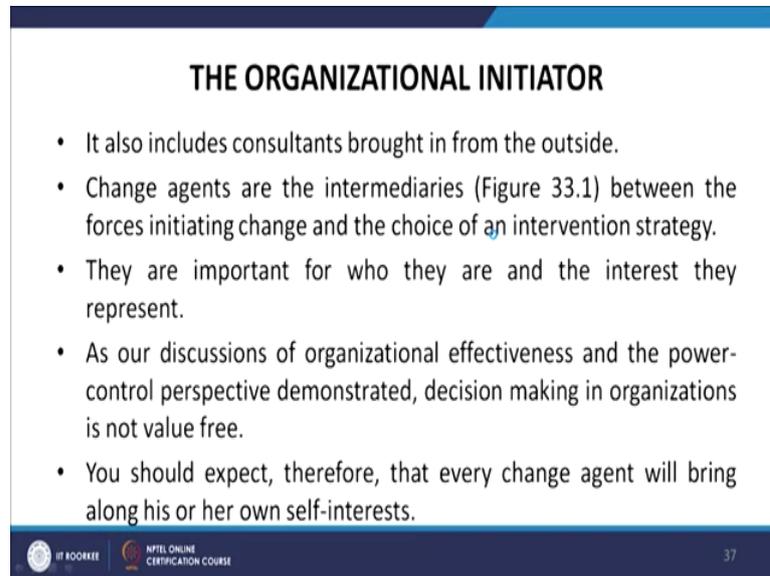
- Who initiates structural change? Change agents! But who are they?
- **Change agents** are those in power and those who wish either to replace or constrain those in power.
- This typically includes senior executives, managers of major units within the organization, internal staff-development specialists, and powerful lower-level employees.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 36

The next is the organizational initiator. So, we have talked about all the determinants. Now, we have moved on to the next level that is the organizational initiators. Who initiates a structural change? Change agents are those in power and those who wish either to replace or constraint those in power. They typically include senior executives,

managers of major units within the organization, internal staff-development specialist, and powerful low-level employees.

(Refer Slide Time: 18:58)



THE ORGANIZATIONAL INITIATOR

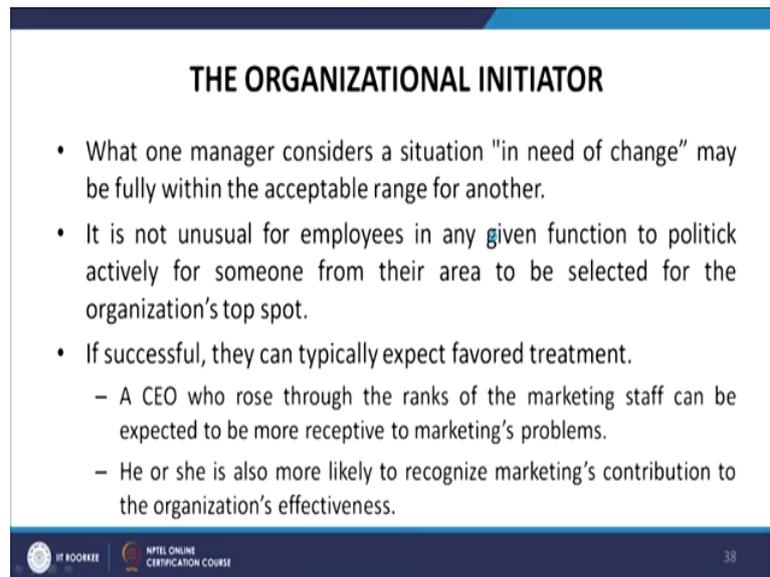
- It also includes consultants brought in from the outside.
- Change agents are the intermediaries (Figure 33.1) between the forces initiating change and the choice of an intervention strategy.
- They are important for who they are and the interest they represent.
- As our discussions of organizational effectiveness and the power-control perspective demonstrated, decision making in organizations is not value free.
- You should expect, therefore, that every change agent will bring along his or her own self-interests.

UJ SOORKEE NPTL ONLINE CERTIFICATION COURSE 37

It also includes consultants brought in from the outside. Change agents are the intermediaries, so as pointed out in figure 33.1, between the forces initiating change and the choice of an intervention strategy.

They are important for who they are and the interest they represent. And our discussions of organizational effectiveness and the power-control perspective demonstrated, decision-making in organization is not value free. You should expect, therefore, that every change agent will bring along his or her own self-interests.

(Refer Slide Time: 19:21)



THE ORGANIZATIONAL INITIATOR

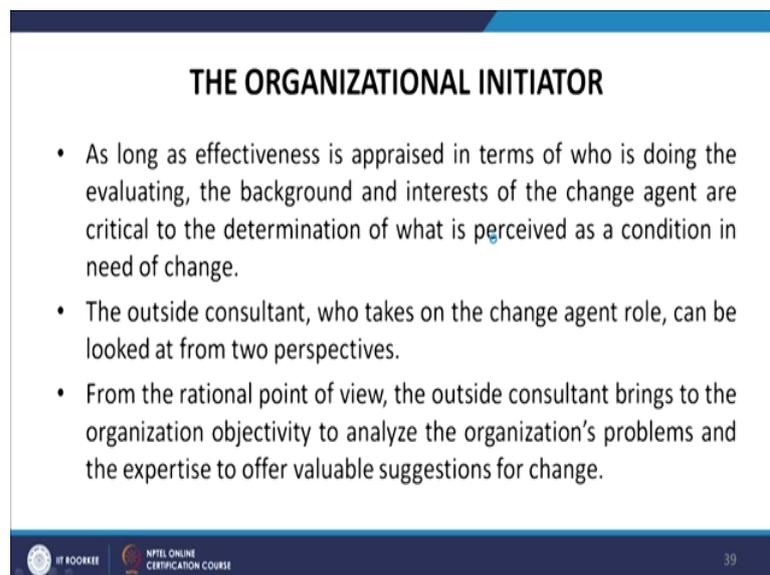
- What one manager considers a situation "in need of change" may be fully within the acceptable range for another.
- It is not unusual for employees in any given function to politick actively for someone from their area to be selected for the organization's top spot.
- If successful, they can typically expect favored treatment.
 - A CEO who rose through the ranks of the marketing staff can be expected to be more receptive to marketing's problems.
 - He or she is also more likely to recognize marketing's contribution to the organization's effectiveness.

IT ROOKIE | NPTEL ONLINE CERTIFICATION COURSE | 38

What one manager considers a situation “in need of change” may be fully within the acceptable range for another. It is not unusual for employees in any given function to politick actively for someone from their area to be selected for the organization’s top spot. If successful, they can typically expect favored treatment.

A CEO who rose through the ranks of the marketing staff can be expected to be more receptive to the marketing’s problems. He or she is also more likely to recognize marketing’s contribution to the organization’s effectiveness.

(Refer Slide Time: 20:00)



THE ORGANIZATIONAL INITIATOR

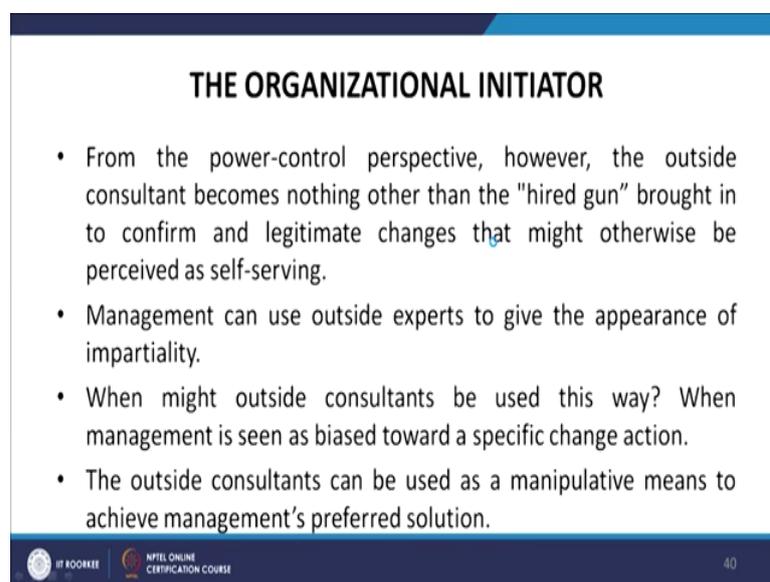
- As long as effectiveness is appraised in terms of who is doing the evaluating, the background and interests of the change agent are critical to the determination of what is perceived as a condition in need of change.
- The outside consultant, who takes on the change agent role, can be looked at from two perspectives.
- From the rational point of view, the outside consultant brings to the organization objectivity to analyze the organization’s problems and the expertise to offer valuable suggestions for change.

IT ROOKIE | NPTEL ONLINE CERTIFICATION COURSE | 39

As long as effectiveness is appraised in terms of who is doing the evaluating, the background and interests of the change agent are critical to the determination of what is perceived as a condition in need of change.

This outside consultant, who takes on the change agent's role, can be looked at from two perspectives. So, the first is from the rational point of view, the outside consultant brings to the organization objectivity to analyze the organization's problems and the expertise to offer valuable suggestions for change.

(Refer Slide Time: 20:39)



THE ORGANIZATIONAL INITIATOR

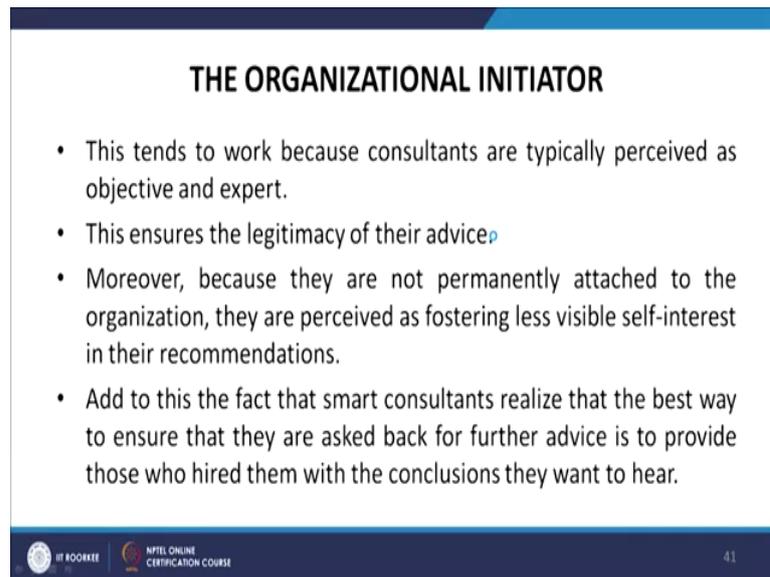
- From the power-control perspective, however, the outside consultant becomes nothing other than the "hired gun" brought in to confirm and legitimate changes that might otherwise be perceived as self-serving.
- Management can use outside experts to give the appearance of impartiality.
- When might outside consultants be used this way? When management is seen as biased toward a specific change action.
- The outside consultants can be used as a manipulative means to achieve management's preferred solution.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 40

Another perspective is the power-control perspective. So, from the power-control perspective, however, the outside consultant becomes nothing more than the "hired gun" brought in to confirm and legitimate changes that might otherwise be perceived as self-serving. So, management can use outside experts to give the appearance of impartiality. When might outside consulting be used this way?

When management is seen as biased towards a specific change action. The outside consultants can be used as a manipulative means to achieve management's preferred solution.

(Refer Slide Time: 21:35)



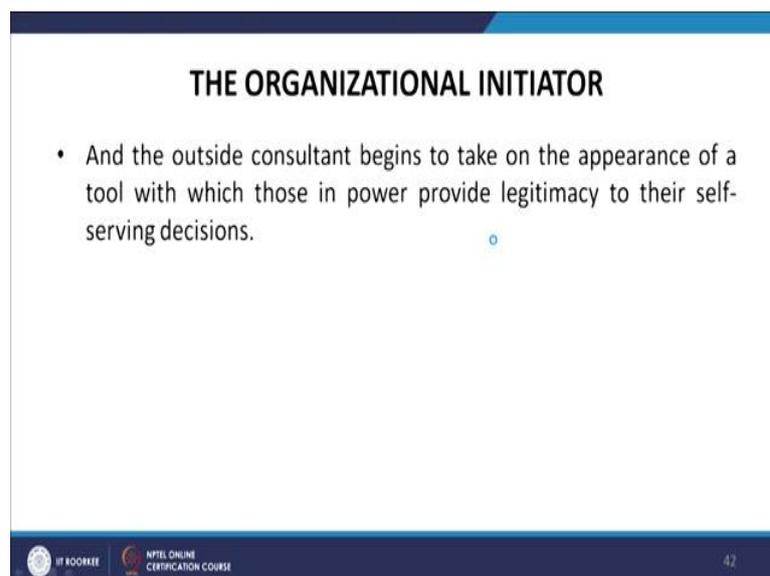
THE ORGANIZATIONAL INITIATOR

- This tends to work because consultants are typically perceived as objective and expert.
- This ensures the legitimacy of their advice.
- Moreover, because they are not permanently attached to the organization, they are perceived as fostering less visible self-interest in their recommendations.
- Add to this the fact that smart consultants realize that the best way to ensure that they are asked back for further advice is to provide those who hired them with the conclusions they want to hear.

41

This tends to work because consultants are typically perceived as objective and expert. This ensures the legitimacy of their advice. Moreover, because they are not permanently attached to the organization, they are perceived as fostering less visible self-interest in their recommendations. Add to this, the fact that smart consultants realize that the best way to ensure that they are asked back for further advice is to provide those who hired them with the conclusion they want to hear.

(Refer Slide Time: 21:58)



THE ORGANIZATIONAL INITIATOR

- And the outside consultant begins to take on the appearance of a tool with which those in power provide legitimacy to their self-serving decisions.

42

And the outside consultant begins to take on the appearance of a tool with which those in power provide legitimacy to their self-serving decisions.

(Refer Slide Time: 22:10)

INTERVENTION STRATEGIES

- The term **intervention strategies** is used to describe the choice of means by which the change process takes place.
- Strategies tend to fall into one of four categories: ¹people, ²structure, ³technology, and ⁴organizational processes.

The diagram illustrates the change process flow. It starts with 'Determinants' (Organizational Initiator) leading to 'Forces Initiating Change' and 'Change Agents'. This leads to a central box 'What is to be changed?' which lists 'Structure', 'Technology', and 'Organizational Processes'. This central box is highlighted with a red border. Below it, the process splits into 'Change Process' (Culture or Norms or Beliefs) and 'Implementation Tactics' (Interaction, Participation, Duration, Incentives). Both lead to 'Change', which results in 'Organizational Effectiveness'. A feedback loop labeled 'Feedback' connects 'Organizational Effectiveness' back to 'Determinants'. Handwritten red numbers 1, 2, 3, and 4 are placed next to 'Structure', 'Technology', 'Organizational Processes', and 'organizational processes' respectively.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE | 43

After, having understood the organizational initiator, now we will move on to the intervention strategies. The term intervention strategies is used to describe the choice of means by which the change process takes place. Strategies tend to fall into one of the four categories; one is people, structure, technology, and processes or organizational processes. So, these are the four categories in which strategies they tend to fall as shown here.

(Refer Slide Time: 22:48)

INTERVENTION STRATEGIES

- Since we are concerned with structural issues in this volume rather than with behavior, we can omit from our discussion the topic of changing people.

44

Since we are concerned with structural issues in this volume rather than with behavior, we can omit from our discussion the topic of changing people.

(Refer Slide Time: 22:57)

INTERVENTION STRATEGIES STRUCTURE

- The structure classification includes:
 - Changes affecting the distribution of authority;
 - Allocation of rewards;
 - Alterations in the chain of command;
 - Degree of formalization;
 - Addition or deletion of positions, departments, and divisions.
- Procter & Gamble's category innovation, discussed in earlier modules, was a reorganization change that added another vertical level and reduced the span of control at the top.

45

Now, let us look at the intervention strategies for structure, that is, the first thing we are talking of is structure. So, the structural classification includes: changes affecting the distribution of authority; allocation of rewards; alteration in the chain of command; degree of formalization; and addition and deletion of positions, departments and divisions. Procter and Gamble's category innovation, discussed in earlier modules, was a

reorganization change that added another vertical level and reduced the span of control at the top.

(Refer Slide Time: 23:35)

**INTERVENTION STRATEGIES
STRUCTURE**

- This resulted in:
 - reduced top management's involvement in day-to-day operating activities,
 - creation of greater flexibility for growth, and
 - providing more opportunities for training those candidates most likely to assume the company's top slot.

IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 46

This resulted in: reduced top management’s involvement in day-to-day operating activities, creation of greater flexibility for growth, and providing more opportunities for training those candidates most likely to assume the company’s top slot.

(Refer Slide Time: 23:59)

**INTERVENTION STRATEGIES
TECHNOLOGY**

- The technology classification encompasses modifications in:
 - the equipment that employees use,
 - interdependencies of work activities among employees, and
 - changes that affect the interrelationships between employees and the technical demands of their jobs.
- For instance, the business faculty at a college in Delhi decided that all introductory courses—basic management, marketing, finance, accounting—would be converted from the lecture format to self-paced video learning modules.

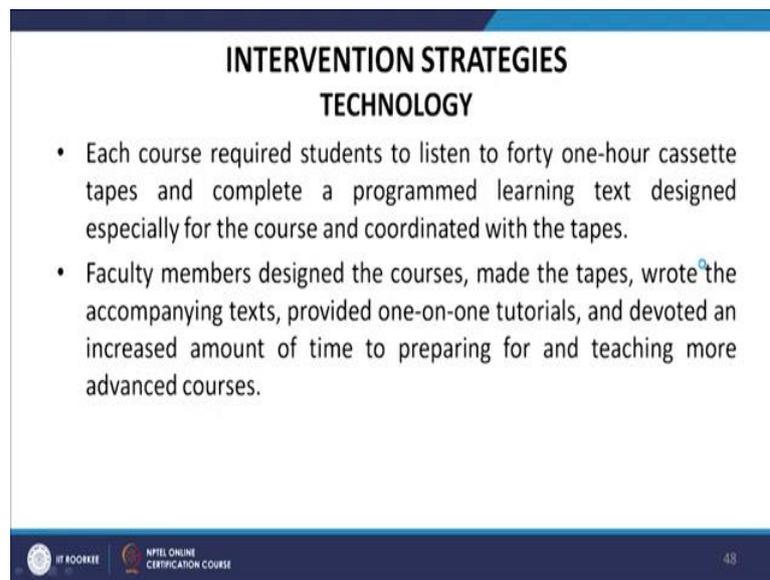
IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 47

Another area that we will now talk about is the next one that is technology. So, let us look at the intervention strategies that are used for technology. The technology

classification encompasses modifications in: the equipment that employees use, inter dependencies of work activities among employees, and changes that affect the inter relationships between employees, and the technical demands of their jobs.

For instance, the business faculty at a college in Delhi decided that all introductory courses—basic management, marketing, finance, accounting—would be converted from the lecture format to self-paced video learning modules.

(Refer Slide Time: 24:38)



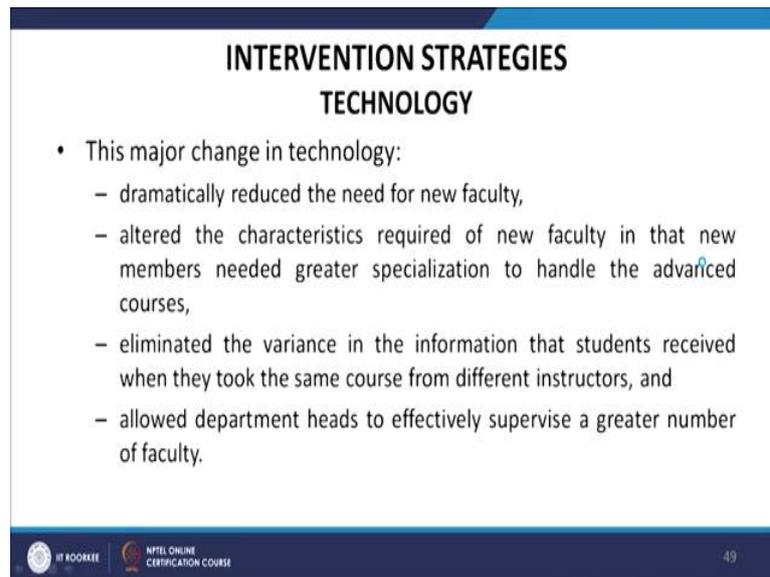
INTERVENTION STRATEGIES
TECHNOLOGY

- Each course required students to listen to forty one-hour cassette tapes and complete a programmed learning text designed especially for the course and coordinated with the tapes.
- Faculty members designed the courses, made the tapes, wrote the accompanying texts, provided one-on-one tutorials, and devoted an increased amount of time to preparing for and teaching more advanced courses.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 48

Each course required student to listen to forty-one-hour cassette tapes and complete a programmed learning text designed especially for the course and coordinated with the tapes or pen drives and so on so forth. Faculty members designed the courses, made the tapes or recorded their lectures, wrote the accompanying text, provided one-on-one tutorials, and devoted an increased amount of time to preparing for and teaching more advanced courses.

(Refer Slide Time: 25:10)



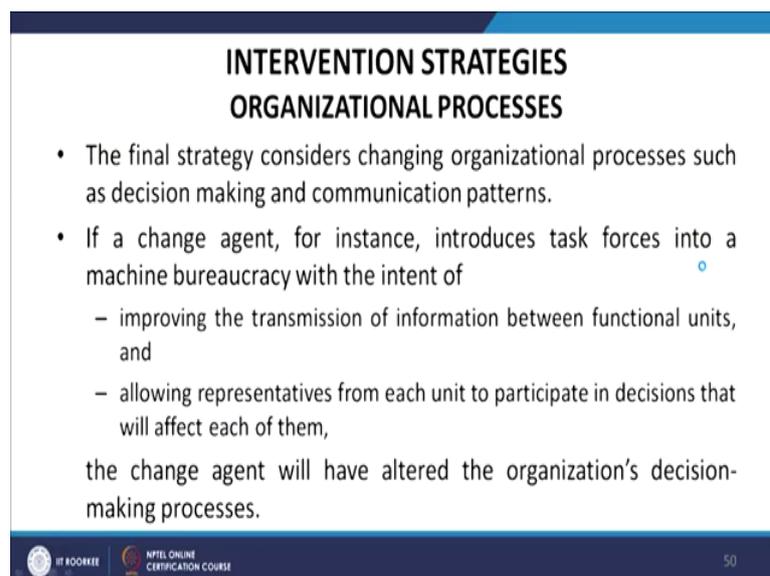
INTERVENTION STRATEGIES
TECHNOLOGY

- This major change in technology:
 - dramatically reduced the need for new faculty,
 - altered the characteristics required of new faculty in that new members needed greater specialization to handle the advanced courses,
 - eliminated the variance in the information that students received when they took the same course from different instructors, and
 - allowed department heads to effectively supervise a greater number of faculty.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 49

The major change in technology: the first is, it dramatically reduces the need for new faculty, altered the characteristics required of new faculty in that new members needed greater specialization to handle the advanced courses, eliminated the variance in the information that students received when they took the same course from different instructors, and allowed department heads to effectively supervise a greater number of faculty.

(Refer Slide Time: 25:57)



INTERVENTION STRATEGIES
ORGANIZATIONAL PROCESSES

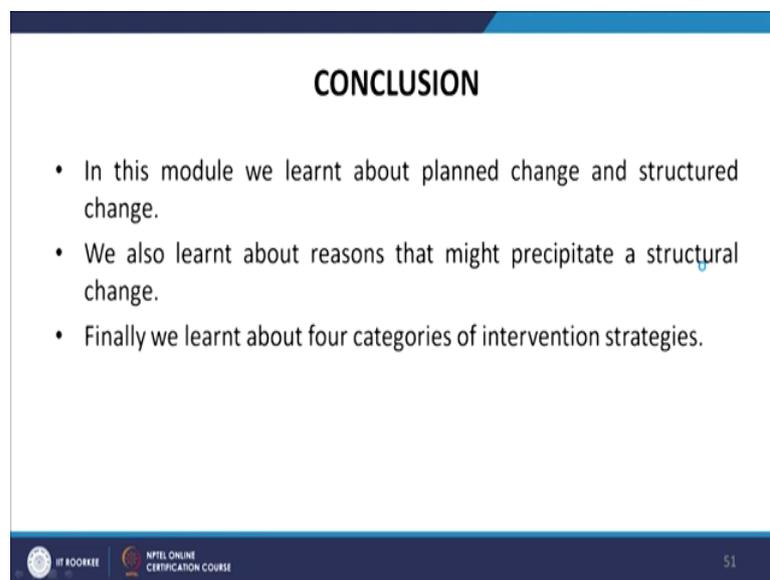
- The final strategy considers changing organizational processes such as decision making and communication patterns.
- If a change agent, for instance, introduces task forces into a machine bureaucracy with the intent of
 - improving the transmission of information between functional units, and
 - allowing representatives from each unit to participate in decisions that will affect each of them,the change agent will have altered the organization's decision-making processes.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 50

Another area where we will now look at the intervention strategies is the organizational processes. The final strategy considers changing organizational processes such as decision making and communication patterns.

If a change agent, for instance, introduces task force into a machine bureaucracy with the intent of improving the transmission of information between functional units, and allowing representatives from each unit to participate in decisions that will affect each of them, the change agent will have altered the organization's decision-making process.

(Refer Slide Time: 26:23)



CONCLUSION

- In this module we learnt about planned change and structured change.
- We also learnt about reasons that might precipitate a structural change.
- Finally we learnt about four categories of intervention strategies.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 51

So, in order to conclude this module, in this module we have learnt about planned change and structured change. We also learned about reasons that might precipitate a structural change. And finally, we learnt about four categories of intervention strategies.

(Refer Slide Time: 26:41)

REFERENCES

- Robbins, S. P. (1990). *Organization Theory: Structures, Designs, and Applications*. Pearson Education India.
- Jones, G. R. (2013). *Organizational theory, design and change*. Pearson Hall.
- Roberts, J. (2007). *The Modern Firm: Organizational Design for Performance and Growth*. Oxford University Press.
- Colombo, M. G. & Delmastro, M. (2008). *The Economics of Organizational Design: Theoretical Insights and Empirical evidence*. Springer.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 52

And these are the references from where the material for this module was taken.

Thank you.