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Guiding Large Scale Organizational Changes In Today's Economy

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Abstract: *This paper x-rays guiding organizational changes which is basically any alterations in people, structure, or technology. Today's change issues: changing organizationally cultures, handling employee stress, and making change successfully are critical concerns for today's managers. This means that a contemporary or current manager must be well equipped to handle today's dynamic and uncertain environment. The only constant thing about change is that it is constant. Managers these days don't have the luxury of dealing with change only once in a while. No. the workplace now seems to change almost continuously. Being prepared isn't only for the Boy Scouts alone anymore, it should also be for managers dealing with a workplace that is constantly changing. And being prepared means taking initiative ideas and being ready for the changes*
Keywords: *organizational change, internal forces, and external forces.*

I. Introduction

Webster defines change as "to cause to turn from one state to another". Thus, even the dictionary defines changes as a "cause" or force to be dealt with in one way or another by organizational members and managers. The degree or amount of change is what has primarily drawn attention in recent management literature. Alvin Toffler was among the first to catalog the dimensions of change in his book Future Shock. Three trends which Toffler identified should continue well into the 21st century:

- The rate of change is increasing.
- Change is a disorienting disruptive experience.
- Most people tend to resist change.

To make his point about the rate of change, Toffler (1970), cites the amount of printed literatures in the world as examples. Printed literatures, represent not only the repetition of previous knowledge (along with quite a bit of "trash"), but also new learning. It currently takes about 30 years for amount of printed literature in the world to double. Toffler (1970), argues that this represents a substantial amount of new knowledge, theory and understanding of things, and consequently leads to an accelerated rate of change that need to be understood and incorporated into all aspects of life. The disturbing and disorienting nature of change will tend to alter the nature of people and their larger society, Toffler suggests. Individuals who are disoriented by the dizzying rate of change will cling to their past lives, and to anything which represents stability.

What Is An Organizational Change?

An organizational change is simply any alterations in people, structure, or technology. Jim Zawacki, president of GR Spring and Stamping Inc.., a precision metal job shop supplier in Grand Rapids. Michigan, is like many managers today who are taking steps to make their workplaces more efficient and flexible. Why? In Zawacki's case, it's the threat of losing manufacturing jobs to low-wage nations like China. Zawacki is doing what managers everywhere must do – change: If it weren't for organizational change that is, any alterations in people, structure, or technology – the manager's job would be relatively easy (Scott, 2010). Planning would be simple because tomorrow would be no different from today. The issue of effective organizational design would also be solved because the environment would be free from uncertainty and there would be no need to adapt. Similarly, decision making would be dramatically streamlined because the outcome of each alternative could be predicted with almost certain accuracy. Nwachukwu (2003) thinks that it would indeed, simplify the manager's job if, for example, competitors did not introduce new products or services, if customers didn't demand new and improved products, if governmental regulations were never modified, or if employees' need never changed. But that's not the way it is. Change is an organizational reality. And managing change is an integral part of every manger's job.

Forces For Change

We pointed out the external and internal forces that constrain managers. These same forces also bring about the need for change. Let's briefly look at these factors.

External Forces

The external forces that create the need for change come from various sources. In recent years, the marketplace has affected firms such as Yahoo as competition from Google, LookSmart, AskJeeves, and AltaVista intensified. These companies constantly adapt to changing consumer desires as they develop new search capabilities. Governmental laws and regulations are a frequent impetus for change. For example the Sarbanes-Oxley Act of 2002 required U.S. companies to change the way they disclose financial information and enact corporate governance,(MaClayton, 2005).

Technology also creates the need for change. For example, technological improvements in diagnostic equipments have created significant economies of scale for hospitals and medical centers. Assembly-line technology in other industries is changing dramatically as organizations replace human labor with robots. In the greeting card industry, e-mail and the Internet have changed the way people exchange greeting cards.

The fluctuation in labor markets also forces managers to change. Organizations that need certain kinds of employees must change their human resource management activities to attract and retain skilled employees in the areas of greatest need. For instance, health care organizations facing severe nursing shortages have had to change the way they schedule work hours.Economic changes, of course, affect almost all organizations. For instance, global recessionary pressures force organizations to become more cost-efficient. But even in a strong economy, uncertainties about interest rates, federal budget deficits, and currency exchange rates create conditions that may force organizations to change (Patti and Ron, 2008).

Internal Forces

In addition to the external forces just described, internal forces also create the need for change. These internal forces tend to originate primarily from the internal operations of the organization or from impact of external changes. A redefinition or modification of an organization's strategy often introduces a host of changes. For instance, when Steve Bennett took over as CEO of the troubled Intuit Inc. (Quicken, QuickBooks, and TurboTax are its best-known products), he found a company still being run as haphazardly as a start-up venture. "The operation was a mess. It was losing money. Its technology was outdated. Execution was grindingly slow, and nothing was documented." By orchestrating a series of well-planned and dramatic strategic changes, he turned it into a profitable company with extremely committed employees, (Sisk, 2011). In addition, an organization's workforce is rarely static. Its composition changes in terms of age, education, ethnic background, sex, and so forth. Take, for instance, an organization where a large number of seasoned executives, because of financial reasons, decide to continue working instead of retiring. There might be a need to restructure jobs in order to retain and motivate younger managers. Also, the compensation and benefits system might need to be adapted to reflect the needs of this older workforce.

The introduction of new equipment represents another internal force for change. Employees may have their jobs redesigned, need to undergo training on how to operate the new equipment, or be required to establish new interaction patterns within their work group. Finally, employee attitudes such as job dissatisfaction may lead to increased absenteeism, more voluntary resignations, and even labor strikes. Such events often lead to changes in management policies and practices, (Tilles, 2000).

Types Of Change

What can a manager change? The manager's options fall into three categories: structure, technology, and people. Changing structure includes any alteration in authority relations, coordination mechanisms, employee empowerment, job redesign, or similar structural variables. Changing technology encompasses modifications in the way work is performed or the methods and equipment that are used. Changing people refers to changes in employees attitudes, expectations, perceptions, and behavior.

Changing Structure: Managers' organizing responsibilities include such activities as choosing the organization's formal design, allocating authority, and determining the degree of formalization. Once those structural decisions have been made, however, they aren't final. Changing conditions or changing strategies bring about the need to make structural changes. What options does the manager have for changing structure? Not much. A few examples should make this clearer. Recall that an organization's structure is defined in terms of work specialization, departmentalization, chain of command, span of control, centralization and decentralization, and formalization. Managers can alter one or more of these structural components. For instance, departmental responsibilities could be combined, organizational levels eliminated, or spans of control widened to make the organization flatter and less bureaucratic. Or more rules and procedures could be implemented to increase standardization. An increase in decentralization can be used to make decision making faster. Kott, at el (2010), believes that even downsizing involves changes in structure. Another option would be to make major changes in the actual structural design. For instance, when Hewlett-Packard acquired Compaq Computer, several structural changes were made as product divisions were dropped, merged, or expanded. Or structural design changes might include a shift from a functional to a product structure or the creation of a project structure design. Avery-Dennis Corporation, for example, revamped its traditional functional structure to a new design that arranges work around cross-functional teams.

Changing Technology: Managers can also change the technology used to convert inputs into outputs. Most early studies in management - such as the work of Taylor and the Gilbreths - dealt with efforts aimed at technological change, (French, et al, 2009). If you recall, scientific management sought to implement changes that would increase production efficiency based on time-and-motion studies. Today, major technological changes usually involve the introduction of new equipment, tools, or methods; automation; or computerization.

Tushman, and Romanelli, 1985) also is of the opinion that competitive factors or new innovations within an industry often require managers to introduce new equipments, tools, or operating methods. For example, coal mining companies in New South Wales updated operational methods, installed more efficient coal handling equipment, and made changes in practices to be more productive. Even the U.S. Army applied sophisticated technology to its operations, including such advancements as three-dimensional shootout training devices and high-speed data links among troops on the battlefield.

Automation is a technological change that replaces certain tasks done by people with machines. It began in the Industrial Revolution and continues today as one of a manager's options for structural change. Automation has been introduced (sometimes resisted) in organizations such as the U.S. Postal Service, where automatic mail sorters are used, or in automobile assembly lines, where robots are programmed to do job that blue-collar workers used to perform.

Probably the most visible technological changes in recent years, though, have come through managers' efforts to expand computerization. Most organizations have sophisticated information systems. For instance, grocery stores and other retailers use scanners linked to computers that provide instant inventory information. Also, it's very uncommon for an office to not be computerized. At BP, employees had to learn how to deal with the personal visibility and accountability brought about the implementation of an enterprise-wide information system. The integrative nature of this system meant that what any employee did on his or her computer automatically affected other computer systems on the internal network. And the Beneton Group SpA uses computers to link together its manufacturing plants outside Treviso, Italy, with the company's various sales outlets and a highly automated warehouse.

Changing People: Changing people that is, changing their attitudes, expectations, perceptions, and behaviors isn't easy,(Ezejulue, and Ogwo, 2008) Yet, for over 30 years now, academic researchers and actual managers have been interested in finding ways for individuals and groups within organizations to work together more effectively. The term organizational development (OD), though occasionally referring to all types of change, essentially focuses on techniques or programs to change people and the nature and quality of interpersonal work relationships. The most popular OD techniques are described in next page. The common thread in these techniques is that each seeks to bring about changes in the organization's people. For example executives at the Bank of Nova Scotia, Canada's second largest bank, knew that the success of a new customer sales and service strategy depended on changing employee attitudes and behaviors. Managers used different OD techniques during the strategic change including team building, survey feedback, and intergroup development. One indicator of how well these techniques worked in getting people to change was that every branch in Canada implemented the new strategy on or ahead of schedule.

Why People Resist Change

Burke (2001), argues that it is often said that most people hate any change that doesn't jingle in their pockets. This resistance to change is well documented. Why do people resist change? An individual is likely to resist change for the following reasons: uncertainty, habit, concern over personal loss, and the belief that the change is not in the organization's best interest. Change replaces the known with ambiguity and uncertainty. Regardless of how much you may dislike attending college, at least you know what's expected of you. When you leave college for the world of full-time employment, regardless of how eager you are to get out of college, you'll trade the known for the unknown. Employees in organizations are faced with similar uncertainty. For example, when quality control methods based on sophisticated statistical models are introduced into manufacturing plants, many quality control inspectors have to learn the new methods. Some inspectors may fear that they will be unable to do so and may, therefore, develop a negative attitude toward the change or behave poorly if required to use them.

Another cause of resistance is that we do things out of habit. Every day, when you go to school or work you probably go the same way. If you're like most people, you find a single route and use it regularly. As human beings, we're creatures of habit. Life is complex enough - we don't want to have to consider the full range of options for the hundreds of decisions we make every day. To cope with this complexity, we rely on habits or programmed responses. But when confronted with change, this tendency to respond in our accustomed ways becomes a source of resistance.

The third cause of resistance is the fear of losing something already possessed. Change threatens the investment you've already made in the status quo,(Baridam, 1995). The more that people have invested in the current system, the more they resist change. Why? They fear the loss of status, money, authority, friendships, personal convenience, or other economic benefits that they value. This helps explain why older workers tend to resist change more than younger workers. Older employees have generally invested more in the current system and thus have more to lose by changing.

A final cause of resistance is a person's belief that the change is incompatible with the goals and interests of the organization. For instance, an employee who believes that a proposed new job procedure will reduce product quality or productivity can be expected to resist the change. If the employee expresses his or her resistance positively, it can be beneficial to the organization.

Managing Resistance To Change

Change can be a threat to people in an organization. Organizations can build up apathy that motivates people to resist changing their status quo, even though change might be beneficial. Why do people resist change and what can be done to minimize their resistance?

II. Managerial Actions To Reduce Resistance To Change

Education And Communication

- Communicate with employees to help them see the logic of change.
- Educate employees through one-on-one discussions, memos, group meetings, or reports.
- Appropriate if source of resistance is either poor communication or misinformation.
- Must be mutual trust and credibility between managers and employees.

Participation

- Allows those who oppose a change to participate in the decision.
- Assumes that they have expertise to make meaningful contributions.
- Involvement can reduce resistance, obtain commitment to seeing change succeed, and increase quality of change decision.

Facilitation and Support

- Provide supportive efforts such as employee counseling or therapy, new skills training, or short, paid leave of absence.
- Can be time-consuming and expensive.

Negotiation

- Exchange something of value to reduce resistance.
- May be necessary when resistance comes from a powerful source.
- Potentially high costs and likelihood of having to negotiate with other resisters.

Manipulation and Co-optation

- Manipulation is covert attempts to influence such as twisting or distorting facts, withholding damaging information, or creating false rumors.
- Co-optation is a form of manipulation and participation.
- Inexpensive and easy ways to gain support of resisters.
- Can fail miserably if targets feel they've been tricked.

Coercion

- Using direct threats or force.
- Inexpensive and easy way to get support.
- May be illegal. Even legal coercion can be perceived as bullying.

III. Summary

Change is unsettling and disruptive. It is occurring at an increasing rate in society and in the world of business. Workers are easily disenchanted and worried by change, and they have a variety of reasons for resisting change. Organizational apathy can be part institutional and part political. As a result, managers must seek to identify the level of resistance to be expected in any change and then select strategies for overcoming resistance which best match the issues involved. A change agent may be chosen from among insiders or outsiders. The person best able to make the necessary adjustments need to continue the effective operation of the company should be chosen.

Organizational Development is a change-based program which seeks to work toward a reasonably well-defined set of goal and values. The OD expert becomes an external change agent. The OD program includes assessment of the major to be resolved, development of programs or interventions to address the major issues, and long-term follow-up to help the firm continue to succeed and operate into the future. Change and quality will go hand in hand in the 21st century. Firms which expect to succeed must be able to diagnose the need for change through both internal and external monitoring, effectively create and implement plans, and then focus on changes themselves properly so that the firm may move forward to meet the next challenge present in a dynamic and difficult environment.

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