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## **UNIT 14 ORGANISATIONAL CHANGE AND DEVELOPMENT: CONCEPT AND TECHNIQUES\***

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### **Structure**

- 14.0 Objectives
- 14.1 Introduction
- 14.2 Concepts of Organisational Change and Development
  - 14.2.1 Forces of Organisational Change
  - 14.2.2 Major types of Organisational Change
  - 14.2.3 Human response to Organisational Change
  - 14.2.4 Approaches to Change
- 14.3 Concept of Organisational Development
  - 14.3.1 Objectives of Organisational Development
- 14.4 Techniques of Organisational Development
- 14.5 Conclusion
- 14.6 Glossary
- 14.7 References
- 14.8 Answers to Check Your Progress Exercises

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### **14.0 OBJECTIVES**

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After reading this Unit, you should be able to:

- Describe the concepts of organisational change and development;
- Understand the forces and types of organisational change;
- Identify the objectives of organisational development; and
- Explain the techniques of organisational development.

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### **14.1 INTRODUCTION**

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Today organisations have been facing complex challenges like downsizing, diversity, knowledge and information explosion, global competition, technological innovations, total quality etc. It has resulted into the emergence of new rules, new boundaries, and new behavioural patterns in organisations. To understand these roles and awareness about behaviours and meet the challenges effectively, managers have to possess knowledge of the application of organisational behaviour.

All organisations, whether in public or private sector, work in a dynamic and changing environment. Organisations have always experienced both

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evolutionary and incremental changes. Change within organisation refers to modification of the relationships, responsibilities, and behaviours of individuals in the organisation. In simple terms, change is a daily event in most work environments, for example, technology is constantly changing in jobs and organisations.

Change will not occur unless the need for change is felt. Organisations and individuals usually resist change; they do not accept change unless it is a must. Organisational change can be continuous or it may occur for distinct periods of time. Organisational change and development should be undertaken with the purpose of improving the whole or part of the organisation. The main goal should be to improve the work environment, train employees to adapt to the new work environment and make the organisation increasingly effective and successful. Organisational development is a dynamic technique that uses the behavioral science knowledge to cope with the change. In view of significance of organisational change and development in modern organisations, the present Unit is devoted to discuss the concept, importance and techniques of organisational change and development.

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## **14.2 CONCEPTS OF ORGANISATIONAL CHANGE AND DEVELOPMENT**

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The study of organisational change and development is interdisciplinary in nature and draws from the disciplines of psychology, sociology, political science, economics and management. Organisational change implies the process of changing an organisation's strategies, process, procedures, technologies and culture as well as the effect of such changes on the organisation. Organisational change refers to the alteration of structural relationships and roles of people working in the organisation. It also refers to any transformation that occurs in total work environment. It is largely structural in nature. Organisational change calls for a change in the individual behavior of the employees, because organisations survive, grow or decay, on the basis of the changing behaviour of employees. Modern organisations are highly dynamic, versatile and adaptive to a multiplicity of changes. Organisation change may have the following three features:

- a) Change in any part of organisation disturbs the equilibrium of an organisation.
- b) Any change in organisation can affect the total organisation or its part, directly or indirectly.
- c) Change is a continuous and ongoing process in an organisation.

### **14.2.1 Forces of Organisational Change**

There are some external and internal pressures that contribute to bringing change in an organisation. External pressures include : i) change in technology and equipment, ii) market situation, and iii) social and political changes. Technological advancements are the major cause of change. Each technological alternative results in new forms of organisation in order to meet the emergent needs. Changes in market situation like changing goals, needs and desires

of consumers, suppliers, unions etc. also make organisations to change their strategies and policies in tune with market situations. Relations between government and business or the inclusive growth and development or the drive for social equality are certain other external factors that may force the process of organisational change.

The internal pressures include: i) changes in the managerial personnel, ii) deficiencies in the existing systems of organisation, and iii) other factors. Changes in top management composition in turn may bring changes in managerial philosophies, style and skills. To compete and survive in a competitive environment, deficiencies in the existing systems such as lack of uniformity in the policies, obstacles in communication, any ambiguity etc, organisations have to be altered. Other factors like employees' desire to participate in decision-making, desire for higher wage rate, improvement in working conditions etc. also demand a change in the organisation. Stephen Rabbins summarises six forces that are acting as stimulants for change viz i) nature of the work force, ii) technology, iii) economic shocks, iv) competition, v) social trends, and vi) world politics. Klatt, Murdick and Schuster opine that each manager must be concerned with introducing four types of changes with human resource system viz.

### **1. Innovations by subordinates**

Young managerial personnel will bring with them new sets of values that affect organisational goals and objectives. This poses new issues for managers who are committed to past values and attitudes. In progressive organisations, managers are encouraged to stimulate productive and creative thinking triggered by subordinates.

### **2. Changes which the manager initiate**

The manager may introduce gradually changes in the existing systems of organisation. He may remove or modify some of the sub-systems, if he feels appropriate. He makes these changes with the cooperation, support and acceptance of subordinates.

### **3. Changes imposed by the top management**

The top management of an organisation can internally impose the following changes:

- Changes in the transfers or promotions policies.
- Changes in work rules or work hours.
- A new procedure for preparing reports or reporting.
- Change from a manual procedure to an automatic process.
- Change to a new incentive system or compensation plan.

### **4. Changes induced by the environment**

Environmental changes compel the organisations to bring changes in their managerial policies and programmes viz.

- New laws, regulations and policies formulated by the government.
- Technological advances.
- Changes in the environment competition.
- Resource crunch.
- Changing values and aspirations.

The effect of any change caused by the above factors brings changes or transformation in the formal organisation, informal organisation, roles, the attitudes of individuals and physical factors such as equipment, work process and office layout. Technological innovations produce a new organisation structure, new positions and fresh interpersonal relationships in organisations.

### **14.2.2 Major types of organisational change**

Organisational change is a vague phenomenon unless one can think of change in terms of various types. There are different types, including the scope, pace, urgency and style of the planning for change. Different types of organisational change include :

- i. organisation-wide versus subsystem change;
- ii. transformational versus incremental change;
- iii. remedial versus developmental change; and
- iv. unplanned versus planned change.

Organisation-wide-change brings change in the entire organisational system-design, culture and overall strategies, whereas subsystem change is related to a change in a particular department or section. Transformational change is a radical and fundamental shift in the way the entire organisation operates. It is sometimes referred to as quantum change. In contrast, incremental change is making small adjustments over time to improve the performance of the organisation. Remedial change is intended to make a change in the current situation, for instance, to improve the poor performance or reduce burnout in the workplace, whereas developmental change is intended to make a successful situation even better. Unplanned change can happen when a sudden crisis occurs in the organisation, whereas planned change takes place when leaders in the organisation recognise the need for a change and proactively formulate a plan to accomplish the change.

### **14.2.3 Human response to organisational change**

When organisations initiate change, both managers and employees react to it. The reaction to change depends on the outcomes of the change, particularly its impact on need satisfaction. Sometimes peoples' attitudes also play a significant role in determining human response to change. Generally, we can find three responses to change viz.

- i) **Resistance:** People resist a change when it is unfavorable for them.
- ii) **Indifference:** People do not react to change either positively or negatively when they feel change is nothing to do with them.

iii) **Acceptance:** People, when they perceive that the change is favourable for them, will accept the change. It is in two ways, first people accept change and adopt and second, people anticipate change and plan for it.

Organisational development is a dynamic technique using the behavioural science knowledge to cope with the change. Resistance to change can create many problems for managers like resignation of employees, increased absenteeism, employees' request for transfers, and reduction in productivity etc. Robbins(1991) has identified five reasons why individuals resist change viz. habit, security, economic factors, fear of the unknown and selective information processing. In addition, he identified six major sources of organisational resistance: structural inertia, limited focus of change, group inertia, threat to expertise, threat to established power relationships, and threat to established resource allocations.

Kotter and Schlesinger suggested the following tactics adapted by change agents in dealing with resistance to change:

- Resistance to change can be reduced through adequate education and communication to those affected by intended changes.
- Employees participation and involvement in decision making can reduce resistance, obtain commitment and increase quality.
- Facilitation and support to employees through counseling, guidance and training during the change process that overcome their fear and make them cope with change.
- Negotiation and agreement with employees act as a tactic to deal with potential resistance to change.
- Manipulation and co-optation tactics will help to reduce resistance to change and get the employees accept change. Distorting facts, holding undesirable information and creating false rumours are some of the tactics of manipulation. Co-optation implies by offering the potential workers and leaders, who resist change, a key role in the change decision.
- Coercion tactic is used by managers to force employees to accept a change decision.

We have to recognise that most changes that begin internally within the organisation have positive and progressive intentions. Further, the external forces may pressurise for changes at the workplace. Every change is responded to by the people working in the organisation. These responses may be positive or negative depending on the fact as how they affect people. One positive response to organisational change is that people work harder than before, leading to greater output. There are two negative responses of people towards organisational change viz. one is, people quit the organisation, as a result output reduces, and another is people become sullen and slow down the work leading to less output in the organisation. There is also neutral response of people towards change that is people work as hard as before, as a result of which, the output remains the same. Therefore, before introducing a change in the organisation, the manager must study and understand employees' attitudes to create a positive response. Three sets of factors—psychological, personal and social—govern the attitude

of people. Unless the behavioural patterns of the employees change, the intended change will have a little impact on the effectiveness of the organisation.

The question is, on the introduction of changes at workplace, what is their impact on the employees of the organisation? Judson(1966) suggests that three ways of adjustments must be made in every employee—in behavioural patterns, in psychological outlook and in social adaptation. Behavioural patterns must be adopted to fit new regulations, procedures and methods of operation. The psychological effect is the attitude developed by an employee towards change on the basis of his own ability to cope with its demands. The social adaptations change calls for alterations in the relationships between employees, their superiors, their subordinates and the informal groups. In addition to Judson's suggestions, change may also have an impact upon employees' job freedoms and constraints and on the new environment at the workplace. It is very interesting to observe that many managers still view adaptation to a work change as an individual problem rather than an organisational one, which the employee must sort out himself.

#### **14.2.4 Approaches to change**

There are mainly three well known approaches to managing change in organisations, namely i) Lewin's classic three step model of change process, ii) Action Research, and iii) Organisational Development (OD). We will briefly discuss these approaches:

- i) **Lewin's three-step model:** Kurt Lewin has suggested a three-phase process model for bringing change in people viz. --unfreezing, changing and refreezing. The essence of unfreezing phase is that the individual is made to realise that his beliefs, feelings and behaviour are no longer appropriate or relevant to the present situation in the organisation. Once convinced, people may change their behaviour. In the second phase, the convinced individual learns to behave in new ways. In this phase, individual is placed in a situation where new behaviour is demanded of him if he is to operate successfully. In the last refreezing phase, the individual has to practice and experiment with the new method of behaviour and see that it effectively blends with his other behavioural attitudes.
- ii) **Action Research:** Action Research provides a scientific methodology for managing planned change. It is a change process based on the systematic collection of data and then selection of a change action. The action research process consists of five steps: diagnosis, analysis, feedback, action and evaluation.

The action research provides two specific benefits. First it is problem-centered. The change agent objectively looks for problems and the type of problem determines the type of change action. Second, this research involves largely the employees in the process that minimises resistance to change.

- iii) **Organisational Development (OD):** Organisation development is a field of study that addresses change and how it affects organisations and individuals. Organisational development efforts bring about planned change

within organisations and teams. Although OD frequently includes structural and technological changes, its primary focus is on changing people, the nature and quality of their working relationships. It adopts some of the techniques for bringing about change in the organisation. The following section elaborately discusses organisational development.

**Check your progress 1**

- Note:** 1) Use the space given below for your answers  
2) Check your answers with those given at the end of the Unit

1. Explain the meaning and forces of organisational change.

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2. Discuss different types of organisational change.

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**14.3 CONCEPT OF ORGANISATIONAL DEVELOPMENT**

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Kurt Lewin is the founding father of organisational development (OD). It is a modern approach to the management of change and development of human resources in an organisation. It refers to a well-trained people with expertise to enhance improvement in organisations. Organisational development applies behavioural science knowledge to bring planned change within the organisation to achieve organisational effectiveness. One of the major goals of OD is to create an open environment for organisational learning. French and Bell(1999) offered a comprehensive definition of organisational development. According to them, organisational development is a long-range effort to improve an organisation’s problem-solving and renewal processes, particularly through a more effective and collaborative management of organisation culture, with special emphasis on the cultural of formal work teams, with the assistance of a change agent or catalyst and the use of the theory and technology of applied behavioural science, including action research. Burke(1997) has given a simple definition: “Organisational development is a planned process of change in an organisation’s culture through the utilisation of behavioural science technology research and theory”. After analysing the above definitions, we can summarise that the organisational development process has the following elements to manage change in an organisation:

- a) It brings planned change.
- b) It adopts the systems perspective.
- c) It designs short- and long-term plans for organisational improvement.
- d) It is intended primarily to change organisational processes rather than substantive content.
- e) It is oriented to solve problems in the organisation.
- f) It mainly focuses on human and social relationships.

### **14.3.1 Objectives of Organisational Development**

The outcomes of organisational development efforts in an organisation are increased effectiveness, problem solving and adaptability for the future. The main goal of OD techniques is to integrate individual and organisational objectives. The following are goals of organisational development:

- a) to increase inter-personal trust and confidence among employees
- b) to increase employees' satisfaction and commitment level
- c) to confront problems instead of neglecting or ignoring them
- d) to manage organisational conflict effectively
- e) to enhance cooperation and collaboration among employees
- f) to increase organisational problem-solving.

Organisational development programmes are intended to achieve the following objectives:

- a) Making individuals in the organisation aware of the vision of the organisation
- b) Encouraging employees to solve problems instead of avoiding them
- c) Strengthening inter-personal cooperation, trust and communication for the successful achievement of organisational goals
- d) Encouraging every individual to participate in both planning and implementation
- e) Creating a congenial work atmosphere in which employees are encouraged to work
- f) Replacing formal lines of authority with personal knowledge and skills
- g) Preparing individuals to align with changes introduced in the organisation
- h) Creating an environment where employees not only accept change but also participate in change process.

In simple terms, organisational development introduces planned change by applying selected management techniques to achieve personal, group and organisational effectiveness. Robbins briefly identifies the following underlying values in most organisational development efforts:



- i) **Respect for people:** Individuals are perceived as being responsible, conscientious, and caring. They should be treated with dignity and respect.
- ii) **Trust and Support:** An effective and healthy organisation is characterised by trust, authenticity, openness and a supportive climate.
- iii) **Power equalisation:** Effective organisations deemphasise hierarchical authority and control.
- iv) **Confrontation:** Problems shouldn't be swept under the rug. They should be openly confronted.
- v) **Participation:** The more the people who are likely to be affected by change are involved in the decisions surrounding a change, the more will they be committed to implementing those decisions.

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## 14.4 TECHNIQUES OF ORGANISATIONAL DEVELOPMENT

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Following are some of the OD techniques for bringing about change in organisations:

### i) Sensitivity Training

Sensitivity Training or T-groups (training groups) refers to a method of changing behaviour through unstructured group interaction. Members are brought together in a free and open environment in which participants discuss issues and study their interactive processes, loosely directed by a professional behavioral scientist.

### ii) Survey Feedback

Survey feedback is a tool for assessing attitudes held by organisational members; identify discrepancies among members' perceptions, and solving these differences. Under the survey feedback approach, a questionnaire is usually completed by all members on relevant issues in the organisation and workplace.

### iii) Process Consultation

In process consultation, a consultant works with organisation members to help them understand the dynamics of their working relationships in group or team situations. The consultant helps the group members to change the ways they work together and to develop the diagnostic and problem-solving skills they need for more effective problem solving.

### iv) Team Building

Organisations are increasingly relying on teams to accomplish work tasks. Team building utilises high-interaction group activities to increase trust and openness among team members. This approach analyses the activities, resource allocations, and relationships of a group or team to improve its effectiveness. The team building can also address itself to clarifying each member's role on the team.

v) **Inter-group Development**

Inter-group development seeks to change the attitudes, stereotypes and perceptions that groups have of each other. This approach seeks to improve inter-group relations through a method that emphasises problem-solving.

**Check your Progress: 2**

**Note:** 1) Use the space given below for your answers.

2) Check your answers with those given at the end of the Unit.

1. Write the objectives of organisational development.

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2. Discuss the techniques of organisational development.

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**14.5 CONCLUSION**

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Modern organisations have been facing complex challenges as a result of globalisation and working in dynamic environment. To survive in changing environment, changes have to be made within the organisation. Change within an organisation refers to modifications of the relationships and behaviour of individuals functioning in an organisation.

Organisation and individuals usually resist change; do not accept it unless it is must. Organisational change and development should be undertaken with the purpose of improving the whole or part of the organisation. The main goal should be to improve the work environment, train employees to adopt new work culture and make the organisation more effective and successful. Organisational development is a dynamic technique that uses the knowledge of behavioural sciences to cope with the change

There are different types of organisational change. We can generally find three responses to the change – Resistance, Indifference and Acceptance. A change agent adopts some tactics to deal with resistance to change. Unless the behavioural pattern of the employees changes, the intended change will have a little impact on the effectiveness of the organisation.

There are three main approaches to managing change in organisation namely, Lewin’s classic three-step model, Action Research and Organisational

Development (OD). Organisational development is a modern approach to the management of change and development of human resources in an organisation. It adopts some of the interventions/techniques like sensitivity training, survey feedback, process consultation, team building, inter-group development etc. for bringing change in the organisation in order to survive in a dynamic environment.

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## **14.6 GLOSSARY**

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- Change Agent** : The individual leading or guiding the process of change in an organisational context.
- Sensitivity Training** : A personal growth technique that emphasises increased sensitivity in interpersonal relationships.
- Action Research** : The methods through which agents learn what improvements are needed and how the organisation can best be aided in making such improvements.
- Refreezing** : Transforming a new behavioural pattern into the norm through reinforcements and support mechanisms.

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## **14.7 REFERENCES**

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## 14.8 ANSWERS TO CHECK YOUR PROGRESS

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### Check Your Progress Exercise 1

**1. Your answer should include the following points:**

- Organisational change refers to the alteration of structural relationships and roles of people working in the organisation.
- It also refers to any alteration that occurs in total work environment.
- External Forces: change in technology and equipment; market situation; and social and political changes.
- Internal Forces: changes in the managerial personnel; deficiencies in existing systems of organisation; and other factors.

**2. Your answer should include the following points:**

- Organisation-wide versus subsystem change.
- Transformational versus incremental change.
- Remedial versus developmental change; and unplanned versus planned change.

### Check Your Progress Exercise 2

**1. Your answer should include the following points:**

- Increase the inter-personal trust and confidence among employees.
- Increase employees' satisfaction and commitment level.
- Confront problems instead of neglecting or ignoring them.
- Manage organisational conflict effectively.
- Enhance cooperation and collaboration among employees.
- Increase organisational problem-solving.

**2. Your answer should include the following points:**

- Sensitivity Training
- Survey Feedback
- Process Consultation
- Team Building
- Inter-group Development