

Lecture 24/25, Mar 13, 2023

Organizational Change

- Organizational change can have profound impacts on stakeholders; the way changes are implemented and managed is crucial
- Change is influenced by external (e.g. changing market) and internal (e.g. employee pressure, change in leadership) sources of pressure which can be planned or unplanned
- What do organizations change?
 - Structure (e.g. reducing hierarchy)
 - Technology
 - * Can involve a huge (and expensive) overhaul of existing systems and having to retrain employees
 - People (e.g. leadership, staff)
 - Processes (i.e. how we do things)
- Change is often systemic – change in one area often affects other areas
- Necessary skills and favourable outcomes should be fostered before changes are introduced

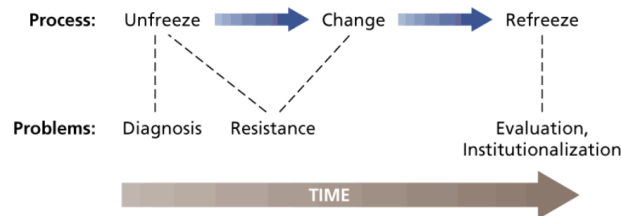


Figure 1: Lewin's 3-step process to change

- Regardless of the type of change, there are 3 steps to the process:
 1. Unfreezing: recognizing the need for change and what needs to change; planning the change
 - Crises often stimulate this step
 2. Changing: implementing the planned change
 3. Refreezing: accepting the newly changed state and evaluating its effectiveness
- However often organizations are in hyperturbulent environments where change is an ill-structured problem
 - Lewin's model only works if the change is clear to implement; the more resistance there is, the more volatile the model
 - In hyperturbulent environments it can be hard to follow through the process, so this model does not always apply
- Issues in the change process:
 - Diagnosis problems (not being able to diagnose what to change)
 - * Make sure to collect information from all available sources
 - * Understand the problem from all aspects and perspectives
 - Resistance (more below)
 - Evaluation and institutionalization (how can we maintain the change?)

Resistance to Change

- People may resist both unfreezing and change
- Being more inclusive and clear to the people affected by change can help to avoid resistance
- Communicating the motivation behind the change is very important
- Resistance can have many causes (e.g. the change is uncomfortable, the need is unclear, etc)
 - The more we think we don't need the change, the more resistance there will be
 - On the other side, if the change is perceived as unattainable or insufficient, it will also be resisted
- Active resistance can include sabotage (e.g. changes at Twitter)

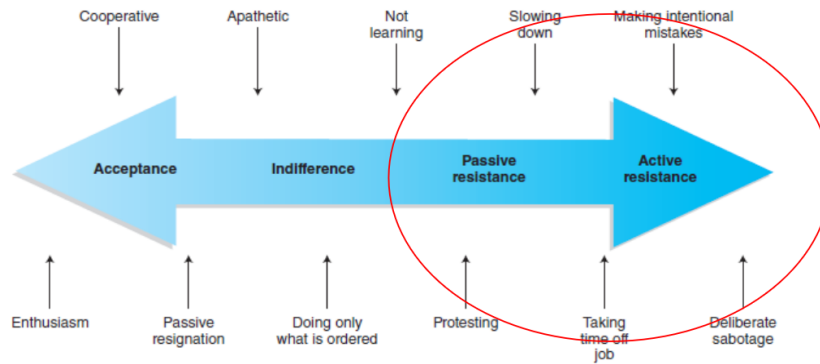


Figure 2: Reactions to organizational change

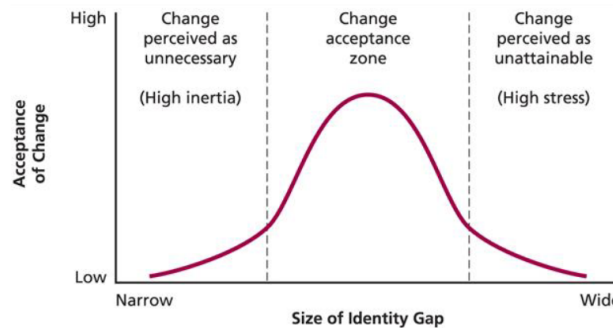


Figure 3: Relation between change acceptance to identity gap

- Sources of individual resistance include:
 - Economic insecurity (will I have a job after this change?)
 - Fear of the unknown (risk)
 - Threats to social relationships (will other people see me differently?)
 - Habit (this is inconvenient because I've always done it the old way)
- Sources of organizational resistance include:
 - Structural inertia (e.g. employees always reporting to the same superiors in the past, so they don't like changing that)
 - Work group inertia (the group has always done things a certain way so people gravitate towards that way)
 - Threats to existing balance of power
 - Previously unsuccessful change efforts (so employees have a negative perception of change)
- How do we overcome resistance to change?
 - Gain leadership support (gets groups onboard)
 - Identify and neutralize change resisters (target the individuals and understand what their concerns are)
 - Educate the workforce and “sell” the need for change (clear communication about the motivation of change)
 - Involve employees in the change efforts
 - Creating a “learning organization”
- In a position of leadership, to minimize resistance to change:
 1. Establish a sense of urgency (making people feel like they need the change)
 2. Form a powerful guiding coalition (have a group of individuals with diverse perspectives that support your change, to show that you have considered everyone)
 3. Creating a vision for the change

4. Communicating the vision
5. Empowering others to act on the vision
6. Planning for and creating short-term wins (create motivational systems to encourage the change)
7. Consolidating improvements and producing still more change (implement the change gradually)
8. Institutionalizing new approaches

The Learning Organization

- Organizational learning refers to the process through which an organization acquires, develops and transfers knowledge throughout the organization
- Learning organizations are constantly developing and improving
- The two main techniques are continuous knowledge acquisition and development
- 4 critical dimensions:
 - Vision/support (making sure values align)
 - Culture
 - Learning systems/dynamics (making sure people have resources to learn and grow, e.g. workshops)
 - Knowledge management/infrastructure (ways to build developmental programs into the organization)
- Organizational development techniques are used by learning organizations to work towards improvement of organizational functioning
 1. Team building
 - Can help teams understand their goals better and clarify the challenges they're facing
 - Can help establish motivations, roles, styles of embracing change
 2. Survey feedback
 - A pulse check with employees and stakeholders to understand what the challenges are
 3. Total Quality Management (TQM)
 - Improving products and services
 - Systematic attempt to achieve continuous improvement in the quality of an organization's products and services
 - Common tools used include flowcharts, Pareto analysis, statistical process control, and fishbone diagrams
 4. Re-engineering
 - The radical redesign of organizational processes
 - Breaking something down to its root causes