Introduction to Organisational Change & Development

Activity

When you think about the below words, what comes to mind?

Work Design

Change

Development

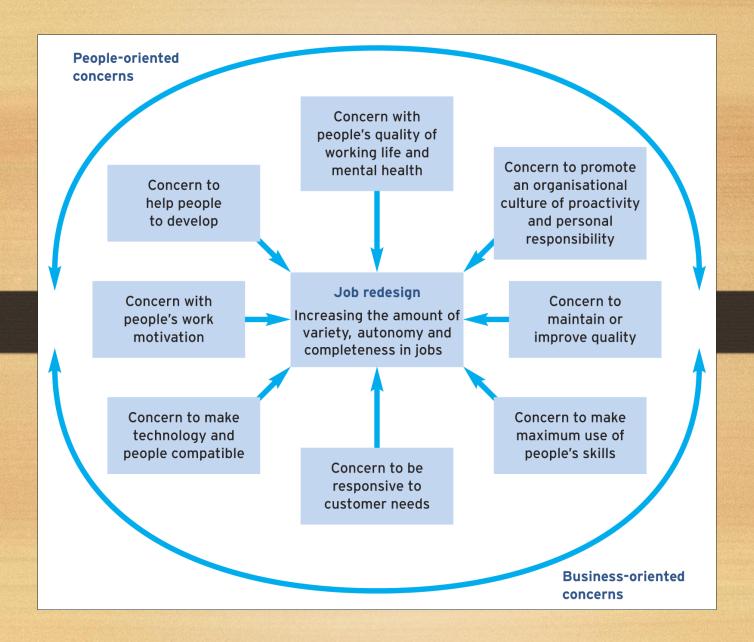
Go to www.menti.com and use the code given

Work Design, Change & Development

"content, organization and evolution of one's work tasks, activities, relationships, and responsibilities"

Parker, 2014

- It considers the factors that initiate and influence change
- It considers the process and management of change
- It considers issues arising at different levels
 - Individual
 - Group
 - Organisational



Organisational Structures

What is Organisational Structure?

"The arrangement of positions in an organisation and the authority and responsibility relationships among them"

Riggio, 2003

"The way in which people and tasks are arranged in order to maximize performance and to reach organisational goals most effectively and efficiently"

Steptoe-Warren, 2013

Dimensions of an Organisational Structure

Child (1988) suggested six major dimensions of an organisational structure:

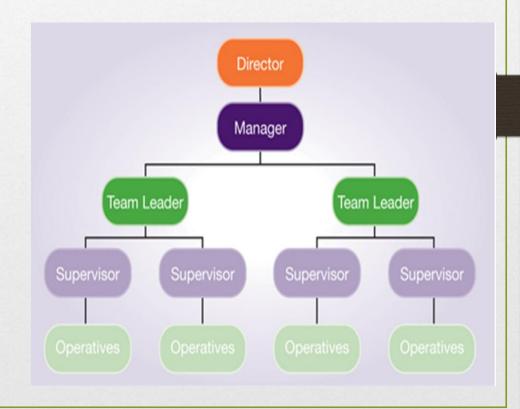
- 1. Allocation of individual tasks and responsibilities
- 2. Formal reporting relationships, level of authority and span of control
- 3. Grouping together of units, sections and departments
- 4. Systems for communication of information
- 5. Delegation of authority
- 6. Motivation of employees through systems for performance appraisal

Organisational Charts

Organisational Charts

- Organisational structures are often represented in *organisational charts*.
- These may indicate:

job positions, divisions of labor, hierarchy of authority, span of control and reporting lines.



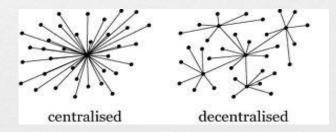
Dimensions of an Organisational Structure

The development of a structure depends on the following building blocks which all need consideration:

- Centralisation concentration of authority at higher levels
- Formalisation extent of formal policies and procedures
- Hierarchical levels tall vs. flat structures
- Departmentalisation functional or product structures

Centralisation VS. Decentralisation

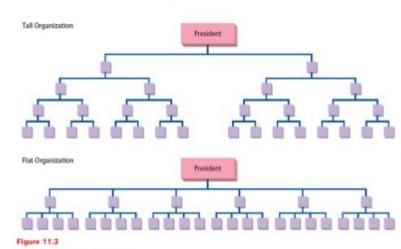
• Centralisation refers to the degree with which decision-making authority is concentrated, at the top levels of the organisation.



• If an organisation is decentralised, decision-making is delegated to lower levels of the organisation.

Formalisation, Hierarchical Levels & Departmentalisaton

- Formalisation concerns the organisations policies and procedures and the amount of authority a person has over decisions.
- Levels Hierarchical represent number of levels an organisation has in its hierarchy.
- Departmentalisaton is the grouping of related functions into manageable units to achieve the objectives of the organisation in an efficient and effective manner.



TALL VERSUS FLAT ORGANIZATIONS

Wide spans of management result in flat organizations, which may lead to improved employee morale and productivity as well as increased managerial responsibility. Many organizations today, including IBM and General Electric, are moving toward flat structures to improve communication and flexibility.

Influences

Type of structure adopted might also be influenced by:

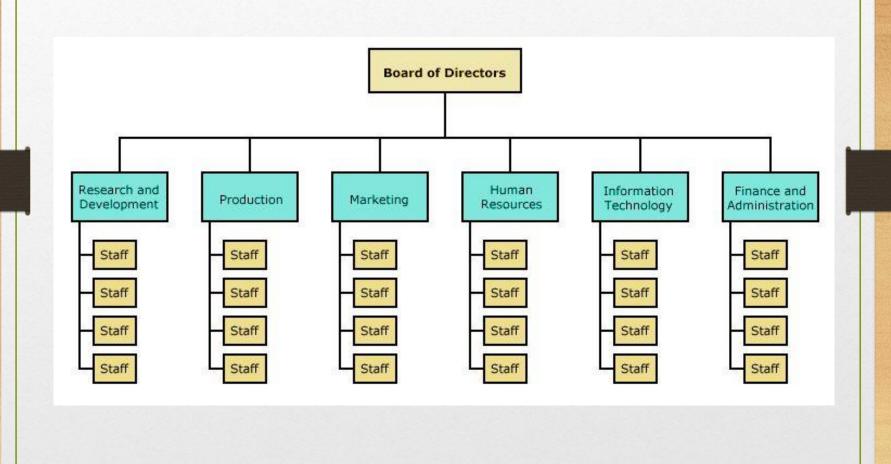
- Size of the organisation
- Type of work undertaken
- Distribution of authority
- Senior management style
- The organisation's **finances**
- Type of environment in which it operates



Types of Organisational Structures

- Functional Structure
- Product Structure
- Matrix Structure
- Market-Based Structure
- Geographical/Territorial Structure

Functional Structures



Advantages & Disadvantages

Advantages:

- Ensures a coherent chain of command
- Functions housed together can lead to faster decisions
- Allow individuals to specialise and do what they are good at
- Accountability someone is responsible for each section
- Clarity knowledge of your own and others' roles

Disadvantages:

- Units may lose perspective about organisation's overall objectives and focus only on their own
- Discourages innovation due to lack of co-ordination and cross-fertilisation among functional units
- Closed communication can lead to a lack of focus and fixed ways of working = perform poorly in unstable environments

Product Structures



Advantages & Disadvantages

Advantages:

- The manager of a product can devote resources to just that product
- Focus on a particular product's market segment can lead to good market knowledge
- Remain competitive and provide the right products
- Attract and retain talented employees

Disadvantages:

- Duplication of resources
- Reduce ability to attract and retain talented employees
- Co-ordination difficulties if selling different products to the same customer via different departments

Matrix Structures



Each employee has 2 managers: 1 functional, 1 product

Advantages & Disadvantages

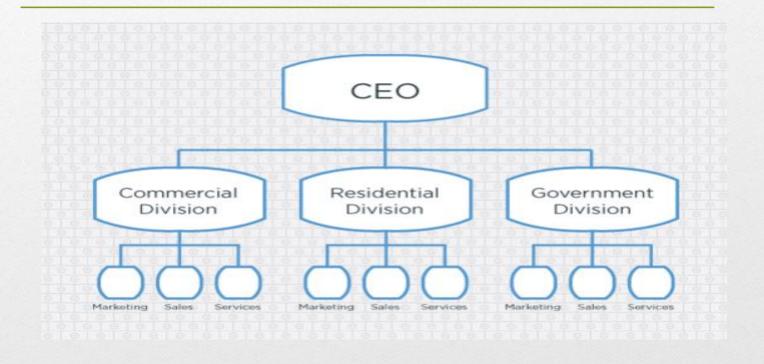
Advantages:

- A fluid workforce individuals can be assigned to specific products or projects
- Permits flexible use of an organisation's human resources
- Efficient means of responding to changing environment
- Enhances communication among managers

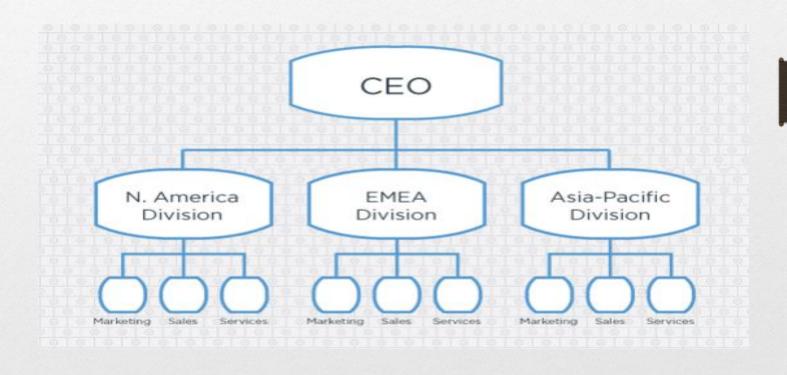
Disadvantages:

- Can be anxiety and conflict for employees with 2 managers
- Managers need to communicate with each other and maintain a balance of authority
- Decision-making can be slower when there are 2 managers involved
- May be increased goal conflict and ambiguity

Market-Based Structure



Geographical/Territorial Structures



Organisational Theories

Organisational Theory

The main contributing theories of organisations and management are:

- Classical Theories;
- Neo-Classical Theory, and;
- Modern Theories.

Classical Theories

Classical Theories

Classical organization theories (Taylor, 1947; Weber, 1947; Fayol, 1949) deal with the formal organisation and concepts to increase management efficiency. These are:

- The Scientific Management Approach (Taylor 1947);
- The Bureaucratic Approach (Weber 1947), and;
- The Administrative Theory (Fayol 1949).

The Scientific Management Approach (Taylor 1947)

• Based on the concept of planning of work to achieve efficiency, standardisation, specialisation and simplification.

Taylor developed the following four principles of scientific management for improving productivity:

- Science, not rule-of-thumb
- Scientific selection of the worker
- Management and labour cooperation rather than conflict
- Scientific training of the worker



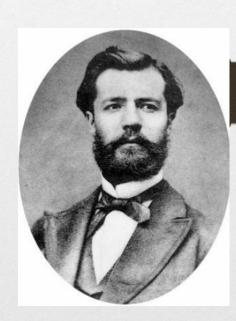
The Bureaucratic Approach (Weber 1947)

- Based the concept of the formal organization on the following principles:
- Structure
- Specialization
- Predictability and stability
- Rationality
- Democracy



The Administrative Theory (Fayol 1949)

- The elements of administrative theory relate to accomplishment of tasks, and include:
- Principles of management;
- The concept of line and staff;
- Committees, and;
- Functions of management.



Limitations of Classical Theories

- 1. Concentrated only on line and staff structures. They did not try to find out the reasons if a particular structure is more effective than others.
- 2. They ignored human behaviour. Classical thinkers did not realise the complexity of human nature. They took human beings as static instruments in an organisation performing an assigned task.
- 3. The assumption that an organisation in a closed system was unrealistic. Organisations are greatly influenced by the environment and vice-versa.
- 4. They did not lay emphasis on decision-making processes.

Neo-Classical Theories

Neo-Classical Theory

- Introduced an informal organisation structure.
- Recognised the importance of individual or group behaviour and emphasised human relations.

Emphasised the following principles:

- The individual
- The work group
- Participative management

Limitations of Neo-Classical Theory

- 1. Limited view of human motivation;
- 2. Many of the studies upon which the theory is based have been poorly designed;
- 3. No consideration of the environment in which an organisation functions.

Modern Theories

Modern Theory

- Based on the concept that the organisation is a system which has to adapt to changes in its environment
- Some of the notable characteristics of the modern approaches to the organisation are: a systems viewpoint; a dynamic process of interaction; multileveled and multidimensional; multi-motivated; probabilistic; multidisciplinary; descriptive; multivariable, and; adaptive.

Modern understandings of the organisation can be broadly classified into:

- The systems approach
- Socio-technical theory
- A contingency or situational approach

The Systems Approach

- Views an organisation as a system composed of interconnected and thus mutually dependent sub-systems. A system can be perceived as being composed of some components, functions and processes (Albrecht, 1983). Thus, the organisation consists of the following three basic elements (Bakke, 1959):
- 1. Components;
- 2. Linking processes, and;
- 3. Goals of the organisation.

The Socio-Technical Systems Approach

- Based on the premise that every organisation consists of the people, the technical system and the environment (Pasmore, 1988).
- People (the social system) use tools, techniques and knowledge (the technical system) to produce goods or services valued by consumers or users (who are part of the organisation's external environment).
- An equilibrium among the social system, the technical system and the environment is necessary to make the organisation more effective.

The Situational Approach

- Based on the belief that there cannot be universal guidelines which are suitable for all situations. Organisational systems are interrelated with the environment.
- Different environments require different organisational relationships for optimum effectiveness, taking into consideration various social, legal, political, technical and economic factors.

Virtual Organisations

What are Virtual Organisations?

- Growing in the modern world
- Very little physical presence
- Operates on skeleton staff and a lot of work is outsourced (can reduce management control!)
- Organisation can be flexible and responsive
- Employees are able to work flexibly
- Reduced costs
- High dependency on technology and outsource companies

Organisational Culture VS.

Organisational Climate

Organisational Climate

• About perceptions, time dependent, temporary snapshot of the organisation (how people feel)

Organisational Culture

• About behaviour, permanent life style within the organisation (what people do).

Definitions

"The shared beliefs, values and practices of a group of people"

O'Hair, Friedrich, Wiemann and Wiemann (1997)

Definitions

"The pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people in organisations behave and things get done."

Armstrong (2012)

"The values, beliefs and attitudes that are common to its group members and represent the collective behaviour of people within that organisation."

Steptoe-Warren (2013)

Subcultures Vs.

Dominant Culture

Subcultures

Cultures existing within parts of an organisation

Dominant culture

The distinctive overarching 'personality' of an organisation

Core Characteristics of Organisational Culture

- Sensitivity to the needs of employees
- Interest in having employees generate new ideas
- Value placed on taking risks
- Openness of available communication operations
- Organisations with similar products/ services may differ on these

Functions of Organisational Culture

Steptoe-Warren (2013) suggested:

- 1. Provides a sense of identity to staff.
- 2. Generates commitment and loyalty.
- 3. Indicates how individuals should behave and reinforces the behavioural standards.

The Denison Model



Organisational Uses of Culture

 Organisational culture has the potential to enhance organisational performance, individual satisfaction, and a variety of expectations, attitudes, and behaviors in organisations

• Assessing which attributes of an organisation's culture need to be preserved and which ones need to be modified is a constant organisation need.

Formation and Maintenance

How is it created?

- Company founders
- Experience with the environment
- Contact with others

Tools to Transmit Culture

- Symbols: Objects that say more than meets the eye
- Slogans: Phrases that capture organisational culture
- Stories: "In the old days, we used to ..."
- Jargon: The special language that defines a culture
- Ceremonies: Special events that commemorate corporate values
- Statements of Principle: Defining culture in writing

TABLE 14.3 Slogans that Reflect Organizational Culture

Corporate *slogans* often send messages about the cultures of the organizations that use them. By virtue of their slogans, customers, employees, and prospective employees can learn something about the cultures of the organizations listed here. Can you think of other slogans that may reflect the culture of the organizations with which they are associated?

Company	Slogan	Message
Circuit City Stores	We're with you.	We offer support for the technology products we sell.
Staples	That was easy.	The office products we sell make your life easy, and purchasing from us is a pleasurable experi- ence.
Wal-Mart	Always low prices. Always.	You can count on us for offering everyday low prices.
Home Box Office (HBO)	It's not TV. It's HBO.	Our service is special, not your ordinary television shows.
Hyatt Hotels	Feel the Hyatt touch.	We take special care of our hotel guests.
Maxwell House	Good to the last drop.	Our coffee keeps its flavor.
Maytag	The dependability people.	We are known for our trouble-free appliances.
MetLife Insurance	Get Met. It pays.	Purchasing our insurance is a good investment.
Pep Boys	Cars like us. People love us.	You will enjoy purchasing your auto parts and accessories from us.
Royal Caribbean	Like no other vacation on earth.	Our cruises are unique and special.
State Farm	Like a good neighbor, State Farm is there.	You can count on friendly and reliable service when you need it.

Changes in Organisational Culture

Organisational culture is relatively stable, however as the world of work changes, so does the need to change the culture.

Factors that promote changes in organisational culture are:

- Composition of the workforce
- Mergers and acquisitions
- Planned organisational change
- Responding to the internet

The Cultural Web



Measuring Organisational Culture



Organisational Change

Definitions

"Organizational change is the implementation of new procedures or technologies intended to realign an organization with the changing demands of its business environment or to capitalize on business opportunities"

Historical Context for Change

- Goodman (1995)
 - 1700s agricultural age
 - Industrial Revolution and the Industrial age
 - Second World War



Change Options

- What are the change options?
 - Changing structure (from tall to flat)
 - Changing technology (automation: integration of all business units)
 - Changing the physical setting (centralising/decentralising)
 - Changing people (creating different culture e.g. greater participation, communication etc.)

What provokes Organisational Change?

- Management adopts a strategy to accomplish a goal.
- May be provoked by some major outside driving force, e.g., substantial cuts in funding.
- An organization may wish to evolve to a different level in their life cycle, e.g. from traditional government to egovernment.
- Transition to a new Chief Executive can provoke organization-wide change when his or her new and unique personality pervades the entire organization.

Varieties of Change

- Grundy (1993)
 - Smooth incremental change
 - Evolves slowly, systematic and predictable
 - Bumpy incremental change
 - Periods of peace then acceleration of change
 - Discontinuous change
 - Rapid shifts in strategy, culture and structure

Six Steps to change

Step 1

Set clear goals for organisational change (cost effectiveness, increased productivity)

Step 2

• Identify potential change projects and analyse how they contribute to organisational goal achievement

Step 3

• Identify stakeholder groups influenced by, or having influence on, change projects

Step 4

• Analyse stakeholder resistance, the complexity of the change and management capability by interviewing stakeholder representatives

Step 5

• Categorise and select change projects to be implemented.

Step 6

• Create a plan and assign adequate resources for project implementation, taking into account stakeholder resistance and the complexity of the change.

Sources and Targets of

Resistance to Change

Sources of Resistance

- Loss of control or excess uncertainty
- Surprise, surprise
- Loss of face
- Concern about future competence
- Ripple effect
- More work
- Past resentments

Targets of resistance

- Resistance may focus on the message, the medium, or the messenger
- But are people always honest about which is the 'real' target?

Minimising resistance to change

Manipulation

Coercion

Negotiation

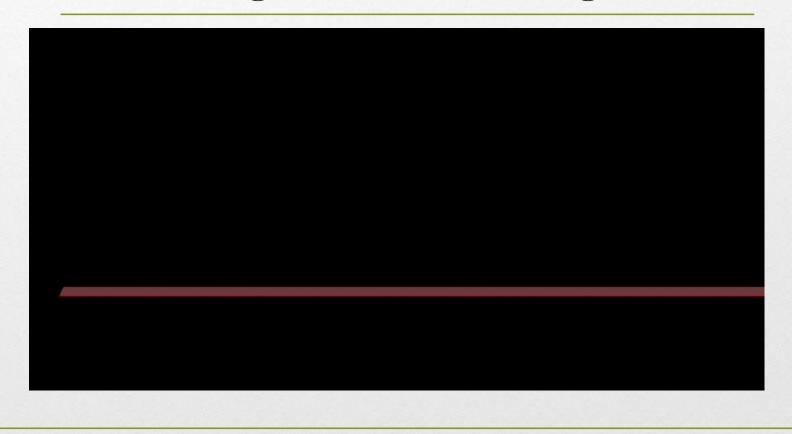
Minimising resistance to change

Facilitation and Support

Education and Communication

Participation

The Inner-Side of Organisational Change





Understanding:

- The function of an organisational chart;
- The differences between centralisation and decentralisation;
- The meaning of formalisation, hierarchical levels, and departmentalisation;
- Different types of organisational structure, including, functional, product and matrix, along with their strengths and weaknesses;



- What virtual organisations are and why they are growing.
- Critically reviewing theories and research in relation to work design, change and development.
- The meaning of organisational change.
- Change options.
- Resistance to change.



See you next week

for

Lecture 5

Recruitment