LESSON #1

COURSE ORIENTATION

Norms Setting

Most of the time first or earlier sessions are meant to build norms which entail course expectations, scope and objectives of the course and host of consideration for understanding and learning this course appropriately.

Course Expectations

What is considered essential for the student of advanced courses on Management like this one is to have good grasp over pre-requisite or fundamental courses of management such as "Principles of Management", "Human Resources Management" and "Organization Behavior". Therefore unless you are well versed with the basic management concepts better understanding and comprehension of this course will be difficult.

As this is an advanced course on management so in case of difficulty or to seek clarification - you have to be in an interactive mode (and to give us feed back very regularly).

Course objectives

1. To develop significant level of understanding of change-management literature: conceptual framework, theories, typologies, strategies and techniques.

2. To understand change-management phenomenon – especially how managers successfully manage change in organization.

3. Over this entire course is designed to help students in building and developing their analytical and applied management skills in context of business organizations.

Learning the Subject's Vocabulary

Every subject or discipline has its own vocabulary and terminology. For examples doctors, engineers & Accountants express themselves in the language of their profession not only when they are on job but also in social domain as well. Why? Because the professional training and approach they learn and develop also influences their socio-psychological thinking and life style and facilitates for resolving problems in ordinary day life. The subject we are concerned with is more related with social behavior than that of medicine, engineering and accounting etc. Therefore imperative for us is not only to learn and understand but one has to develop ability to express ordinary day life phenomena in the subject's vocabulary.

Reading material

Books: Understanding Organization by Charles Handy, published in 1976
Gods of Management by Charles Handy in 1995
Organization Culture and Leadership by Edgar Schein
Change Management: A Guide to Effective Implementation, by Robert Paton & Mc Calman

Articles: I particularly emphasize students to develop a practice to follow and rely on research articles more than books. Nonetheless one thing is important to know that not all published and available articles especially on internet have authenticity and credibility. I recommend only those published in the leading and international research journal such as available on HEC data base, or now the Google Scholar is an important source of getting access to the scholars of repute. Therefore students must have the skills to differentiate good reading material from that of academically junk substance. Here is one such criterion to identify and hunt for good article. First is to know the author, his qualification, repute and belongingness (to any school, institution or university). Second is through the quality of publication (where it gets published?). Normally journals have reputation and ranking in terms of prestige and impact. For instance related to management (and change management) such journals are ranked as of higher order quality like Academy of Management Review, Administrative Science Quarterly, Organization Studies, Journal of Management Studies, Journal of Organization Behavior and Human Relations to name few. Finally, articles are considered of better worth for their citation in references or the article is written by using quality and authentic references. Journal of Change management is also suggested in particular for students to follow throughout the course.

A good starting point would be to consult Managing change through manager and organization development (Chapter-1 of Harold Koontz's text book on management) Management: A Global Perspective 10th edition.

Organization Change and Stress Management (Ch -17 of Stephen P. Robbins text book on Organizational Behaviour)

Similarly Frederick Luthan's book on organization is also generally relevant where he talked about managing diversity, learning, creating and designing organisation culture

Other leading authors on the subject which a student must consult are Chris Argyris, Edgar Schein, D. Schon, Peter Senge, Karl Weick, Peter Drucker, Hannan & Freeman, Quinn, James March, Herbert Simon, Michael Beer, Nohria

The HEC's digital library provides access to these leading scholars and journals through data bases like J-store; Springer link etc

Examination & Assessment Perspective (Knowledge, Analysis, Evaluation & Application)

Students are required to possess, develop and demonstrate the following set of skills from examination point of view. First is to have knowledge and understanding of terms, definition of the specific content and subject. Moreover, they should be able to analyze the problems and issues by differentiating and distinguishing concepts, implications of theories and making valid generalization and inferences. Third is evaluation. Different scholars use different concepts for similar observed phenomenon and come forth with the same term or concept but with different meanings and explanations. Therefore academics are concerned with coining terms and giving meaning which often compete with each other. The job of a student is to comprehend, evaluate and synthesize such differing and competing ideas, models and explanations. Final is the application of generalizations and theories in particular context of organization and nations. For example organizations differ with each other in terms of their context (size, number and industry etc.) Therefore students ought to know the application of any theory model or concept which is relevant and valid. The skills which are valued most and considered superior by Examiners at this stage and in this subject are of analysis, application and evaluation as against mere possession of knowledge which is just a function of memory. As far as application is concerned student must take caution or special note of level of analysis while describing or applying any concept related to change management. The level of analysis may be individual, group like department or production unit, business or corporation, organization or nation etc. Similarly it may be public or corporate sector, or small, medium or large organization.

Another important advice for students to improve their performance is to develop following learning skills and styles which are: Listening, Reading, Speaking and Writing. Different people exhibit their reliance on different types of skills. Some are good reader while others are good speaker, listener and writer or in some good combination of these skills. Though all four types of skills are considered equally important in personality development and performance of an individual yet if we need to prioritize for students it is the writing skills which are of utmost value. Students cannot translate their potential into actual without having good writing skills. Teachers and Examiners know and evaluate their student on this attribute as examination is heavily oriented towards this activity. Therefore students ought to focus themselves to cultivate this type of skills. On the significance of these skills the recommended article to go through is 'Managing Oneself' written by Peter Drucker, published in the Harvard Business Review, March – April 1999, and this can be accessed through the HEC's digital library.

One Important Instruction

Please go through the original text or articles of author referred and recommended at the end of these lecture handouts, and do not merely rely on video lectures and lecture handouts only. Reading original article is mandatory and has no alternative, and as redundancy and repetitions stands essential to enhance learning effectively

Scope of the subject

The subject is of integrated nature related with multiple disciplines and has got diverse and kaleidoscopic application. For instance this is closely related with other subjects like Strategic Management, Organization Development, Training or Management Development, Knowledge Management and Organizational Learning. This is pervasive in nature and is widely applicative from individual, organization or nation in perspective. From individual's perspective – learning means change in knowledge, skills and attitude. Similarly individual has to manage changes taking place not only on the job but also socially. Learning appropriate behaviour and role and to strike balance between workplace and family is the concern of all. The training programmes either formal or informal are by design managing change whether the purpose is formation of general managerial values or up gradation of technical skills seek direct application of this course. Similarly with the onslaught of globalization, structural changes in world politics and rapid transformation on International economics has made traditional, stable and bureaucratic organization highly vulnerable. With such type of on-going qualitative changes the foremost objective of organization becomes its survival and to avoid what is known as organizational extinction. At the same societies like us are also in transition from agrarian to industrial, rural to urban, traditional to modern all the more emphasizing the need to study this phenomenon.

Specifically from the organization perspective the purpose of this advanced course on management is just like the same as that of basic course, principles of management. The perpetual concern of management is to learn or to manage so as to enhance productivity of a manager or for organization to achieve its goals effectively and efficiently. Therefore imperative for organization is to manage changes going on at two levels: one at external environmental level and second is at internal managerial level. For change at external level means organization to manage change relations vis-à-vis change in government policies, change in technology, change in customers' preferences or taste, change in society' expectations. Similarly extraneous change always impacts the internal dynamics of organization. Consequently organizations have to renegotiate terms with individuals, resource allocation pattern and budgeting preferences may change leading to restructuring and downsizing and processes like decision making, controlling and communicating could be centralized. Similarly the trend could be diametrically opposite given the change at extraneous level conducive for growth; organization may develop new products, new markets owing to expansion in the market and industry and as such organization decentralizes its operations. In either case anticipating change and at appropriate timings moving in the right direction is imperative.

Why to study change Management?

Its answer given by some leading expert of the subject as under

"The next few decades will bring about an avalanche of change and that most people and organisations will not be prepared for the vastly accelerated pace of change."

Alvin Toffler, Future Shock (1970)

Here followings variables are highlighted:

- Rate or pace of Change
- Quality and quantity of change
- Individuals
- Organizations
- Un-preparedness

"If we could understand the ways in which individuals were motivated we could influence them by changing the components of that motivation process."

Charles Handy, Understanding organizations, (1976)

Three things focussed here

- Individuals
- Changing the components
- Motivation Process

The underlying theme here is that individuals can be control and their behaviour can be predicted in a scientific or methodological manner which is the focus of this subject. The focus of subject like management and change management is how to control, predict and motivate human behaviour for productivity enhancement.

According to Schein, "Learning that creates stability and culture is different from the learning that enables organisations to innovate as they encounter changing conditions in both their external and internal environment."

Edgar H Schein, Models and Tools for stability and Change in Human System, (Society for Organisational Learning & MIT; 2002)

Here Schein referred to change phenomena defined in terms of learning which are:

- Learning in stable organisation
- Learning in changing or innovative Organization
- Interaction with internal and external environment

This means learning attributes in stable environment is distinct from learning characteristics in dynamic environment. Change takes place by reconciliation among forces internal to the organization and external to the organization.

Another popular paradigm to understand change at individual level, because according to one approach every thing eventually rests at individuals' personality at work as he has to take action. The three dimensions are:

- Knowledge
- Skills
- Attitude

By this change means change in knowledge, skills and behaviour. It reveals of methods for change as well. For instance change in the state knowledge can right be there by reading an article or listening a lecture. Skills means repetition of knowledge or practice of knowledge like certain disciplines are skills oriented, and one cannot learn without practice, for example mathematics, accounting or computers (IT). Some level of difficulty is involved in building skills. More crucial is the third one that is to have positive attitude or behaviour towards work. For instance how to make or transform an unwilling person to work or learn into a willing one to work or learn. Adding one more level of difficulty to it, which is how to transform the behaviour of a group from non-willing to a willing one? The subject change management deals with such issues within the context of organization.

LESSON # 2

BENEFITS AND SIGNIFICANCE OF CHANGE MANAGEMENT

Benefits and Significance

The subject matter holds a tremendous importance for both individual and organization. Let us discuss some of the benefits from organization perspective.

1. Understanding environment (society, government, customers)

It is important for organization to understand, assess and gauge the dynamics in its external environment in order to envisage and establish an appropriate relationship with various actors like government, customers and society. Therefore managers by knowing the subject of change management can better be prepared to understand whatever is going on in the environment.

2. Objectives, strategy formulation & implementation (to develop competitive advantage)

Second is consequent upon knowing the impact of change at extraneous level on its own internal dynamics, and the foremost is objective setting and seeking competitive advantage.

3. Employees (trained, high performing work practices, reliable organisation)

The employees are the recipient of change plan. One such perpetual concern of senior managers is to make organization highly reliable, therefore employees ought to be trained and high performing one in today's hyper competitive world.

4. Technology Issues

Technology is considered the engine of growth in today's world. Perhaps the greatest challenge for contemporary organizations is the acquisition and integration of technology in its strategy, structure and process. As such the concern of top managers is how to avoid organization being obsolete and how to cope and absorb the impact of changing information and communication technologies which have decisively influencing production and consumption behaviour?

5. Globalization

The management of international economic and political forces what is today known as internationalisation and globalisation is yet another important factor influencing decision making of organization. No organization or nation can stay independent and indifferent to what ever is happening at international (political) level. For instance the impact of September 11 events have been tremendous on the economies and organizations of developing countries like Pakistan. Similarly supra – national institutions are becoming more assertive over nation states not only in political terms but also on social issues like child labour and gender issues. So government and states are considered somewhat less sovereign in imposing their will over their subjects (individual and organizations) against the ever increasing and complex interdependencies amongst states. For example the compulsions and legal provisions of international treaties like WTO and ISO certification regimes have decisively influenced the organizations and economies of the developing world. Hence imperative for managers, CEOs and entrepreneurs from smaller or larger organizations alike, of different sectors of economy, is to understand the complexities of globalisation and its impact on organization' business.

The Relationship of Management with Change-Management

The relationship can be understood along the following lines. First, we have to consider that change management is a subject with cross-cutting theme, applicable across various traditional functional areas like management, marketing, production, finance and comprehensively with more recent strategic management concepts. For instance, this is related with marketing where the concern might be new product or market development, or can be related with production like the introduction or acquisition of new technology or skills. Viz. the finance - budgetary allocations, revisions and cost-cutting strategies, and for HR the concern is behavioural modification, formation and accumulation of technical and managerial knowledge, skills and values.

Traditional management domain

Another way to look at the subject is from traditional management perspective and thinking of organizational transformation. For instance change in the PODC techniques, thereby following universal or benchmarked practices. Therefore change means variation in following techniques

Planning	- Setting objectives - Implementation of policies - Decision-making
Organizing	- Formal & informal organisation - Departmentation - Hierarchy - Authority- responsibility relationship - Span of control etc.
Directing	- Leading - Leadership styles - Motivation theories
Controlling	- Direct & formal control - Indirect & informal control

Strategic management domain

Within the strategic domain we have two concerns: One is Strategy formulation, that is formulating mission, vision and objectives after going through environmental assessment (a key feature of strategic management), and second pertains to strategy implementation means organisation structure, culture and politics. While the whole focus of the popular framework of strategic management is the development and sustenance of competitive advantage of a firm or organization, at multiple levels of strategy making – functional, business, corporate and societal levels.

McKinsey Seven S-Framework

One of the leading management consultants in America, and is widely quoted in management literature, has following dimensions for change to make organization a highly productive one. These are:

1. Strategy - sustained competitive advantage
2. Structure - who reports to whom or how work is divided
3. System - operations & core processes
4. Style - leadership style
5. Staff - employees/ Human resources
6. Shared values - beliefs, mindsets
7. Skills - capabilities and competencies

Overview of the subject

Similarly, within the overall context of management, the subject matter can also be understood by focussing on strategic, process, structural, cultural and political dimensions of organization. To understand management one must know the dynamics of various approaches.

1. Strategy
2. Process
3. Structure
4. Culture
5. Politics

1. Organisation has an articulated purpose or objective

There is a kind of constant questioning, verifying, changing and re-defining of organization objectives by interacting with environment. Once objectives are revised consequently lead to modification of structure of roles & managerial process. For example the problem for entrepreneur once organization survives (overcome the entrepreneurial problem) is how to achieve growth which is problematic in the sense that he has to go for market development , overcome engineering problem so as to produce at higher level without compromising quality and administrative problem to manage and formalise role and relationship with increased number of employees. This is not only a problem of entrepreneurship based organization only but even larger and older well established organization like Multinational Companies (MNCs) tend to define and renegotiate their objectives. This according to one author is identified as Strategic Renewal.

2. Organization process

The word process refers to the transformation input to out put. For e.g. production process means conversion of raw material to finished goods. Such types of processes are technology-driven most of the time. Broadly speaking viz. a process we have two types of changes; one is known as Total Quality Management (TQM) which in essence means change on continuous and gradual basis, and is of marginal or incremental nature while Business Process Restructuring (BPR) means drastic, structural or fundamental change. The former is working ‘with in the system’ while later is known as ‘working on the system’. Similarly in context of organization there are other processes such as decision making, objective setting, communicating, controlling & coordinating

3. Organisation structure

How authority and responsibility is distributed across the across the organization. Authority pattern in organization shows who reports whom and who is answerable and accountable to whom. Other dimensions of structure include departmentation or task grouping, hierarchy layers, span of control and the extent of formalization (bureaucratic or participative one). Therefore structural change may mean change in one or more dimension cited above. But most of the time organizations now a day want to make organization structure more flatter instead of taller, decentralized, participative, and humane or empowered as it is considered to be more productive and creative.

4. Organization Culture

- Values, beliefs and mind-set of a manager at work
- Cognitive style (thought process)
- Personality (MBTI)
- Behaviour

Hofstede Model

- Individualism - Collectivism
- Masculinity - Feminism
- Power Distance - Low or High
- Uncertainty Avoidance - Low or High
- Time orientation - Low or High

- Organisation Politics
  - Changes have political consequences
  - Change disturbs power-distribution in organisation
  - Organisation are like governments
  - Managers have interests & groupings

Therefore power may enable or resist change

LESSON # 3

KURT LEWIN MODEL: ASSUMPTIONS AND IMPLICATIONS

Theories and models are always based on some set of assumptions. This model too has some basic assumptions which are as under:

1. An Individual or group performance is prone to regression unless some measures are taken to institutionalise the improved performance level

2. There is a tension in person whenever a psychological need or intent exists, and the tension is released when the need or intention is fulfilled.

3. This tension may be positive or negative, and under conflict situation this is identified as "force field". Hence the term is known as force field analysis so as to evaluate the tension between positive or facilitating forces and negative or constraining forces the given change plan.

Further to him there are three fundamental types of conflict.

1. Individuals stand mid-way between two positive goals of approximately equal strengths; for e.g. individual has to choose between two good systems, so which one to buy.

2. Individuals find themselves between two approximately equal negative goals; for e.g. if an individual has to make a choice between two things which he dislikes, that is a choice of lesser evil.

3. Individuals are equally exposed to opposing positive and negative forces

These assumptions about motivation process and conflict typology in human nature lead Lewin to propose three staged model of a planned change management process.

1. Unfreeze
2. Change
3. Refreeze

Stage 1. Unfreeze the current equilibrium:
Before going for change in first stage we have to create tension amongst the recipient of change that some thing is not good in the on-going system. This is to create emotional stir up which is to break the shell of complacency and self righteousness amongst the subject of change. The reason is to break the personal defences and group norms psychologically before actually going for change. In the words of Edgar Schein this stage consists of the following attributes:

1) The physical removal of the individuals being changed from the accustomed routines, sources of information and social relationships

2) The undermining and destruction of all social support.

3) Demeaning and humiliating experience to help individual. Being changed to see their old attitude or behaviour as unworthy and thus motivated to change. Here I would like to give example of ragging of new entrants from military training. New entrants are deliberately targeted for their existing behaviour, norms and identity by the senior cadets so as to acquire new way of thinking and sociology. More over they are deprived of social support as training academies are situated at far off places and candidates are not permitted to meet their family members

4) The consistent linking of reward with willingness to change and of punishment with unwillingness to change. Old behaviour is punished and new or desired behaviour is to be rewarded. There would not be any meaningful change if the change targets perceive no linkage of reward and the desired behaviour, or

if the old behaviour and norms are continued to be rewarded.

For Schein Unfreeze stage must simultaneously coupled with the following characteristics:
1. Disconfirmation of expectation

2. Induction of learning anxiety if the disconfirming data are accepted as valid and relevant. There would not be any need felt for change and learning one thinks he has already perfect knowledge, and stays confident. In other words one feels discomfort able with the existing system, performance level knowledge or state of affairs. Similarly if there is no learning anxiety individuals are least pushed for change as they getting satisfaction from the existing ones. This is also known as mind blockage when people refuse to accept new or changed reality or they are in a state of disbelief and refusing to learn the new things.

3. Provision of psychological safety that converts anxiety into motivation to change. If anxiety gets converted not fear it will be creating resistance for change. Therefore anxiety should be strong enough to be a source of motivation for change

This point is very critical and crucial because if we admit something with ourselves as wrong we will loose effectiveness, self efficacy, self-esteem or even our identity. Therefore in order to learn one has to be humble. Learning will be lower for individual with higher self esteem and vice versa.

Two types of change:
1) Action level or Symbolic 2) Belief or Cognitive

Comparatively speaking change in beliefs or belief system which is also identified as cognitive restructuring brings in more sustainable and meaningful change than symbolic and action type of change. Shock therapy in psychology is one such technique for changing belief of a patient. This kind of treatment is very common in our social settings. For instance in parents-child relationship is based on the severity of event if father slaps his son to make him stop doing certain things. The concept of punishment is also a kind of shock therapeutic technique for behavioural modification. Similarly in real life certain events change the attitude of a person. This has application in management too. For instance organization going deficit the fear or shock of close down or job-cuts may motivate individual and groups to change and work for turn around. While action level or symbolic type manifest at extraneous to individual and at times is short lived and reflect merely a compliance in outward actions of individuals or organizational practices only

In order to unfreeze mental programming is good for reducing resistance. Similarly in this stage it is suggested to establish performance-reward linkage without which change would not be sustainable. A very simple and powerful technique for motivating for change is to induce reward for performer and no reward or punishment for non-performer. This is perhaps one very good reason for change efforts to meet failure in a typical public sector organisation because in such organization senior executives fail to cultivate or make people perceive such linkage to exist. Because in public sector organizations all managers (good or bad) get same increment, promotion or other benefits based on seniority or on the length of service. Therefore very convincing reforms fail to bring in behavioural change because these reforms meet with failure at the very first stage as these are unable to even unfreeze the situation

2. Change Movement
This means a movement from existing to the desired form. It is a state of transition or transformation which depicts neither an old state nor a new state of affairs. This is very critical stage as it may either way backward (in case of failure) or forward. According to one author the time or stage in transition is known as “crazy period”. Generally in this phase individuals and organizations try to cope up simultaneously both systems; existing and the desired one. The transition process is usually not very smooth, neat and clean process rather entails upheavals. Important thing is to follow the desired objectives or system in a consistently. Ambiguity and parallel work of old and new has to be tolerated. Initial productivity of new system is considered to be lower than the previous system.

The process is to occur through two mechanisms:
i) Identification – when role models are there in the environment, for e.g. individuals who can easily follow the footsteps of role model and in context of organisation the popular term is bench marking – following the best practices of the industry leaders. Nations also tend to identify other nations as their model for economic or socio-political development. For instance economic development strategies of far eastern states like Korean and Chinese are cited to other developing countries for economic development. In the field of political and constitutional development often USA and UK are identified as the most democratic and political mature societies.

ii). Internalisation. Knowledge exists most of the time at external level. The most critical aspect is how to internalise knowledge, therefore just identification and mere knowledge is not enough. Here internalisation refers to the behavioural aspect of the recipient According to one version only that is considered to be knowledge which is part of one's behaviour (reflected in action). Therefore going by this criteria knowledge of good practices is not enough unless good practices are practiced. Movement from one stage to another stage is initiated by trigger event and manager's personalisation of trigger.

Mood and disposition

3. Refreeze
Once the new objective or desired state of affairs has been achieved the problem with this phase is to institutionalise the new system so that people might not revert back to the older ways of doing things. The purpose in this phase is to stabilize new learning. This can be done through behavioural reinforcement. In this stage again the effectiveness of performance –reward linkage is considered to be the part of enabling environment. New behaviour is to be internalised. Important note here is that effects of many training programmes and lectures are short lived when a person returns to the environment that does not reinforce. Hence continuous and intermittent reinforcement is needed. Another example from real life is that Pakistanis are known as highly productive abroad but back in their own society they are known as work shruggers, the difference is on account of enabling environment. Therefore in order to refreeze the new behaviour, system or equilibrium we have to provide enabling environment.

Application
The model can be applied to all three levels to explain change management phenomenon; societal, organizational and individual. For instance our society in over all analysis is in transition phase. Older things, system and traditions have been unfrozen, but we have yet to learn the dynamics of new systems as the productivity of newly learned behaviour is at lower level than the traditional system. The society is in transition from agrarian to industrial, rural to urban and traditional to modern. Members of such a society face a situation of role overload and role conflict bears attributes of both systems. We have unlearned our traditions but yet to learn modern productive traits. This transition reflects what is identified by one author as 'crazy period'.

At organizational level we can take the example of organization undergoing automation programme. Therefore first thing is to unfreeze the mindset of managers by creating dissatisfaction about the existing system file work or manual work. So creating discomfort amongst members of organization about lower level of productivity, creating sense of urgency and instilling fear of lagging behind in competition, enlisting perceived benefits for motivating managers are various techniques for unfreezing. During the second phase of change movement once the decision is taken for automation leads to multiple problems of learning, training, jobs and position displacements, hiring of computer technologist, budgetary allocations etc will create unease and tensions in the two types of system; manual and automated one. At this stage it seems that previous system was better in terms of efficiency and productivity as this reveals numerous problems with newer systems. Key to successful transformation lies in staying consistent, learning from mistake and tolerating ambiguity. And finally in the refreeze stage people get accustomed to newer system as learners and performers are rewarded. Newer behaviour and work ethics are internalised.

Similarly at individuals also undergo through the same stages like when they have to learn new knowledge, skills or values which are considered to be more productive. First in unfreezing stage resolving intra-individual conflict or tension, envisioning the desired state and dissatisfaction with existing levels of knowledge, skills or values. Second is to take actual steps and moving into crazy period or transition phase which is demanding in terms of learning new habits, values and commitments. Once the success is achieved individuals needs to programme internalise or refreeze the newly learnt values.

LESSON # 4

IMPLICATIONS OF KURT LEWIN MODEL

Implications of Kurt Lewin Model

1. Change can be directed, managed and controlled (Learning is a choice behaviour)
2. There is an explicit recognition to the fact that change will be resisted
3. This resistance can be overcome thru management and good leadership
4. Sequence of event also matters
5. Change Attitude – behaviour will follow
6. Change the context – behaviour will follow this implies B = f(P * E)

1. Change can be directed, managed and controlled (Learning is a choice behaviour)

Every thing is not pre-ordained and predetermined. Modern thinking is scientific or formulaic. There is a general formula for everything with in the domain of natural sciences or social sciences. Therefore what is known as social sciences is that tools and methods used for creating scientific knowledge can also be applied to create knowledge in social domain. Therefore learning such type of abstract social disciplines such as entrepreneurship, leadership, management and organization culture from scientific approach means these very subjects can be taught and learned. So in this respect modern approach is different from the traditional one as now learning is considered not a function of gene or inheritance but a matter of aptitude and interest. Hence social behaviour can be managed like a thermostat or control valve to get the desired end. For instance, these control valves may reside in financial and non-financial techniques to motivate individual manager and groups.

2. Explicit recognition that change will be resisted

There are a lot more benefits of categorical acceptance, admission or recognition of some variable under research. In fact research has more to do with the identification of critical variable which play influential role in the causation of any phenomenon, and earlier was less focussed upon. Therefore once we know and recognise that resistance to change is distinct phenomenon for study, we will also study and target imperatively how to overcome this resistance. This is a typical technique of Western academics to bifurcate and focus in a specialised (in depth study) manner to create new subjects and disciplines. In other words division of labour exist in academics.

3. The resistance can be overcome through management and good leadership

As pointed out above once we know resistance is a critical variable to study simultaneously make imperative for us to know what type o leadership and management style will over come what type of resistance. Hence we see that change management literature most of the focuses on the participative decision making, employee involvement, delegation, decentralization and team building etc. for organization to manage organizational transformation and strategic management programme.

4. Sequence of event also matters

The model also depicts that change management process has a sequence to it. In order to manage planned change we ought to know what should come first, which stage is follow another and how to identify which change management stage we are in like a life cycle approach

5. Change attitude - behaviour will follow

First we have to seek differentiation between the two terms, attitude and behaviour. The concept ‘attitude’ is more comprehensive than the term behaviour which included cognitive as well action orientation while behaviour is defined only in action perspective. Therefore going by this approach in order to have meaningful change we have to change first attitude. Hence change in cognition will lead to behavioural change. Alternate approach could be to change action which will eventually lead to attitudinal change. Here focal point for change is actions since actions are visible and measurable. The former change method is democratic in spirit while later is autocratic in nature. There is a flaw from methodological point of view, to measure change; the dominant paradigm of western social sciences is to target action. For instance scientific school of theory building (by and large rely on quantitative approach or survey method) it is the action which is the source of data and evidence, intent cannot be measured. From Islamic perspective of human behaviour it is the intent (*Niyyat*) which matters most not the action (*Amal*) as the famous hadith goes - action depend upon intents (*innamul aamal-o-binniyaat*). This is somewhat closer to the recently researched concept of equi-finality which means different actions can be taken or multiple practices can exist to reach the same intent effectively.

6. Change the context – behaviour will follow [B = f (P * E)]
Environmental forces play decisive role in shaping behaviour, is the key theme of the equation cited. Change in behaviour is owing to a particular context or situation. This relies on contingency school of management which means organizational efficiency and effectiveness is contingent upon environmental factors – will be different for different organizations. These factors could be size, type of industry, technology, etc. If environmental or contextual factors are so powerful and decisive to explain change or stability then does that mean individual (individual organization) has least or no role, priority, discretion or strategy in deciding for change. This leads us to the debates between fatalism vs. determinism, the role of individual vs. institution and the universal vs. cultural perspectives of management. Context again comprises of multiple facets Historical –social-political –geographical – cultural context

A Critical Look
No human knowledge is foolproof. Theories have good explanation power and associated weaknesses too. Though Kurt Lewin model widely quoted and respected but also has attracted some criticism which follows as under:

1. Linearity assumption. It is assumed that change is considered linear while we see in real life it is seldom linearity based. Reality more often than not is non-linear or curvilinear. There may be ups and downs in reality, and hence change management is not as neat and sequential process as described in the model, directly progressing for goals or end state.

2. Progressive state assumption. Change makes a direct progression, that is, future state is always better than the present state. This is an assumption may not hold valid especially going by the human, organizational and nations life cycle theory based explanation.

3. Mechanistic assumption. This is based on cause and effect relationship amongst factors considered stimuli for change. This is too excessively deterministic in its implications meaning thereby no or little role for unforeseen and emergent events.

4. Goal Assumption. Here change movement is directed toward a specific end-state (in real life may be haphazard). In real life people are not all the time purposive and task oriented for each and every movement. People may value leisure, relationship, spiritual and cultural being, or they may like change for the sake of change – as others are changing so one wants to change (life style or social pressure oriented but might not be need-specific). Similarly people may want to change because emotional or psychological aspect may be dominant

5. Separateness assumption. Change movement is planned and managed by people by staying apart from system while real life operates in relative terms and diagnosis and implementation is by remaining within the system. There are biases and ethnocentrism involved in all stages of change management process.

Nonetheless despite the above criticism the model is considered to have seminal influence on behavioural modification, learning and change management literature. Other similar models given under also verify the Lewinian model and change management strategies. For example according to Beckhard & Harris (1977) there are three stages of change management process

1. The Current State
2. The Transition state
3. The Future State

Kanter at al, proposed three phases as:

1. Change Strategists
2. Change Implementers
3. Change Recipients

Grimley et al & Prochaska et al conceived the following by adding one stage as pre-contemplation

1. Pre-contemplation (Unaware of need to change)
2. Contemplation (Need to change but no commitment)
3. Action
4. Maintenance

More or less in similar meanings Lynn A. Isabella's Model suggested

1. Anticipation
2. Confirmation
3. Culmination
4. Aftermath

LESSON# 5

SOME BASIC CONCEPTS AND DEFINITIONS

Organizational Learning (OL)

This refers to the continuous improvement of existing approaches and processes of adaptation to change, leading to new goals and/or approaches. In other words OL can be viewed as the organization's detection and correction of error, where error is mismatch between the organization's intentions and what really happened (Argyris 1989)

Single loop learning is defined as the organization's ability to perceive deviation from performance and to "fix" them (refers to diagnostic management control system). This is something pre-programmed and content specific.

Double loop learning (more sophisticated) emphasises that organization must review the underlying assumption that created the problem to be "fixed" in the first place, and seek and adapt a better assumptions for future performance. This entails questioning and adjustment of policies and objectives, and is process -oriented

Learning Organisation (LO)

Peter Senge, the author of fifth discipline gave the concept which essentially means that just like individuals Organizations also tend to learn. An organization where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together.

The five disciplines are:

1. Systems thinking

2. Personal mastery **-** skills, values and competence

3. Mental models **-** are deeply ingrained assumptions, or even pictures or images that influence how we understand the world and how we take action

4. Shared vision – common aspiration/objective

5. Team Learning – dialogue and thinking together

Learning cycle

Includes the following stages; planning**,** execution of plans, assessment of progress revision of plans

Un-learn

Schein believes in unlearning for change to occur the organisation must unlearn previous beliefs, be open to new inputs, and re-learn new assumptions and behaviour.

Strategic change

The concept is broader in its scope; change that is driven by "strategy" and "environmental forces", and is tied closely to the organization's ability to achieve its goals. For e.g. merger, acquisition, down-sizing, acquisition, joint venture. Or in other words it is the role and impact of environmental forces like government, societal, technological or political changes is decisive which an organization has to bear and incorporate in its strategic output.

Process Change

The focus is with in organization changes, narrower in scope, and is confined to a particular unit, division or function of the organisation. This relates to basically an examination and adjustment of organizational or managerial processes. Nadler & Tushman identified as “Tuning” meant to increase efficiency

Adaptive Change

Adaptive changes are incremental and evolutionary in nature, analogous to the concept of “working in the system” – more directed towards changes and management on day-to-day organizational transactions.

Generative Change

Changes which likely to entail a quantum break through, generates essentially a new ways of doing things. Revolutionary in nature and Also referred as transformation “Working on the system”

Schein’s Typology

1. Natural Evolutionary

Some thing which is all the time going on in organization. This is known as learning process occurring in organization taking placing knowingly and unknowingly. This refers to environmental adaptation, synonymous with evolutionary change, may be progressive leading to growth and development or regressive or degenerating one leading to organization illness or death.

2. Planned & Managed Change

As the name suggests this type of change means one can control the direction of change and learning. Learning can be controlled. Managers can stabilize the processes that need to be stabilised, even organization culture can be changed and managed. So one can change and stabilize some ways of working

3. Unplanned Revolutionary Change

Refers to impact of turbulent and unstable environment which creates disequilibrium and high uncertainty for organizations’ strategy and structure.

Logical incrementalism

A concept which gained wide currency in designing and managing change, articulated by J. B. Quinn. Change management is complex and time-consuming phenomenon where internal and external forces exert significant pressures to resist change. Keeping in view this the logical incrementalism process which focuses on the evolution of the change as broad goals are more narrowly defined and adapted. The process comprises of the following stages:

1. Change is considered as a general concern – a vaguely felt awareness of an issue or opportunity

2. Broadcasting of a general idea without details – the idea is floated for reactions pro and con, and for refinements of change plan or idea.

3. Formal development of a change plan

4. Use of a crisis or opportunity to stimulate implementation of the change plan. For example retirement of a senior manager or a sudden loss of market share can facilitate rapid acceptance and implementation of the change plan

5. Adaptation of the plan as implementation progresses.

This approach has its advocates and critics. Many top level managers consider it appropriate to bring successful change in organization by floating an idea early on, a leader can improve the quality of information generated before decisions are made and can overcome emotional and political barriers. While the critics of logical incrementalism see this as disjointed, garbage-can approach, or as managerial muddling. These complaints are valid if change plans are unclear or poorly formulated

LESSON# 6

TRANSACTIONAL VS. TRANSFORMATIONAL LEADERSHIP

Transactional

This means an approach going by legal contract or agreement, job-description, and hence no concern with employees or managers beyond contract. It is considered a bureaucratic or mechanistic way of organizational life, essentially a fragmented approach followed by most of the developed world states, and societies are known as litigious societies.

Transformational

Organizational life goes beyond legality and bureaucratic administrative values. Effective organizations are those where leadership is inspirational, role model, learning & grooming of followers. Individuals feel involved because of humane concern of their leaders and hence become more productive. Contrary to the transactional style of management this is considered organic, holistic & more comprehensive approach, to leadership and management. Asiatic style of management and learning is considered transformational while that of Western is more transactional. For example viz. role of teacher should he be bound by his legal contract and a role which is just limited to class room or he is considered an overall role model, inspiring leadership and ethical values.

Continuous or First - order change

Two frameworks in which change can occur; continuous or first order change and the other is discontinuous or second order change. Change that occurs in a stable system that itself remains unchanged. These changes and variations are necessary for business to grow and thrive in a competitive environment. Evolution theories describe the first-order changes that industries experience. Natural selection mechanism views the entry and exit of firms in an industry as the primary method of evolution. (Changes within particular stage of organisational life cycle). In other words this refers to gradual changes in organization such as refining existing processes and procedures

Discontinuous or second-order change

Change that occurs when fundamental properties or system itself has changed, for example, the fall of communism in Europe and former Soviet Union**.** Or revolutionary changes in technology, competition, socio-economic conditions like in telecommunication, banking, health-care, and electronics are considered discontinuous change as it leads restructure these industries, relocate industries and change the bases of competition**.** Change of stage on organisational life cycle is a discontinuous one**.** Quantum change is perceived better to make organizations High Performing Organization (HPO)

Middle order change

It is defined by one author as a compromise between the two; the magnitude of change is greater than first-order, yet it neither affects the critical success factors nor is strategic in nature

Micro-changes

Another practical classification is owing to the difference in degrees e.g. modifications, improvements, enhancements & upgrades

Mega-changes

These refer to the differences in kind – a structural one, for example when we refer to a new system.

Human Capital

Is learning (knowledge creation) a personal or individual phenomenon or is it a social/collective phenomenon (discourse/dialogue)? Its answer will lead to the definition of human and social capital. Human capital refers to the full range of knowledge, skills & abilities an individual can use to produce a given set of outcomes. Practically at upper echelon manager are able to scan internal/external environment, solve problem, seize opportunities, etc. Firm-specific human capital means knowledge of one's own operation, strengths, weaknesses, tacit knowledge, operational personnel and communication styles etc. General human capital deals with knowledge of and about larger environment, competitors, suppliers, customers, stake holders, and about dealing with human capital

Social capital

Is learning essentially a social phenomenon? It refers to the linkages between social actors, the strengths of those linkage, and resources that flow from them (networking). The key dimensions include structural (relationship pattern among actors), relational (trust, norms, obligations, ethics that thru the relationship flow), and cognitive (shared beliefs and languages). Linkage between upper echelon and Board of Directors (BOD) in the form of information, advice, trust, and other organization processes like problem-solving, decision-making, coordinating. A very thought provoking and interesting question would be what if organization has human capital minus social capital, and vice-versa?

Four types of organisational change

1. **Power culture**

Following are the attributes of power culture. In such organizations individual is told what to do, power is exercised by leaders about changing behaviour, extraneous pressures to perform role and extrinsic motivation results are focussed.

2. Role culture

Where individual acts within the limits of job-description. For e.g. stenographer in public sector refuse to learn or do the job such as fax or e-mail as per his job-description (narrower interpretation of a job)

3. Task/ achievement culture

Individual acts in a suitable way to complete tasks. People are motivated intrinsically (autonomy and sense of satisfaction

4. Person/Support culture: Individual uses own initiative

Organisation Development

OD is a system wide process of data collection, diagnosis, action planning, intervention, and evaluation aimed at:

1. Enhancing congruence between organisation structure, process, strategy people and culture;
2. Developing new and creative organizational solutions;
3. Developing the organization's self-renewal capacity

The difference between OD and change management is difficult to delineate as it is overlapping but OD context essentially deals with internal aspects of organization while change management tends to be broader in its scope and concerns with both internal and external aspects of organization.

Organisational meme

Definition: Any of the core elements of organisational culture, like basic assumptions, norms, standards, and symbolic systems that can be transferred by imitation from one human mind to the next. In simpler words it is the replicating or copying behaviour. It is very fundamental way of learning borrowed from child psychology. Individual learns from other by following him as a role model. For example students getting admissions in any one popular subject or profession at any given time; be it medical, engineering, information technology, just because of imitating behaviour. This is also known as band wagon effect or mass movement. In consumer behaviour the same thing known as life style or fashion. Bench marking at organisational level represents mimicry especially when one organization (industry leader) does something new and all tend to follow the same. Even states follow other states in terms of economic and development policies considered successful such as export promotion, FDI, trade-liberalisation, nationalisation, import-substitution policy, or entrepreneurship promotion etc. Scholars have different opinions in advocating the efficacy of mimetic process as some believe in favour and for others the process could be imperfect in transferring knowledge, and hence lead to genetic distortion.

LESSON #7

THEORIES OF CHANGE IN ORGANISATIONS

Before discussing theories of change let us first discuss one such term used frequent in management literature. The term is theoretical pluralism. Pluralism is widely popular term in the western society which means to satisfy differing interests and needs of cross section of society. Here it means pluralism also exist in the case of simultaneous acceptance of differing and multiple explanations of reality. This has been realised by Koontz who referred to this situation as management theory jungle. There is problem of too much conflicting, overlapping, alternative and varying theories of a single phenomenon in management literature related to motivation, leadership, decision-making, objective-setting (MBO) etc. This lead to the fragmentation and compartmentalisation of perspectives resulting in the persistence of the problem of theoretical divide; whether it is an isolated line of research or nullify each other or support or reinforce each other. There fore we have to understanding different explanations theories stated below.

These theories explained below are narrated by Van de Ven & Poole in his article published in the Academy of Management Review tried to give a comprehensive picture of various theories on organization change – ranging from child development to evolutionary biology, incorporating various concepts, as organisation life is a complex phenomenon with interplay and juxtaposition of multiple contrasting forces. He categorised various theories into a set of four theories which are:

1. Life cycle theories
2. Teleological theories
3. Dialectical theories
4. Evolutionary theories

This is a significant framework gives a parsimonious and prudent explanation of organization change. The framework serves a normative function and provides useful standards to evaluate the form, completeness and tightness of specific developmental theories. The framework supports inductive research by identifying characteristics of the four motors and the conditions under which they operate

LESSON #8

LIFE CYCLE THEORY

Life cycle theory

It is one of the most common explanation theories in change management literature. It is a metaphor of organic growth to explain org. development in an org. entity from its initiation to its termination. Entity may mean individual's job, a work group, a programme, strategy, product, or overall organisation. Like individual organisations also have a life, mean age and stage, and associated characteristics like birth, growth, maturity, decline and death – exhibits certain traits at a particular stage of their life. Now, if we apply theory in context of organizations in Pakistan, the question is what is the average life of a typical organisation in Pakistan (be it public sector organization or private sector). I believe multinational have evolved themselves as excellent high performing organization because they have a perpetual life, and have over come through Product Life Cycle (PLC), in case or Organization Life Cycle (OLC).

According to this theory, "Change is imminent; that is the developing entity has with in it an underlying form, logic, program or code that regulates the process of change and moves the entity from a given point of departure toward a subsequent end that is prefigured in the present state… Similarly, to Ven & Poole, "External environmental events and processes can influence how the entity expresses itself, but are always mediated by the immanent logic, rules, or programs that govern the entity's development"

Characteristics of a Life Cycle Theory:

1. The progression (order + sequence) of change events in this model is a unitary sequence (follows a single sequence of stage or phases) and is cumulative (earlier stage traits are retained in later stages).

2. There is such a progression to the final end state which is pre-figured and requires a specific historical sequence of events.

3. Each of these events contributes a piece to the final product, occurs in a prescribed order, and sets the stage for the next. Each stage of development is seen as a necessary precursor of succeeding stages.

The author referred to Nisbet who worked on the philosophy of developmentalism, and has stated, "Organisation development is driven by some genetic code or pre-figured program within the developing entity". Rogers is quoted to have posited five stages of innovation: need recognition, research on problem, development of idea into useful form, commercialisation, and diffusion and adoption".

Life cycle theories explain development in terms of institutional rules or programs that requires developmental activities to progress in a prescribed sequence. For example in International Business we talk of the specific application in context of product development and marketing known as International Product Life Cycle (IPLC). This depicts how a product having birth in the Western country like USA receives growth, goes international reaches maturity and eventually is in a decline in subsequent stage, in the form of importing the same product from external economies. Similarly Western business practices exhibit life cycle management model.

Unit of Change: Life cycle theories operate on a single entity, development as a function of potentials immanent with the entity – environment and other entities are considered secondary.

Mode of change: It is important to know the sequence of change events is prescribed by either probabilistic or deterministic laws. There are two modes of change: prescribed mode and constructive mode.

Prescribed Mode: A prescribed mode of change channels the development of entities in a pre-specified direction. Watzlawick termed this as first-order change, routinized or pre-established programme. Variation is first-order change.

Constructive Mode: A constructive mode of change generates unprecedented novel forms, often are discontinuous and unpredictable departures from the past. Watzlawick termed this as a second-order change, as it breaks with the past basic assumption or framework.

So going by the traits of life cycle theory above we come to know that life cycle (and evolutionary) theory operates in a prescribed modality. Let us now see some other examples of life cycle theory. According to Hollman, organisational change such as MBO can be best understood by viewing change as systematically moving through distinct developmental stages rather than as either an evolutionary or revolutionary process. This developmental process consists of three phases or life cycle: Missionary, Modification and Maturity

- Missionary phase: When organisational member goes through MBO training programme reads book or article or is in business education programme and tries to introduce the same in his own organization with at least one high level sponsor in the organization (may be politically driven as to seek legitimacy and credibility)

- Modification Phase: After birth the problem of acceptance is there; primarily from three sources: interpersonal (lack of support, hostility, learning new terminology, skills and values, altering superior-subordinate relationships) organisational (authority-responsibility pattern, budgetary allocations, training/procedural revision needed) & environmental (government regulation or competitive pressure). Out of such pressures – customised version come out through negotiating and bargaining amongst multiple forces.

- Maturity phase: When the change introduced becomes org. routine, or when the new programme gets merged with the existing organization processes and loses its unique and special status as management tool in organization process in budgetary allocation or compensation mechanism. This is considered death phase change in one sense. It can fail as well, and death can occur at any stage on missionary - maturity continuum.

Application:

1. Viable time-oriented framework used by organisation to diagnose, evaluate and adjust new programme (like MBO)

2. Evolution of MNCs: How MNC evolves themselves? Sales agent, regular export, franchise/license, Wholly Owned subsidiary)

3. Though many consider OLC as static and deterministic yet some consider strategic choices at each stage can affect (shorten or prolong) the development, rate and direction of OLC stage.

4. Introduction of new technology or application of new managerial concepts in an organisation. For e.g. MBO can be examined in terms of its introduction, growth and effectiveness in organization

Miller & Freisen (1984) came up with a similar model

1. Birth

2. Growth

3. Maturity

4. Revival

Baird & Meshoulam (1988) described stages four stages in OLC of an international organization. It is important to note that OLC for domestic firm is distinct from OLC for international firm

1. Organisation initiation

2. Functional growth

3. Controlled growth

4. Strategic Integration

Stage 1: Organisation Initiation

A typical start up organization survives on the basis of strong entrepreneurship skills and values. Management and leadership are informal in nature, and managed on the basis of convenience. Organization at this stage offers limited range of highly specialized products to restricted markets. Management culture remains ethnocentric, and the objective is short term survival with in domestic market.

Stage 2: Functional growth

Once organization maintains its existence it starts to look for diversification. Therefore firm looks for new export markets. Informal ways of management is replaced by formalisation by focussing on functional and technical specialization and production efficiency. Managerial confidence of a firm begins to increase owing to dynamic growth.

Stage 3: Controlled Growth

The firms' overseas market moves into maturity phase, with its focus on efficient structure and management practices. The firm now wants to control its overseas market through tight operations so as to achieve economies in production and other functional areas.

Stage 4: Strategic Integration

The firm now seeks greater with local market through localisation and adaptation of resources. Moreover synergy is sought to optimise in operations through network and interdependencies of resources and responsibilities across subsidiaries. Ethnocentrisms is replaced by polycentricism and geo-centricism resulting in increasing influence of foreigners and evolution of universal management character

Organisation death or extinction is another important concept which needs attention. The death of an organization occur when it value stability too much and avoid uncertainty and risk taking. This means organization is unable to innovate, and incapacity to appraise their own performance. It believes in stable programming and reluctant to deviate. All this happens when executives have narrow and parochial view of external reality, and resistance for change is very high. Therefore either it is organization's inability for adaptation or the hostility of environment leads the organization for extinction. For example take the case of sick units in textile sector, the industry booms under government supports and collapses with the withdrawal of concessions and subsidies.

LESSON # 9

TELEOLOGICAL THEORIES OF CHANGE

Teleological theories of Change

According to this theory, human actions are purposive; goal is the final cause for guiding movement of an entity. This underlies other organization theories like functionalism, decision-making, adaptive learning & model of strategic planning and goal setting. By this theory development of an organizational entity proceeds toward a goal or end state. The entity is purposeful and adaptive by itself or interaction with others. The entity constructs an envisioned state, takes action to reach it, and monitors the progress. Therefore development process entails the repetitive sequence of goal formulation, implementation, evaluation and modification of goals.

Individuals or organisations who are sufficiently like-minded strive to act as a single collective entity. Therefore, the question is why to have organisation in the first case? Its answers lie in the fact that it is the commonality and convergence of purpose which binds individuals and organizations. Hence task oriented-ness pre-dominates (technocratization). This is perhaps one such structural difference between managers in developed and developing countries. But unlike life-cycle theory, teleology doesn't prescribe necessary sequence of events.

Some teleological models incorporate the systems theory assumption of equi-finality (multiple effective ways to achieve a goal). In this theory there is no prefigured rule, logically necessary direction or set sequence of stages. Teleology stresses the purposive ness of the actor and within organisation's environment and resources constraints

Unit of change

Change processes go on at many organizational levels, including the individual, group, organisation, industry and on other population as well

Mode of Change

Teleological and dialectical motors incorporate a constructive mode of change and development (2nd order change). By this very nature teleological processes tend to diverge from the current order. Because goals can be changed at the will of an entity and can be attained in many ways, therefore this may result in unpredictability and discontinuity

Application:

New management system like MBO, ISO certification, introduction of new software, quality drives in organisations are all considered part of teleological approach to change management. Focus in this approach is on goals or objective setting process or phenomenon in an entity. So the case in point is how do we set goals? How do we arrive at our decisions? What our objectives or ends are? Are these in continuity or in discontinuity with the past objectives of an entity? All these dimensions relate with ends and means debate. Good and quality objectives with legitimate and effective means for an entity are always difficult to arrive at. Another issue with objective setting is whether goals are rationally formulated? Rationality, of course is bound by time and space, the concept of bounded rationality earlier propounded by Herbert Simon. Visionary is the one who can see things at distant, that is, he can give stretch to time and space. So when we say vision ought to be shared by members of the organization For example whether this vision is shared by senior executives and the managers in succession (change of CEO). Hence change of managers or CEO is meaningless if there is no meaningful qualitative change in objectives of organization. One can apply the same for developing nations like Pakistan. For instance take the context of history of Pakistan. A Pre-1947 objectives of colonisers was to extract revenue and control us through the design of strong bureaucratic institutions. After independence this objective ought to have been revised and replaced by the objectives of growth & development (Constitution is a written objective of a nation). This never happened as bureaucratic institutions remain oriented towards control and revenue like the objective of colonisers. Similarly objectives of governing elite whether or not get changed by the change in personalities, law, system or party change. Similarly in case of organisation we have to see mission, vision, objectives, plans, target, what is known as hierarchy on intent truly reflects organization performance or just a rhetoric. Therefore the need to have an organization is "to attain our goals" and for the attainment of goals organizations at time becomes autocratic in behaviour. For that matter, the very first goal being survival or "Self-preservation" all factor of generation-growth-maturity in organisms are considered to be in line with self-preserving. Therefore, behaviour in organisation becomes purposive.

Limitations:

Though the tautological theory has good explanatory power yet it is not without its limitations. Two such stand very obvious. One is that the element of subjectivity is ignored in this kind of explanation. Human behaviour is not as subjective as explains for all and sundry behaviour. Second this is considered too much mechanistic, ignoring the organic dynamism of nature.

LESSON #10

DIALECTICAL THEORIES OF CHANGE

Dialectical theories of change

Perhaps the oldest learning philosophy as Aristotle and Plato used the dialectical philosophy some 2000 years ago. Hegel and Marx, in modern era used this method to describe movements towards truth and change. This method is considered very powerful method of approaching objectivity and truth. To Van de Ven , “Dialectical theory rests on the assumption that the organisational entity exist in a pluralistic world of colliding events, forces, or contradictory values that compete with each other for domination and control”

Here three things stand significant:

1. Pluralistic world of colliding forces

2. Values that compete, opposing and are contradictory to each other

3. Domination and control is the purpose

In other words “Every phenomenon contains within it a contradiction. This contradiction itself becomes a phenomenon over a period of time”. Opposing and balancing forces are internal to an organisational entity

Entity may have several conflicting goals or interests groups competing for priority. In a dialectical process – stability and change are explained by reference to the balance of power between opposing entities. Struggles and accommodations that maintain the status quo between oppositions produces stability. Change occurs when these opposing values, forces, or events gain sufficient power to confront and engage the status quo.

The dialectical process is identified here as Thesis - Antithesis - Synthesis (New Thesis). This is also known as dialectical cycle. The relative power of an anti-thesis may mobilise an organisational entity to a sufficient degree to challenge the current thesis and set the stage for producing a synthesis. The synthesis or new thesis is different from both thesis and anti-thesis. However there is no assurance that dialectical conflicts produce creative synthesis. At time anti-thesis is powerful enough to replace the thesis. Or many organisation (thesis) persists by maintaining sufficient power to suppress and control the opposition (or anti-thesis)

Unit of Change

Dialectical theories operate on multiple entities while OLC and teleological operate within a single entity. The theory requires at least two entities to fill the role of thesis and anti-thesis. For e.g. individual and its environment or organisation and its environment engaged in dialectic. Here four forces operate, two within individual and two with in environment.

Mode of Change

Dialectical theory incorporates constructive mode of change (2nd – order). Since by its very nature there is a struggle and confrontation between thesis and anti-thesis which may be resolved by diverging or breaking away from the current or existing system, hence the type of change is second order.

Application

Famous scholar Karl Marx applied on history of economics, came forth with the concept dialectical materialism, and showed how agrarian society owing to its inherent conflicts transformed to a capitalistic society and visualised that in future will be synthesised to a socialistic society. For Hegel dialectics means the process of change, logic and a method. But we are more interested in knowing its application in context of organisation or corporation.

First question is, how can this be applied to corporate decision making? One such application is known as Strategic Assumptions Analysis (SAA), and the technique is utilized for effective planning and generating strategies before a final strategy is opted. For example e.g. in creative problem solving organization use plan (affirmative) & counter plan (negative proposition - to play devil's advocate) to look for solutions and counter solutions quite analogous to thesis – anti thesis – synthesis. The purpose is to deliberate the surfacing of assumptions and counter-assumption especially under complex, dynamic and ambiguous phenomenon and situation.

Second, this can be used as a tool for group decision-making, particularly to know the reaction of group members. Organization is generally composed of various groups – two common types are ruling group and being ruled (opposition) just like that of a state system where one is government and other is opposition party. Similarly there are other formal and informal groups and pressure groups in organization. So it is important for managers to know how do various groups think of a given policy matter

Strategic planning

Man lives by his imagination and so is the case with organisation. The success or failure depends upon a particular set of belief or assumptions about the world, and in the fact how our belief or assumption is closer to the real world. And planning is nothing but systemic allocation of words and numbers to such assumptions. There are three components of planning:

1) Concerned with future state of the world and hence to predict about it.
2) Preferred future status underlying value system
3) A choice among two or three behaviour pattern (plans) for the firm's activity (means)

Each of these items involves' management basic assumption about the planning problem it faces. Therefore we see that management and management science focus on well-structured problem but the concern of strategic planning/management is to deal with ill-structured problem and issues. Hence the role planning in organization should be the followings:

1) To expose the assumptions underlying a proposed plan
2) To develop relevant assumptions upon which the planning process can proceed

LESSON #11

A DIALECTICAL APPROACH TO ORGANISATIONAL STRATEGY AND PLANNING

The dialectical approach can be defined in context of organization as: A system may be said dialectical if it examines a situation completely and logically from two different points of view. The dialectical approach begins by identifying the prevailing or recommended plan and the data which were used to derive it.

The question is posed: "under what view of the world this is the optimal plan to follow" In order to test the assumption underlying this plan a search is initiated to find another plausible and believable alternative – the counter plan. The principle theme is management must learn about the fundamental assumption of its planning problem and observe the conflict between plan and counter – plan, and their related world-views. Now what happen in real life is that Expert approach to planning is followed wherein consultants and economist are employed who are too much concerned with cost-benefit and efficiencies, and by their way technical view promoted. These experts bury assumption of their plan in trade jargon and statistics. Hence we see that this kind of traditional approach to planning is devoid of socio-psychological cultural and political implications. Corporate planner also operates on assumptions but are hidden assumptions in his organisational data and recommended plan, and his method of presenting can conceal assumptions behind the plan

- **Devils' advocate**

In this technique (usually internal consultants) managers play a deliberate role of devil's advocate while planners present their recommendations like experts. The focus is what is wrong with the plan and why it should not be accepted? The assumption behind this activity is that truly good plan will survive the opposition in the form of devil's advocacy. Managers (playing Devil Advocate) does not develop a new world view rather just criticise massively the plan. The role of managers' behaviour is destructive rather than constructive. And this may psychologically demoralise planners' and may result in planners psyche to develop safe plan rather than a progressive one.

- **Dialectical Inquiry**

In this exercise each member/participant has unique information, knowledge, experience or perspective that may be shared via discussion or interaction. The focus in this activity is consensus–seeking; therefore unlike of Devil's Advocates here consensus building behaviour is important by resolving decisional-conflict in the group.

Steps in Dialectical inquiry process:

1. A decision making group is divided into two-sub groups, each of which will be involved in the analysis and solution of the problem at hand.

2. One sub-group develops recommendations and supports them with all key assumptions, facts and data – all of which are provided to other sub-group

3. Now in dialectical inquiry – second sub-group develops plausible/alternate assumptions that negate those of the first, and then uses new assumptions to construct counter-recommendations.

4. The debate continues until they agree on a set of assumptions – and then unite to develop recommendations

This is different from devil's advocacy as the second group here come up with a formal critique, expounding flaws as why these recommendations should not be accepted but offers no alternative. In Devil Advocacy, the first group revises its assumption and recommendations to satisfy valid objections of the second group and then presents recommendation for second round of critique. The process continues until both sub-groups accept the assumption and planning recommendations. Hence the role of second sub-group differs in each case. Nonetheless what ever type organization proceeds with dialectical conflict and dialectical inquiry can be used as an effective tool to evolve corporate and strategic planning

LESSON #12

LIMITATION OF DIALECTICS; DA AND DI

Despite tremendous benefits, there is one such risk organization may run into for employing the above technique or process. For instance the process may damage group members' feelings, feelings of rejection, depression, jealousy and anger, and might even corrode morale and working relationship. Therefore the dilemma for management is to choose among (trade-off) quality decision and group harmony. In real life such type of trade off often exists. Hence, in overall analysis the dialectical design in organisation is introduced to have better planning. The exercise leads to formulation of plan (thesis) – counter plan (anti-thesis) constructed on the same databank will lead to synthesis, that is the exposing hidden assumptions and new conceptualisation of planning problem which the organisation faces. Further there are following objections by way which the process can prove to be counter productive:

1. Dialectic inquiry does not identify the moving forces and causes behind the dialectical process and its realisation in strategic policy planning.

2. Source of thesis (plan) and anti-thesis (counter plan) is not clear

3. It is not clear what governs the synthesis process and what determines the interpretation of various assumptions and strategies. As happens in real life organization meetings are by its very nature supposed to be dialectic. Like wise the danger is that the process may be politicised. This may lead to manufacturing of consent or opposition may manifest for the sake of mere opposition in a narrowed and rigid perspective.

4. It is self-purposeful, partial and incomplete: only deals with the decision-making process for strategic planning – and neither with antecedents (past history) of planning nor with planning outcome

Therefore in order to overcome weakness of the process we ought to know the pre-requisites the dialectical process.

Conditions for exercising dialectics

All theories and models have advantages and disadvantages and the applicability of theory is permitted under certain conditions. Therefore certain conditions ought to exist before going for such kind of activity, and these are:

1. Management is unaware of assumptions or in doubt or in disagreement) to choose appropriate assumption and plan.

2. Multiple and alternative interpretations on the same data bank

3. In case of uncertainty (constantly changing world) management tend to rely on synthesised set of assumptions or on synthesised view of reality

4. The cost of developing plan, counter-plan or management's involvement in the development of synthesised world view is less than the cost of advisors' (error in assumption)

Overview of application of dialectics

Primarily this can be utilised as a decision making and environmental assessment technique for generating alternative and scenarios. For e.g. A decision maker who is provided with conflicting policy recommendations may be involved in a dialectical process.

It is used for the production of systematic knowledge for organization, and as such can have utility for the following business and corporate functionalities:

- Inquiry system–dialectical conflict lead dialectical inquiry
- Business gaming and simulation
- Dialect Problem-solving technology (DPST)
- Nominal Group Training
- Delphi Method & control groups
- Quality circle
- Cross-cultural training

LESSON # 13

THEORIES OF CHANGE IN ORGANISATIONS

4. Evolutionary Theory of Change

First thing we know is that it is also the concept of evolution which is also equated with change. Darwin, the famous biological scientist is known as the leading protagonist of this theory. The term organic evolution means how a living organism grows and shrinks over time. We are also familiar with the debate between mechanistic versus organic organization. Therefore the question is; are organization like living organism follow principles of natural evolution? The metaphor is borrowed from biology, and as in biological evolution change proceeds through a continuous cycle of variation, selection and retention. In context of organization these terms have the following meanings:

Variation refers to the creations of novel forms of organisations are often viewed to emerge by blind or random chance. Variation may be strategic or structural or operational in nature for e.g. Innovation in organisational functional areas. Implied here is the relationship of organization and its environment changes over a period of time. Changes in strategy and structural activities characterise this relationship or in other words, organizations continue to define and redefine its relationship with environment. Therefore external change leads to change in strategy which eventually culminates in change of structure. For example, growth (opportunity) in industry (part of environment) will result in the growth objective (increase in sales) of organization, will lead to in manpower (HR) and hence will lead to change in management form/practices. Imperative might be the transformation of autocratic style to participative style of decision making. In other words a single organization cannot grow indefinitely and still maintain its original form. Variation is bound to be there and this variation depends on adaptive capacity varies (of technology, capital, trained personnel, etc)

Selection of organisation occurs principally through the competition of scarce resources and the environment selects entities that best fit the resource base of an environmental niche. Some organisms or variants perform better as changes occur in environment while other die or become extinct.

Retention involves forces (including inertia and persistence) that perpetuate and maintain certain organisational forms. Retention serves to counteract the self-reinforcing loop between selection and variation.

The same concept is known as evolutionary thinking. Now change managers, CEOs and consultants want to make organization as an evolutionary organization. The evolutionary thinking is described to entail the following features:

1. All events are time bound
2. No such thing/phenomenon is absolute
3. Focus on historical particular for explaining causation
4. Study of context is important
5. The theory also accounts for diversity of the organic world.
6. Account for variations in organizational strategy and its structure

Therefore evolution explains change as a recurrent, cumulative, and probabilistic progression of variation, selection and retention of organisation entities (forms and practices). Organization mutates; mutation in biological terms means change in genetic character which means transformation in genetic codification. Change in genetic character is a matter of random variation (chance). In context of organizational innovation in different functional areas of organization (managers in various departments) in a random manner discover efficient and effective ways of management. The discovery of such changes could relate to two broader categories; systemic change and operational change. Systemic change addresses the issue of effectiveness while operational level change is concerned with efficiency improvement. Typically organizations have growth as strategic objectives; and the relationship between control and growth is more pronounced according to most of the management consultants. This is considered to be inversely related with each other. For higher level growth organization control has to be relaxed and decentralized. Another way to look at an evolving organization is to study entrepreneurship especially how do smaller organizations transform themselves into a large organization? Organizations cannot grow with single or constant management style or organization structure and hence variation in organization and organization structure is bound to occur.

The same thinking is related with what is known as concurrent engineering. By going for management audit one tends to evaluate forms and practices which are needed and those which are considered redundant and futile, in production or manufacturing process.

There are two theoretical approaches further within the evolutionary school which differ in terms of how traits are inherited, the rate of change and unit of analysis. One is Darwinian approach which believes that organization traits are inherited through inter-generational processes. Darwinian theorists believe in continuous and gradual process of evolution. While there are scholars who follow Lamarckian line, and argue that traits are acquired within a generation through learning and imitation. Most analysts believe that Lamarckian view is more applicable and appropriate than strict Darwinism in context of organisation and management, especially on the acquisition of traits. This is more in line with learning capability of an organization.

Unit of Change

Evolution theories operate on multiple entities, that is on intra-organisational, organisational, population, communities as against OLC and teleological theories which operate within single entity. Evolutionary forces are defined in terms of the impact they have on populations and have no meaning at the level of the individual entity.

Mode of Change

Evolutionary theories incorporate a prescribed mode of change, which is of continuously evolving character. Evolutionary theories rely on the statistical accumulation of small individual events to gradually change the nature of the larger population.

APPLICATION OF EVOLUTIONARY THEORY

The theory has general application various functional areas of management like production, marketing, finance and quality management etc. Here environment means market and one can observe the application of mutation concept. For instance take the case of electronic industry or communication technologies as there appears a huge variety of products in a quick succession of time, and the success of any new technological product (variation) is a matter of sheer chance. Going by this theory it is the environment which plays decisive role or influence in the selection of forms, processes and practices in organization. It is the environment which selects and decides the validity of organization form, process and practices to become effective and efficient.

Second evidence we found in the Quality Management Movement (QMM) which is well supported by evolutionary theory. For e.g. Total Quality Management (TQM) means, continuous, marginal or incremental changes on day-to-day bases in all functional areas like on customer-preferences, product-attributes, organising in production as well. Winter, a scholar, whose work on this subject is quite known, links QMM from evolutionary economic characterisation of a firm to evolutionary economic theory. There are three aspects of organization changes:

1. Corporate knowledge resides in the organisational capabilities embedded in organisational routines. These routines do not arise from isolated managerial decisions but from a process of organisational learning. These routines have a large tacit component of learning.

2. There is no sharp distinction between the firm’s technical and organisation component. Systematic routines may result in creating opportunities for improvement.

3. The capabilities of a firm are not from universal technical hand book but are idiosyncratic (individuality or personality) outcome of unique firm histories (evolving)

Quality Management focuses more on production process than outcomes. One major benefit of QM is the forcing of the organisation to continue the evolution (change over time) of its successful routines and avoid the danger of stagnation in a competitive world.

Managerial focus

It is important to note that by default organisations are control-oriented and autocratic in nature therefore evolutionary organization too is transformation of autocratic organization at one time-to-participative one at another time. Therefore building evolutionary organisation (how to?) is recurring theme these days as in evolutionary organization flow of authority is upward (and Weberian concept of rational top down bureaucracy is no more valid in present times). So the evolutionary theorist, instead of reliance on hierarchy, authority, span of control offers knowledge-oriented organisation and hence focuses on discovery, application and dissemination of knowledge.

Another distinct perspective of evolutionary theorists is that they tend to incorporate principles of management developed from personal experience and observation (values) and believes that resort to traditional way of authority may be wrong and bad application of authority.

It also focuses on the organization processes as well which means continuous improvement in decision making, communicating and controlling. One such common example can be cited is that of a zero defect philosophy in context of production.

FURTHER APPLICATION OF EVOLUTIONARY THEORIES

First is the strategy–structure debate and its application of western managerial knowledge in context of Pakistan. The knowledge around us is the knowledge developed in the West for their own purposes and objectives (environment). What is important for us is to develop skills to seek relevancy, relate and appropriate this knowledge to our own contexts. We can already observe the limitations and inadequacies of Western managerial and theoretical knowledge like that of Hawthorne effect and Maslow theory of motivation as too abstract and generalised to deal with distinct and differentiated cultural entities and societies of developing countries like that of Pakistan. Hence the need is to go for synthesis and selective application of Western management paradigm.

Similarly, the logic and spirit of contextualising also goes fine with certain dimensions of evolution theory like that of selection and adaptation. For instance in the context of public sector organisation in Pakistan there is a kind of fixation with organization structure rather than strategy resulting in the failure to evolve a distinct organization structure and managerial culture on their own. For example one such reason for the failure of strategy was that shift in government's strategy from import-substitution to export-promotion over a period of time never brought with it a shift or adjustment in organization structure. In fact with the same (static) set of institution, bureaucratic structure and values different strategies were followed. Therefore what is suggested is that evolving strategy should be coupled with evolving structure.

With respect to strategy-structure debate the typical controversy is which should come first? Should strategy be formulated first and then structure is organized along the strategy dimensions? Or it is the idealised and standardised structure which remains effective and can make effective any type of strategy. Further concern is how do organizations evolve their strategies? And more important is whether change in strategy is simultaneously followed or corresponded with strategy. Going by the spirit of evolutionary thinking it is the strategy–structure alignment and match which is required. This was considered a traditional paradigm of management that good managers were considered good managers every where (irrespective of industry, technology, size & place of organization) old paradigm not valid for today's world. This has become irrelevant in today's highly specialised era with hi-tech hyper changing world. So according to cultural school of thought (Comparative Management) managerial practices which were considered effective in USA or Europe may not be relevant and valid for developing countries like Pakistan. Therefore the localisation of management by MNCs and other indigenous or local organization is imperative going by the dynamics of evolutionary theory.

Large organisations are complex – more vulnerable because of formalization of process and routinization. Mangers focus too much on procedures and due-process of law. Organizations are divided into vertical columns (functional departments), therefore managers cease to look at organization from holistic and integrated perspective. Organizations become rigid and refuse to learn owing to functional specialization and tend to become inflexible. For larger organisations, QM should be more successful in large and complex because they are vulnerable to organisational routines and stagnation. Large organizations operate as a special case of selection principle as organization moves from smaller to large one. According to John D Rockefeller, "the growth of a large business is merely a survival of the fittest: it is merely the working out of a law of nature"

Moreover, organisation theorists use the term evolution in variety of ways. One such concept is learning which means change in knowledge, change in skills and change in attitude of individual and or organization as well. Now the question, is adaptation and learning synonymous with change? Sidney Winter uses the term adaptive problem-solving. Adaptation and evolution are used synonymously but for some authors the two terms are not similar? Levinthal distinguishes between learning and adaptation. To him, learning occurs when there is an incremental change in an organisational routine in response to feedback about outcome while adaptation is defined as when an organisation changes some of its core attributes to fit environmental contingency.

Strategic management perspective

A firm has a perpetual concern with strategy formulation, strategy implementation and strategic evaluation; and has a choice which set of strategy to opt or formulate. The two sets of policy choices are internal development and external development; and both are considered opposite to each other. The internal development strategy, in its traits is slow, gradual, equity based where one's own organization culture is considered very sacred as against the external development strategy which exhibits the characteristics of being fast, structural and high growth oriented. Mergers, acquisitions, joint ventures strategies explain the same mode. Internal refers to slow, gradualism or incrementalist or evolutionary view and the other refer to revolutionary types of change.

Relationship With other theories of change

How this theory fits with other theories like with teleological, life-cycle and dialectical theories. This theory incorporates diversity and multiplicity of views. This theory seems to be comprehensive viz. other theories like. OLC is again like parallel explanations of evolutionary theory. Thing tend to evolve in each stage of its development; be competitive; and environmental context. Teleological theory explains change in terms of purposive and cautious ways of objective setting, compatible with teleological – consistency in policies and objective for stable evolution of organization With in organization we have dialectics and dialectical thinking; have to incorporate opposing view point so as to come forth with effective policy outcome.

Criticism

This theory is not free from criticism. Natural selection favours the best of existing alternatives rather on the best possible design. Here in this theory outcome is satisfying rather than optimising, which means it does not strive for the best possible objectives. Another point of concern is that organisation analogy is considered weak as organization is designed and managerial decisions are taken cautiously and purposively while evolutionary biology rests on random variation. Because of this deficiency in analogy Mayr has termed this theory as an "inappropriate formulation".

LESSON # 16

GREINER'S MODEL OF ORGANISATIONAL– EVOLUTION AND REVOLUTION

The model explains why and how organizations are unable to grow, and in a way suggest how organisations ought to grow? The model is based on certain assumptions about the organization which are as under:

First assumption is organisations are rigid, bureaucratic, control-centric, and centralised entities. Second, organisations fail to see that the future success of an organisation lie within their own organisation, and also fail to assess their evolving states of development. Therefore inability of a management to understand its organisation development problems can result in organisation becoming frozen in its present stage of evolution (failure to evolve) regardless of market opportunities.

Here Greiner's proposition is that future of an organisation may be less determined by outside forces than it is by the organisation history. Therefore to him internal dynamics of organisation structure play a critical and decisive role in shaping organisation strategy. This view comes closer to the recently popular management paradigm of Resource Based View of strategy formulation. According to this view each firm has a unique combination and configuration of its resources which leads to inimitable competitive advantage.

The position confronts with Alfred Chandler (famous American author) who gave the concept n strategy and structure perspective in business management, and who proposed that outside market opportunities determine a organisation strategy which in turn determines company's structure. So Greiner emphasises structure over strategy while Chandler focuses strategy over structure. Greiner seems also influenced by European psychologist – for whom individual behaviour is determined primarily by previous events and experiences. Hence the analogy of individual development coined with organisational development

Before discussing the model, first let us define the two terms: evolution and revolution. Evolution is used to describe prolonged period of growth – where no major upheaval occurs in organisation practices. The term revolution is used to describe those periods of substantial turmoil in organisational life. Each evolutionary period creates its own revolution, as organisation progresses through developmental phases. For instance centralised practices eventually lead to demand for decentralisation. Moreover the nature of management's solution to each evolutionary period determines whether organisation will move forward into next stage of evolutionary growth.

According to Greiner, five key dimensions emerge as essential for building a model of organisation development.

- Age of the organisation
- Size of the organisation
- Stages of Evolution
- Stages of Revolution
- Growth rate of the industry

Each dimension influences the other overtime; when all five elements begin to interact, a more comprehensive and dynamic picture of organisational growth emerges.

1. Age of the organisation

It is the foremost and essential dimension of organisation development. It is very clear to us that the same organisation practices are not maintained throughout a long span of time. Most basic point is management problems and practices are rooted in time. MBO a decade back had different meanings than today. The passage of time also contributes to the institutionalisation of managerial attitude. As result employee behaviour becomes not only more predictable but also more difficult to change when attitudes are outdated. For example Parkinson law of expansion which means work tend to expand over time.

2. **Size of the organisation**

Organisation's problems and solutions to such problems tend to change markedly as the number of employees and sales volume increases. Thus time is not the only determinant of structure; in fact organisations that do not grow in size can retain many of the same management issues and practices over lengthy periods. Very typical problems of increased size are of coordination and of communication, emergence of new functions, levels in the management hierarchy, and jobs become inter-related.

3. **Stage of Evolution**

The term seems to describe quieter period in organisation history with modest adjustments necessary for maintaining growth under the over all same pattern of management. With the increase in size and time – a phenomenon becomes evident – which is "prolonged growth". Evolution is equated with continuous and prolonged growth. According to Greiner, most growing organisations do not expand two years and then retreat for one year; rather those that survive crises usually enjoy four to eight years of continuous growth without a major setback or severe internal disruption.

4. **Stages of Revolution**

Smooth evolution is not inevitable for long. In other words organisation growth cannot be assumed linear. For example, many case histories of Fortune 500 listed companies reveal that companies had periods of substantial turbulence spaced between periods of evolution. Turbulent times leading to severe upheaval of management practices – means revolution or period of revolution.

Traditional management practices appropriate for smaller size and earlier times, are brought under scrutiny by frustrated top managers and disillusioned lower-level managers. Many organisations fail during such a crisis – unable to abandon past practices have to wind-up or compromise to lower levels of growth.

The critical task for management in each revolutionary period is to find a new set of organisation practices that will become the basis for managing the next period of evolutionary growth. Interestingly, the new practices sow their own seeds of decay and lead to another revolution.

Therefore management sees something a solution in one time period becomes a major problem later. For example at individual level, the same situation can be identified as success trap, means success has its own trap which generates single-variable-mindedness type of thinking in individual.

LESSON #17

GROWTH RATE OF THE INDUSTRY

The speed at which organisation experiences phases of evolution and revolution is closely related to the market environment of its industry. Different industries have different growth rates, for example computers, automobiles and banking all have different growth rates. Evolution can be prolonged, and revolutions can be delayed. Revolution seems too much more severe and difficult to resolve when the market environment is poor or going down. Marginal organisation seem to do better market environment is good or moving up.

Greiner identified five phases of growth – each phase of growth is marked by evolutionary progress and a revolutionary period (or crises). Each evolutionary period is characterised by the dominant management style used to achieve growth, while each revolutionary period is characterised by the dominant management problem. Companies in faster growing industries tend to experience all five phases more rapidly while those in slower growing industries encounter only two or three phases over many years

It is also important to note that each phase is both an effect of the previous phase and a cause for the next phase. For e.g. Directive management style in one phase may lead to autonomy crisis (rev.) and eventually followed by delegation

The principal implication of each phase is that management actions are narrowly prescribed if growth is to occur. So organisation experiencing crisis of autonomy cannot return to directive management style for a solution – it must adopt a new style of delegation in order to move ahead

PHASE 1: CREATIVITY

At birth stage, emphasis is on creating both product and a market. So the characteristic of the period of creative evolution are:

- Founders are usually technically or entrepreneurially driven and disdain management activities
- Communication is frequent and informal
- Long hours of work are rewarded by modest salaries
- Control – comes from market feedback management acts quickly as the customer reacts
- Leadership crisis occur as individualistic and creative activities help organization to take-off

1. **Leadership Crisis**

As company grows, needs larger production, needs specialized knowledge about the efficiencies of manufacturing, marketing and finance or capital, therefore needs increased number of professional people in all functional areas. All this cannot be managed at an informal level. Formalization, Proceduralism and bureaucratization come into play for better financial and managerial control. Founders found themselves with unwanted managerial responsibilities. They still try to act it in the past ways. Owners enter into conflict with managers. This issue is cited as agency theory in corporate governance and strategic management courses. At this point crisis of leadership occurs – the first revolution. Founders, often hate to step aside even though they are probably temperament wise unsuited to be managers. So the developmental choice for founder is to choose strong manager and step aside for perpetual growth or select week manager and compromise on growth

PHASE 2: DIRECTION

Those who survive by installing strong and capable managers usually embark on a period of sustained growth under able and directive leadership. The traits of this evolutionary period are:

- Functional org. structure – specialization and division of labour
- System and sub-system get developed – Accounting for inventory and purchasing

- Budgets and work & Job standards, are adopted
- Communication becomes more formal and impersonal as a hierarchy of title and position builds
- Lower and upper level conflict becomes obvious as organization grows and have more layers of hierarchy
- Lower level employees find restricted by a cumbersome procedures and centralized hierarchy.
- Lower level managers have more direct knowledge of market and machinery than do the leaders at the top (office-work & govern through paper).

2. **Autonomy Crisis**

Thus second revolution is imminent as crisis develops from demand for greater autonomy on the part of lower-level managers. Yet it is difficult for top-managers who were so successful in developing system, being directive and stay responsible to give-up authority. Moreover lower level managers are not accustomed to making decisions for them. As a result numerous companies flounder during this revolutionary period adhering to centralized methods while lower level managers get disenchanted and leave the organization (turn-over rate)

PHASE 3: DELEGATION

Next era of growth evolves from the successful application of decentralized organization structure which exhibits the following characteristics:

- More responsibility is given to the managers of plants and market territories.
- Profit centres, incentives and bonuses are used to motivate managers.
- Top executives at headquarters restrain themselves to managing by exception based on periodic reports from the field
- Management now focuses on making new acquisitions which can be added to the corporation as decentralized units
- Communication from the top is infrequent, usually by correspondence? Or telephonic or brief field visits.

Of course now IT has made this communication fast, easier and effective. The delegation proves useful for gaining expansion through motivation of lower level manager, by giving them authority and incentives, to penetrate larger markets, respond faster to customers and develop newer and effective managerial practices

3. **Control Crisis**

Top executives sense they are losing control over a highly diversified field operations (owing to power-politics, upward mobility of lower level mangers, fear replacement, etc). Autonomous managers prefer to run their own shows without coordinating plans, resources, technology and manpower. The revolution become obvious when top management seeks to regain control over the total company. One solution is re-centralization which usually fails as company's operation have become diverse and vast. Other solution is to evolve special coordination techniques.

LESSON #18

PHASE 4: COORDINATION

This evolutionary phase is characterized by the use of formal system for achieving greater coordination, and by top executives taking responsibility for the initiation and administration of new systems. For e.g. decentralized units are merged into product-group-formal planning procedures are established and intensely reviewed. Other features of this phase are:

- Numerous staff managers are hired at headquarters (HQ) to initiate company wide programs of control and review for line managers.
- Capital expenditure related decisions are carefully made.
- Each product group is treated as an investment centre where return on investment (ROI) is an important criterion for funds allocation.
- Stock options and profit-sharing schemes used to encourage identity with the firm as a whole. HO-subsidiary dynamics (HQ- branch relationship) come to play as a factor in organization growth or performance

4. Red Tape Crisis

Lack of confidence and trust between line and staff, and between HQ and field; systems, program and procedures go beyond their utility, and become end in itself. Line managers resent heavy directions by staffs, which are unaware of local conditions. Staffs on the other hand complain about uncooperative and uninformed line managers. Therefore procedure takes precedence over problem solving, and innovation is dampened

Lawrence & Lorsch highlighted this in their study as the problem of differentiation and integration. As organizations become large, vertical and horizontal differentiation becomes pronounced. The problem at this stage is higher the differentiation, higher will be the need for integration.

PHASE 5: COLLABORATION

To overcome crisis of red-tape crisis – strong inter-personal collaboration is suggested in this phase. Now the question is; what is the difference between Phase 4 of Coordination and Phase 5 of collaboration? The difference is that Coordination phase was managed more through formal system and institutional procedures while Phase 5 (collaboration emphasises greater spontaneity in managerial actions through teams and the skilful confrontation of interpersonal differences.

Social control and self discipline take over from control. This transition is very difficult for those who create and believe on the formal methods of report and answers. The phase evolution builds more flexible and behavioural approach to management. Here are some of its features:

- The focus is on problem-solving quickly through team-thinking and team-actions
- Teams are combined across-functions
- HQ-staff experts are reduced in numbers-combined in cross-functional teams to consult (not to direct) field units
- Formal systems and procedures are simplified to focus on tasks
- Conference of key managers are held on major organizational issues
- Reliance on educational and training programs for conflict-resolution and better team work
- Real-time information system are integrated into daily decision-making
- Rewards are geared more towards team performance than individual achievement
- Experiment with new practices are tolerated and encouraged

The Crisis

What will be the revolution in this stage of evolution?
Many large and mature multinational (MNCs) are in this phase.

Any way whatever the answer is, the sole focus is that each evolutionary period culminates into a revolutionary period, which is short and spasmodic and transformative for the existing managerial system, and the processes are never ending and perpetual ones.

For Compulsory and Further Readings

1. Miles Raymond E., Organization Development Reading 8.1
2. _________ Developing an Organization that contribute to long run effectiveness Ch 8
3. Greiner, Larry E., Evolution and Revolution as Organizations Grow Reading 8.2
4. Also published in HBR July – Aug 1972 (can be accessed through J-Store HEC Digital Library)
5. Drucker, Peter F, The Need to Prepare for Growth, Reading 8.3

LESSON # 19

ORGANISATION ECOLOGY

Leading proponents organization ecology school of thought are Glenn and Carroll, and Hannan and Freeman. In this theory population of organization is taken as a unit of analysis rather than single organization. The dominant theme of population ecology is that effects of organization's environment is critical in organization's survival and (performance) believe that forces internal to the organization are less important. Principally, population ecologist think that organization do not change and adapt; and consider that each time a new organization is born after a significant level of change. Pfeffer and Salancik published their work as “The external control of organizations”. This has led to the analogy of natural selection processes as determining some aspects of organization. Miller and Mintzberg referred to “the survival of organizational forms as being encouraged by Darwinian forces” (e.g. Weberian of organization-dominance-of functional structure). Three issues are considered central in population ecology model of change management:

1. Role of structural inertia in constraining adaptation
2. The classification of organizational species
3. The salience of the environment in determining organizational survival

1. Structural Inertia

Population ecology models of organization-environment relationship are considered alternative to the dominant adaptation perspective. Though there are a variety of ecological perspectives yet they all focus on selection phenomenon. The attribute patterns in nature to the action processes. Astley and Van de Ven highlighted this adaptation versus selection as central debate in organization theory (OT). Selection of new or changed organization forms occurs as a result of environmental constraints and inertia is referred as an explanation for the lack of adaptive change. Therefore structural inertia limits the ability of organization to change. Hanna and Freeman identified a number of processes that generate inertial pressures both from internal structural arrangements and from environmental constraints.

A. Internal Structural Arrangements

One of the biggest inhibiting factors for organizational change is sunk cost. Sunk cost of the firm which means broadly any amount of time, money and efforts (plant & equipment or cost of R&D and trained personnel) develops a restraining force within an entity to freely look for alternative options. Structural arrangements refer to the rules and resources which an organization deploys manifesting its commitment levels. A communication structure in organization like barriers misperception amongst various players at vertical and horizontal levels also facilitates inertial process. Internal politics for vested interests amongst organizational members act as restraining force. The existing institutional norms –rules and regulations remain status quo oriented to inhibit organizational change

B. External Factors

Not only internal factor inhibit change but at times external factors like government and industry creates barriers in smooth and consistent change management process. For instance there may be a very high cost associated with a firm’s decision to enter or exit any particular industry or market. Bounded rationality, a concept given by Herbert Simon means managers are rationalizing not rational, meaning thereby that decisions on the part of managers are always bounded by constraints like time, space, cost and information. Therefore the choice of decision makers to go for alternative options is extremely limited. Another relevant concept is of social legitimacy which imposes restriction in the decision outcome for change or status quo. Managers will go for such decisions which are considered legitimate and acceptable by society or by the members of the organization socially. Most of the time society is slow to recognize and accept change, and more often it is conservative to accept change. So what happens practically is that organization try to initiate change but then do not intend to go for complete transformation. Miller and Freisen identified this kind of response to environmental changes as sluggish adaptation. Miller also used the term adaptive rigidities caused by the avoidance of uncertainties, and the fragmentation of the political coalition and its goals cushion organizations from the need for adaptation. All these issues of structural inertia (and in a way with organization adaptation phenomenon as well) explain the relative superiority of natural selection process over adaptation in the survival of organization.

Therefore, population ecologists believe that environmental selection replaces adaptation as the vehicle of change. Hannan and Freeman formulated theory well supported by empirical evidence that “stronger the inertial pressures lower the adaptive flexibility and the more likely that the logic of environmental selection is appropriate”. Hence the proposition is the survival of organizations is determined by environmental variations

By implications, we see population ecologists maintain lesser role for management, wise governance, organization structure and bench marked managerial practices. There is paradox in this thinking. The paradox with population ecology is that methodologically, the study deals with small organizations with simple organization structure which were free from issues of sunk cost & politics (non-chain small restaurant in 18 cities of California State). External constraints were not strong either. The paradox is that inertia is, somewhat, largely a phenomenon associated with the complex department structures of large organization.

To Astley and van de Ven, “Natural selection model fits small, powerless organizations operating in environment with dispersed resources better than large well connected organizations operating in environment with concentrated resources”. For Aldrich, the structural inertia depends on the size of organizations. The larger an organization, the greater the structural inertia and the more control the organization can exercise over the environment (in-real life large organizations seem quite powerful to shape or influence environment). Another scholar empirically says “the few organizations that survive infancy owe their above average longevity to wise governance”

Therefore ecologist claim that inertia restricts adaptation and consequently enables selection forces to dominate over adaptive strategy of the organization somewhat holds less ground. Going by this concern that small organizations lack inertia and should have better adaptability to environmental changes. The question then is whether this so in real life? How these dynamics are going to be in developing countries.

LESSON # 20

CLASSIFICATION OF ORGANIZATIONAL SPECIES

Another major issue is the classification of organizational specie. Like biology it emphasizes population within a species as unit of analysis. But then the problem is what characterizes an organizational form (Specie)? Hannan and Freeman state, “An organization form is a blue print for organizational action, for transforming inputs into out puts.” The blue print can usually be inferred by examining any of the following:

- Formal structure of the organization in the narrow sense, that is through written rules of operations
- Pattern of activity within the organization- what actually gets done by whom.
- Normative order- the ways of organizing that are defined as right and proper by both members and relevant sectors of the environment

Ulrich defines form as a “legally defined entity” with a population of firms consisting of similar competencies, structures and strategies. Similarly organization form can be determined according to other criteria, for e.g. technology, industry grouping and product.

2. Extent of Environmental Selection

The population ecology model stress that the environment determines the distribution and form of organization through selection. Here environment in a biological sense is not a objective phenomenon. Biologists refer to a very interesting phenomenon of environmental niche. The environmental niche in an environment perceived by ANT is clearly different from that perceived by an ELEPHANT; minor changes in an environment may spell the demise of population of ANTS but be unnoticed by an ELEPHANT. In the same way the environmental niches inhabited by SMALL and LARGE organizations are subjectively different. Therefore different species (organization) perceive and experience the environment differently. Another thing to be take note of is that environments are multidimensional and complex, not similar for all type of organization. Hence environment is different for different type of organizations, while the ecological approach suggests that one focus one common fate with respect to environmental variation.

Now the question is what is the effect of changes in environment on the mortality of population. Individual organization mortality may be there out of an accident, incompetence, or rational choice. So distinction should be there when owners arbitrarily decide to close down the business for personal or for economic reasons. Similarly owners also set the tone for level of growth and profitability. Another scholar talked of vital rates of founding and mortality (entries and exit), and process of founding and mortality of organization. So the thrust of organization ecology should be the investigation of the leading question, how social environment shapes the following dimensions of organization:

- Rates of creation and death of org. forms,
- Rates of org. founding and mortality, and
- Rates of change in organization forms.

What is more important to discuss and for further research is the relationship between adaptation and selection, and determinant of vital rates.

Relationship between Adaptation and Selection

One such empirical study conducted by Carroll found the role of strategy in a way that the timing of executive succession was found to be and important factor in organization survival. Similarly in biological sense, adaptability is an individual behavioral phenomenon. Penning stressed the role of adaptation and according to him, “Organization will maneuver themselves in their environment, so as to acquire optimum external control and will shift their disposition whenever environmental conditions dictate.” To him entrepreneur is a “volitional individual” who enters an environment and make strategic choices that ensure the best transactions with the environment.

Determinants of Vital Rates

Vital rates means death rates and founding rates of an organization. This leads not only to the study of large organizations but also of entrepreneurship and small businesses. Here we are concerned with the following possible determinants of organizational death and inception:

- Role of competition
- Institutional constraints
- Role of government (for example subsidy, tax exemption given by US government to Chrysler automobiles thrice in its history)
- Type of product or industry becoming obsolete

What causes death of an organization? Immediate factor could be attributed to the consistent sales decline or poor financial performance as the most obvious indicator? However going in depth may reveal these indicators as symptoms not problems. For instance what about the organizations those are socially embedded and inter-linked with each other through alliances and network. In Japan Keiretsu or Chaebol in Korea or big family based conglomerates in countries like Pakistan where social identities and ties are more important than technically or transaction driven relationship. Therefore when social ties (death of a network) cease to be effective hastens the death of an organization. Similarly if central or lynch pin organization may forcibly closed, reorganized or dissolved, the constituent organization will have to face a drift. Finally the big issue in ecology school is the issue of diversified organization (un-related diversification) or huge conglomerates who dominate the international business; are they equally affected by environment or laws of natural selection.

LESSON #21

FOOTNOTES TO ORGANISATIONAL CHANGE

The leading management scholar James March's study dealt with the leading attribute of organizational change. Following are the excerpts and selection from his famous article footnotes to organizational change published in one of the leading management research journal, Administrative Sciences Quarterly in 1981.
He suggested five footnotes on organization change as they emphasize the relation between change and adaptive behavior which highlights the prosaic nature of change.

Foot Note 1

Organizations are continually changing, routinely, easily and responsively, but change within them cannot be controlled arbitrarily. Organizations rarely do exactly what they are told to do.

Foot note 2

Changes in organizations depend on a few stable processes. Theories of change emphasize either the stability of the processes or the changes they produce, but serious understandings of organizations require attentions to both.

Foot note 3

Different theories of change are in fact different ways to depict different theories of action. Most changes in organization reflect simple responses to demographic, economic, social and political forces. What we identify as political, economic societal and technological (PEST) analyses are connected with different parts of environment?

Footnote 4

Although org. response to environmental events is broadly adaptive and mostly routine-based, the response takes place in a confusing world. As a result prosaic (characterless) processes sometimes have surprising outcomes.

Footnote 5

Adaptation to changing environment involves and interplays of rationality and foolishness. Organization foolishness is not maintained as conscious strategy, but embedded in such organisational anomalies as slack, managerial incentives, symbolic action, ambiguity and loose coupling.

Stable Processes of Change

One view is that change fails not because organizations are rigid and inflexible but they are impressively imaginative. According to Aldrich in most organization failure occur early in life when organizations are small and flexible, not later. There is considerable level of stability in organization and organisations are remarkably adaptive as enduring institutions, respond to volatile environments easily, though not optimally

We are inclined to look for most dramatic explanations for change, is our common mistake. Most changes in organizations result neither from organization processes or forces, nor from uncommon imagination but from relatively stable, routine processes that relate organization to their environments. Many of the most stable procedures in an organisation are procedures for responding to economic, social and political contexts. The routine processes of organisational adaptation are little complex, and a theory of change must take into account how these processes can produce unusual patterns of action.

Therefore theory of organization change should not be different from a theory of ordinary action.

Therefore research on organization as routine adaptive systems emphasize six (06) basic perspectives for interpreting organization action which are as under:

1. Rule following
2. Problem solving
3. Learning
4. Conflict
5. Contagion
6. Regeneration

1. Rule Following

Application of standard operating procedures (SOPs), duties, obligation, roles, rules, and criteria evolve through competition and survival, and those followed by organizations that survive, grow and multiply come to dominate the pool of procedures

2. Problem Solving

Action can be seen as problem solving. The underlying process involves choosing among alternatives by using some decision rule that compares alternatives in terms of their expected consequences. It is the rational actor model which prevails in organizations. Managers make rational choice under certain conditions of risk and cost-benefit analyses.

3. Learning

Action can be seen as stemming from past learning. The underlying process is one in which an organization is conditioned through trial and error to repeat behaviour that has been successful in the past, and to avoid that has been unsuccessful. Learning is what can be identified as experiential in nature.

4. Conflict

Action can be seen as resulting from conflicting among individuals or groups representing diverse interests. The underlying process is one of confrontation, bargaining and coalition, in which outcomes depend on the initial preferences of actors weighted by their power. Edgar Schein talked of negotiated order to exist in context of organization. Changes result from shifts in the mobilization or in the resources managers' control. This change is again a negotiated one by different members of organization who want to adjust policies as per their understanding view and influence in organization. This model is the one based on politics. Members of organization interact in a political manners and change results in a politically negotiated settlement amongst them. Another view relates to the pecking order in organization – explains the existence of hierarchical or top down order in organizations.

5. Contagion

Action can be seen as spreading from one organization to another. The underlying processes is one in which variations in contact among organizations and in the attractiveness of the behaviour or beliefs being imitated affect the rate and pattern of spread.

6. Regeneration

Action can be seen as resulting from the intentions and competencies of organization actors. Turnover in organization introduces new members with different attitudes, abilities and goals. This resembles organization life cycle approach and is quite like birth, growth, maturity and decline.

An organization uses rules, problem-solving, learning, conflict, contagion, and regeneration to cope with its environment and actively adapt to it. The processes are conservative that is they tend to maintain stable relations, sustain existing rules, and reduce differences among organizations. The above six processes are neither esoteric (mysterious), complicated nor mutually exclusive.

LESSON # 22

SOME COMPLEXITIES OF CHANGE

The above six factors are closer to real life organizational dynamics; demonstrate the complexities of routines of real life. While he interaction amongst these five phenomenon makes change complex which are listed below:

1. Unanticipated Consequences of Ordinary Action
2. Solution Driven Problems
3. The Tendency for Innovation - And Organisations to Be Transformed During the Process of Innovation
4. The Endogenous Nature of Created Environment
5. The Interaction amongst System Requirements of Individuals, Organizations and Environments

1. Unanticipated Consequences of Ordinary Action

First, the rate of adaptation may be inconsistent with the rate change of environment. Unless an environment is perfectly stable, organization can not learn appropriately. This means organization always lag behind environment. Where an environment changes quickly relative to the rate of organization adaptation, the process of adaptation can easily lose its sense to be sensible and relevant. At times organization anticipates ahead of time. Example can be given from marketing. A product was launched by one sugar firm in Pakistan as liquid sugar. The idea seems too fine and advanced a concept but failed miserably given the cultural context of Pakistani society. Similarly, some products that are technologically too advanced also liable to fail because they are ahead of time. Similar is the case with changing organisation strategy and organisation when situation/ time or environment /market is not mature enough to absorb change.

Therefore, it is possible for an anticipatory process (problem-solving) to result in changes that out runs the environment and thereby become unintelligent. Second, the causal structure (cause and effect as seems obvious to us to external) may be different from that is implicit in the process. While changing through following and imitating we tend to focus external effects and ignore causal links which are benign or hidden. Since we have an incomplete picture or false model of causality, therefore eventually change can result in unanticipated outcomes. Third concurrent or parallel processes (changes at times stay parallel) appear to carry sense may combine to produce joint out come that are not intended by any one, and counter the interests motivating the individual action. For example the retention of a manual system besides going for the automated (New) one. Though avoided but these unanticipated outcomes are quite common.

Examples – Competency Multiplier

Oorganizations have procedure to involve relevant people in processes such as decision-making, planning, budgeting or the like. Individual vary in their knowledge, skills and interests about a problem. Initial participation rate vary and participating individual turn out to be slightly more competent than others. This induces them to become even more competent. Before long, the de facto composition of the group can change dramatically (than initially conceived). More generally organizations learn from experience, repeating actions that are successful. As a result they gain greater experience in areas of success than in areas of failures. This seems sensible and logical. The sensibleness of such specialization depends on the learning rate and rate of change in environment. The process can easily lead to misplaced specialization if there are infrequent, major shifts in the environment (increased specialization lead to increased dependence and hence org. is vulnerable to change)

Another example of unexpected outcome from org. routines is related with satisficing behavior of individual and organization. According to March and Simon, organization seek alternatives that will satisfy target goal rather than to look for the alternative with the highest possible value. Satisficing organization can be viewed as the organization which tries to maximize the probability of achieving targets. But it is not necessary to assume that satisficing organization will follow decision rules, that are, risk avoiding in good times, and, risk-seeking in bad times. For e.g. organization that are facing bad times will follow riskier means and riskier strategies, thus simultaneously increasing the chances of their survival through the present crisis and reducing their life expectancy simultaneously.

As a result organization efforts to survive in fact speed up the process of failure. Risk-seeking behavior transformation that needs some qualification, experience and mindset to manage risk which was never cultivated earlier in organizations. Second, most of the time organization exhibit risk-avoiding behaviour by its very nature. Because, if organization goals vary with organization performance and performance of comparable organizations, then most organization will be termed reasonably good most of the time. The above example depicts how routine can lead to un-intended surprise outcome

Another example identified is of performance criteria. An organization measures the performance of its participants. Common criteria for business firms are to reward their managers on the basis of calculation of profits warned by different parts of the organization. The performance-reward linkage is to be made precise and visible for organizational control purposes as well. However this practice may lead to ignore long term consequences for organization since it is more efficient in short term because efforts are devoted to accounts rather than to performance. This may lead the participants to manipulation and maneuvering in organization.

Superstitious Learning

Organizations learn from their experience, repeating actions associated with good outcomes and avoiding actions associated with bad outcomes (Learning by association phenomenon or conditioning). This is successful in stable world. But the world is not so simple and stable all the time, experiential learning can result in superstitious learning. Example reported one author here is of pilots. The trainers reward pilots who make good landings and punishing pilots who makes bad ones. They observe that pilots who are punished generally improve on the subsequent landings, while pilots who are praised generally do worse. Thus they learn that negative reinforcement works better than the positive one. The learning is natural but the experience is a confounded one. Let me quote my own experience here about students. Students who perform better in the preliminary examination and get rewarded well will tend to perform mediocre in the subsequent examination as against the one who performs average in the preliminary examinations and improves more in the subsequent emanations. Hence these examples illustrate the variation in behavior generated by adaptive processes in a typical organization conditions which can lead to surprising outcomes.

2. **Solution Driven Problems**

Good examples for solution driven problems exist in our society. You can observe this in real life. For instance go to doctor and you will find long, comprehensive multi-dimensional prescription at hand. The solution is already with him without even giving listening appropriately to his patient. If you go to computer technologist for problem solving with software or system etc., the solution presented will be to reconfigure the whole system/ window etc In office meetings bosses or heads of department or organizations frequently come up with statements starting with you all .All such scenarios refer to the tendency to have a generalized solution in prior.

According to Cyert and March, “There is ample evidence of when organization performance fails to meet objective then it search for new solution, that is new ways of doing things as changes often seem to be driven less by problems than by solutions.” Why this is so? Because organizations face a large number of problems of about equal importance, but only a few solutions. Thus the chance of a solution to a particular or unique problem is small. Consequently organization scans for solutions rather than problem, and matches any solution found with some relevant problem.

Second reason is the linkage between individual solutions and individual problem is often difficult to make unambiguously especially when causality and technology are ambiguous. Therefore what we observe will be predicted by knowledge of solutions than by knowledge of problems. Imperatively professional change their procedures and introduce new technologies because they have knowledge of it. An organization that is modern adopts new things because that is what being modern means. When a major stimulus for change comes from a sense of competence, problems are created in order to solve them, and solutions and opportunities stimulate awareness of previously un-salient or unnoticed problems or preferences.

3. **The Tendency for Innovation - And Organisations to Be Transformed During the Process of Innovation**

It is observed that both innovations and organizations tend to be transformed during the process of innovation. Different and multiple meanings exist for the intended change in the organization and hence the standardization of meanings of change is a problem owing to inappropriate strategy or poor analysis It is also a common problem that change policy or program gets started with some intent and eventually end up with something else because of the fundamental ways in which changes are transformed by the process of change. Organization also gets transformed in the process. Organizations develop and redefine goals while adapting to environmental pressure; minor changes can lead to larger ones, and initial intent can be entirely lost

4. **The Endogenous Nature of Created Environment**

General assumption is organization takes action due to environmental pressure, and that environment is not influenced by organizational actions. But organizations create environment as well, and the resulting complications are significant. For e.g. action of one competitor becomes an environment of another, therefore each competitor determines its own environment. For example an executive of a leading shoe firm revealed why their firm does not charge higher prices despite producing a quality product of international standards? Because this will become an industry standard and other competitors will follow without delivering the same quality. This type of behaviour is inline with corporate social responsibility.
Hence adaptation is not learning about fixed environment but is to deal with continuously changing. Therefore organizations are quite capable of influencing and creating their own environment by the way they interpret and act in a confusing world. So what happens practically is that small signals out of routine or adaptive processes get echoed back to organization (through environment) in an amplified manner, and hence may result in changing organization simultaneously and endogenously

5. **The Interaction amongst System Requirements of Individuals, Organizations and Environments**

Though this is oversimplification, nonetheless, it is possible to see an organization as an intermeshing of three systems: individuals, collection of individuals (which is organization) and environment (which is collection of organization). Conflicts might exist in the demands of these three. While classical literature focuses on making individual and organization demands compatible, but in the analysis of organization change it seems that individual in organization and organization itself has different requirements in the collection of organization (which is environment). The question is how to place all three in equilibrium? Finally organization is complex combination of activities, purposes and meanings.

Even impressive integration of formal organization, should not however, obscure the many ways in which organization is loosely coupled. Behavior is loosely coupled with intentions, and intentions are loosely couple with actions; actions in one part of the organization are loosely coupled with actions in another part; actions of today are loosely coupled with actions of tomorrow. Such loose coupling does not appear to be avoidable. These do not relate to theory but pertains to adaptive process of change.

Lesson # 23

ORGANIZATIONAL ADAPTATION

The word adaptation is a metaphor that captures the endeavours of organizations to be fitted better to its environment. Two things remain prominent with organisation in this process:

1) It has an articulated purpose
2) An established mechanism for achieving it.

Most organizations are constantly evaluating their purposes, questioning, verifying and re-defining the way of interaction with their environments. Effective organisations maintain alignment with its environment, and ineffective organization fail to maintain the alignment with environment. These effective organizations also constantly modify and refine the mechanism by which they achieve their purposes and are re-arranging their structure of roles, relationships and managerial processes. Hence the essence of management is coping with external environmental change by changing objectives, changing structures and changing processes

We will discuss here the same as the concept of organisation adaptation frame-work or model as proposed Miles and Snow. The model contains two major elements:

1. It specifies the major decisions needed by organization to maintain an effective alignment with its environment.

2. This also highlights an organisational typology which portrays different patterns of adaptive behaviour.

The Adaptive Cycle:

Strategic Choice theorists argue that organization behaviour is only partially ordained by environmental conditions and the choices made by top managers are the critical determinant of organization structure and processes. The adaptive cycle is present in all organization, according to Miles & Snow, and it is more visible in new or growing organizations

Now the question is what is meant by adaptive cycle? This has been defined by the two leading scholars as under:

The Entrepreneurial problem

An entrepreneur must give a concrete definition of organization domain: a specific good or service and a target market or market segment, and the entrepreneurial problem is an added dimension. In either a new or on-going organization the solution to entrepreneur problem is marked by management's acceptance of a particular product-market domain, and this acceptance becomes evident when management decides to commit or allocate resources.

Second is to achieve objectives related to the entrepreneur domain. In many companies entrepreneurial solution is sought by through the development and projection of an organizational image, internally and externally. Therefore in this phase two important phenomena are the identification of a new opportunity and the initial impetus for movement toward it. Engineering problem begins to appear at this stage.

The Engineering Problem

The engineering problem involves the creation of a system which operationalizes management's solution to the entrepreneurial problem. Such a system requires management to select appropriate technology (input-transformation-output) for producing and distributing the chosen product, and further need new information, communication and control linkages. (Job-order, batch or flow production) As solution to the problems are reached through initial implementation of the administrative system but final configuration of the organization will be reached as management consolidates relations with the environment (final shape of the organization will be settled during administrative phase)

The Administrative Problem

Administrative system is to reduce uncertainty within the organizational system. Therefore in this phase management establishes process for coordinating and controlling internal operations and rationalizing the system already developed. It also involves formulating and implementing those principles which will enable the org. to continue to evolve (innovation). This phase is termed pivotal by the author in the cycle of adaptation owing to the followings:

Rationalization and Articulation

Management must be adept at two conflicting functions: first, to create an administrative system (structure & processes) for monitoring and controlling current activities and second, at the same time allowing the system not to jeopardise the future innovation. This has been identified as lagging and leading variable in the process of adaptation. The lagging variable suggests organization must rationalize through the development of appropriate structure and processes, strategic decisions made at previous points in the adjustment process. While the leading variable the administrative system must facilitate the org. future capacity to adapt by articulating and reinforcing the paths along which innovative capacity can proceed. Therefore an administrative system is such to deal with past and future. The same dilemma can be identified in the classical principle of Henri Fayol; especially when he talked of maintaining stability and initiative in the organization. In terms of marketing management of an organization the same problem persists as revenues from existing product and at the same time the need to develop new products and businesses. The dilemma is, how can we get both out of the same structure one needs innovation and creativity while the other demands tight discipline and regimentation?
Having dealt with adaptive cycle as given by Miles and Snow the question then arises how organisations move through the cycle. For this we need to understand the typology presented by them in the form of different set of organizational strategies. The question is what strategies organizations employ in solving their entrepreneurial, engineering and administrative problems. The research of Miles & Snow shows that there are essentially three-strategic types of organizations:

1. **Defenders**
2. **Prospectors**
3. **Analyzers**

Each strategy has a distinct way to engage or interact with its environment. Each type has its own unique strategy for relating to its chosen market. Each has a particular configuration of technology, structure and process that is consistent with its market strategy. Besides the fourth type of organizations exist known as Reactor, which is identified by Miles & Snow as a form "Strategic failure" owing to inconsistencies among its strategy, structure, technology and process.

1. **Defenders**

The defender deliberately enacts in an environment for which a stable form of organization is appropriate. Stability is achieved by the defender's definition of, and solution to its entrepreneurial problem. The defenders define it as " how to seal off a portion of the total market in order to create a stable domain, and they do so by producing only a limited set of products directed at a narrow segment of the total potential market. With in this domain defender strives aggressively to prevent competitors entering its turf, but also ignores developments and trends outside of their domains. Over a time he is successful in carving out its own niche which is difficult for competitors to penetrate.

The engineering problem for the defender is how to produce and distribute goods as efficiently as possible? The defender does so by developing a single core technology that is highly cost efficient out put on continuous and predictable basis. Some defenders follow vertical integration strategy by incorporating each stage of production from raw material to distribution of final output.

The defender's Administrative problem is "How to achieve strict control of the organization in order to ensure efficiency. So this is resolved through structural-process mechanism described as mechanistic bearing the following features:

i) Top management group heavily dominated by production and cost-control specialist
ii) Little or no scanning of the environment for new avenues.
iii) Functional structure characterized by division of labour, centralized control, communications through hierarchical channels

Such administrative is suitable for generating and maintaining efficiency but have adaptive or adaptability problems. Therefore this system operates well for stable industries and is ineffective for turbulent industries (where market environment changes quickly)

For example this view of strategic adaptation is popular amongst managers in developing countries e.g. electronic industries in context of Pakistan split air conditioner may be different from traditional manufacturers of window air conditioning units. The question then is why traditional stable business in this industry was un-able to realise and adapt quickly in the changed environment. Or it is the organization who acted like defenders of the Miles & Snow's typology.

2. PROSPECTORS

The prospector enacts an environment that is more dynamic than other types of organizations. Unlike the defender, whose success comes primarily from efficiently serving a stable market, the prospector's prime capability is that of finding and exploiting new product and market opportunities. For Prospector maintaining a reputation as an innovator in product and market development may be perhaps more important profitability

Entrepreneurial problem for prospector is how to locate and develop market opportunities? The systemic addition of new products or markets, combined with retrenchment in other parts of domain characterizes the prospector. The prospector must have the ability to scan, survey a wide range of environmental trends and events. So the organization spends heavily on individual and groups who scan the environment. Change (within industry and to different industry) is major tool of the Prospector manager to gain edge over competitors. Product and market innovation protect the organization from a changing environment but the organization risks the low level of profitability and stretch (over expansion) of it resources.

Engineering problem for prospector is how to avoid long term commitments to a single technological process? Therefore the solution for this problem from prospector's perspective is to invest in flexible, proto-type technologies, and also to invest in multiple technologies. Prospectors have low degree of routinization and mechanization. Prospectors believe in organic organization where technology is embedded in people. Therefore technological flexibility permits a rapid response to changing domains but the organization cannot develop economies (or efficiency) in production and distribution system because of multiple technologies. This type of decentralisation increases cost as economies are difficult to achieve through this way.

Administrative problem for prospector is how to facilitate and coordinate (rather control) numerous and diverse operations? Solution for this problem for prospector lies in having organic-structure-process mechanism. Therefore top management is dominated by R & D and marketing experts, planning is broader rather than intensive, and oriented towards results not methods. The prospector's structure is characterised by low degree of formalization, decentralized control, lateral and vertical communication, etc. Therefore flexibility is the catchword for all three types of problems of entrepreneurial, engineering and administrative. Administrative system is ideal to maintain flexibility and effectiveness but may result in underutilization or misdirected utilization of resources.

3. Analyzer

The research shows that the defender and prospector seem to reside at the opposite ends of continuum of adjustment strategies. Between these two extreme we have analyzer and it is a unique combination of the two types. A true Analyzer is an organization that attempts to minimize risk while maximizing the opportunity for profit. It combines the strengths of both the prospector and defender into a single system. The best word to describe Analyzer's adaptive approach is "balance".

The entrepreneurial problem is how to locate and exploit new products and market opportunities while simultaneously maintaining a firm base of traditional products and customers. The obvious solution is to operate in hybrid domain – that is both stable and changing. The analyzer move towards new markets or products only after their viability has been demonstrated. This may be accomplished though imitation of the prospector once success is demonstrated by the prominent prospector. At the same time majority of the analyzer's revenue is generated by a fairly set of traditional products or markets a defenders' attribute. The operational efficiency of defender is to pursue and effectiveness of prospector in looking for new markets and products. Therefore analyzer can grow through both market penetration and market development strategies.

The duality of analyzer's domain is reflected in its engineering problem and solution. The main problem for analyzer is how to be efficient in its technology which a stable portion and to be a flexible in changing portion? The organization must learn how to achieve and protect equilibrium between conflicting demands for technological flexibility and for technological stability.

This equilibrium is accomplished by partitioning production activities to form a dual technological core. Stable component resembles the defender's technology functionally organized, routinized, standardized and mechanized while flexible technological component resemble the prospector's technological orientation – functionally decentralized and organic.

Administrative problem is how to differentiate the organization structure and processes to accommodate both stable and dynamic areas of operation. Therefore analyzer solves this problem through some version of matrix organization. The head of key functional units, most notably engineering and production unite with product managers (usually housed in marketing department) to form a balanced dominant coalition. The product managers' influence is usually greater than the functional manager since his task is to identify promising product- market innovations and to supervise their movement through applied engineering and into production in a smooth and timely manner. The presence of engineering and production in the dominant coalition is to represent the more stable domain and technology which are the foundations of the Analyzer's overall operations.

4. **Reactors**

Besides the fourth type of organizations is Reactors. This type of organization exhibits a pattern of adjustment to its environment that is both inconsistent and unstable. This type lacks a set of response mechanism which it can consistently apply to a changing environment. The reactors adaptive cycle usually consists of responding inappropriately to environmental change and uncertainty, performing poorly as a result, and then reluctant to act aggressively in the future.

Interesting question here would be why organizations become reactors? Three reasons cited by the authors, Miles & Snow et al, and are as follows:

i) Top management may not have clearly articulated the organization's strategy. For example a company founded by one-man (prospector with immense personal skills) successfully establishes its business but upon his death the firm is in strategic void.

ii) Management does not fully shape the organization structure and processes to fit to a chosen strategy. Strategy is a mere statement not a guide to behavior; similarly functional strategies might not be aligned. This is a typical case with organizations in LDCs to come forth quick with beautiful written vision and mission statements and other strategy documents.

iii) The ultimate cause of instability and failure might be the tendency on the part of management to maintain the organizations current strategy-structure relationship despite overwhelming changes in environmental conditions.

Adaptation and Strategic Management

Adaptation in one respect can be identified as strategic management as well. Therefore some scholars define strategic management as the process of continuously adapting to the changes in a firm's environment is called strategic management. According to Scott and Greiner too, "strategic management is not only needed to cope with changes in firm's external environment but also to cope with changes caused by processes internal to the firm (Scott, Greiner)". While to Ansoff the question is how do we configure the resources of the firm for effective response to unanticipated surprises? This leads us to the recently developed perspective of strategic management known as Resource Based View (RBV).

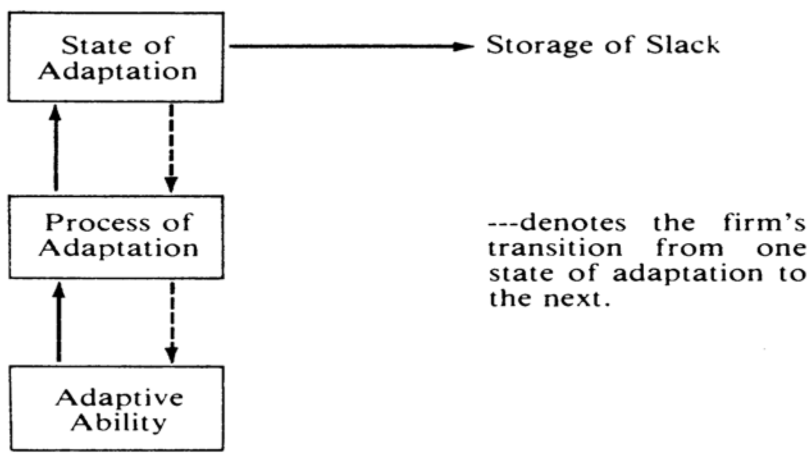
According Cyert and March, "The successful strategy itself would be a destabilizing influence (effect) on that strategy because of the surplus or slack" Because as the firm enjoys success generates surplus (of profits and resources) as a consequence and can therefore seek new activities and strategies (expansion in newer areas) which is destabilizing in nature. Nonetheless a distinction has to be made between strategies of action triggered by "changes in the external environment" and a "strategy of structure". Hence the bigger question for Ansoff is, "how do we configure the resources of firm for effective response to unanticipated surprises"

Lesson # 25

SKELETAL MODEL OF ADAPTATION

A state of adaptation, in a biological sense describes a sate of survival for an organism. Analogously, a state of adaptation for a business organization is one in which it can survive the conditions of its environment. There may be several niches available to a firm for surviving the conditions of its environment.

A Skeletal Model of Adaptation



States of Adaptation

Simon gives us a three modes that are open to a system

1. Passive insulation (Defender)

2. Reactive negative feed back (Analyzer)

3. Predictive or Proactive adaptation (Prospector)

Three states of adaptation are given by Chakravorti. He used the terms as unstable state, stable state and neutral state. All three states of adaptation are viable. The unstable state is the most vulnerable to changes in the firm's environment, a neutral state is the most vulnerable, and a stable state vulnerable only to certain environmental changes

In the unstable state, a firm tries to buffer itself from its environment, as it is extremely susceptible to environment to environmental changes. The manager of such a firm, concerned with the fragility of the firm's adaptation is continuously on the lookout for new buffering arrangements. These firms are called defenders and have narrow product-market domains, and they seldom seek to make major adjustments in their technology, structure or methods of operations. To Miles and Snow such an organization adapts by simply ignoring the environmental events or demands.

A stable state describes the state of adaptation in which instead of buffering itself from the environment, the firm is open to it and, in fact offers a reactive move in keeping with every move of the environment. The firm reacts to environmental changes and complies with environmental mandate. Called an analyzer , by Miles & Snow, such a firm has a buffered core like the defender, but unlike the defender it also has extensive market surveillance mechanism that enable it to imitate the best of products and markets by others.

In a neutral state, a firm can withstand most environmental changes because they have been anticipated before their occurrence and the firm has invested in the requisite adaptive ability. For Miles and Snow such types of organizations are called "prospectors" which are in continuous search for market opportunities. They often create changes in their environment, to which their competitors must respond. "A true prospector is almost immune from the pressures of a changing environment since this type of organization is continually keeping pace with change, and…frequently creating change itself", accords to Miles & Snow.

All the three states of adaptation are viable ways of coping with the environment. Defender, Prospector and Analyzer are all "stable" form of organizations, and manager chooses to pursue either of these strategies to cope effectively with its competitors. "If management chooses to pursue one of these strategies, and designs the organization accordingly, then the organization may be an effective competitor in the particular industry over a considerable period of time"

All state of adaptations does not have the same immunity from environmental changes. The neutral state has the highest immunity, followed by the stable and unstable states. A firm seeking to ensure its future should prefer a neutral state of adaptation over the other two states. But then the fundamental question arises: Why do not all firms show for the preference for such an ideal option? (Similar to the teacher-student environment metaphor, why cannot all students get the same grade or a grade?). The answer has two parts:

1. The state of adaptation depend on the firm's resources that it commands – (adaptive ability)

2. The nature of management processes within these firms (process of adaptation) influences the state of adaptation sought

Determinants of Adaptive ability

How can adaptability be improved? Lawrence & Lorsch gave the concept as differentiation and integration. Improving on firm's differentiation and integration would increase its adaptability. Christenson called this as level of organization – which again is composed of differentiation and integration, and then relabeled as Organizational Capacity.

The organization capacity measures the information processing ability of firm, and is an aggregate measure of the human resources of that firm. Andrew suggests that adaptation is measure by the nature and extent of the firm's material resources. Miles and Cameroon defines the same as Environmental Receptiveness Cluster which influences the state of adaptation. The cluster includes two things:

1. Resource scarcity the extent to which elements in the input of an org. lean in needed resources

2. Internal resources defined as the generalizability of a firm's core technology and expertise, and the extent of its slack. Material resources include inputs like finance and technology.

The Process of Adaptation

The process of adaptation consists of two sub-processes: Adaptive generalization and Adaptive Specialization

i) **Adaptive Generalization**

It is the process of improving the goodness of fit in a given state of adaptation. It refers to the rationalization of processes and structure using Material Capacity (MATCAP) and Organizational Capacity (ORGCAP) for moving to the nearest adaptive fit. Adaptive generalization refers to the process that improves the survival potential of the organization. Managing slack is the key to adaptive generalization. This requires that an old fit be consciously disturbed for the sake of new and higher fit.

(Require MATCAP & ORGCAP)

ii) **Adaptive Specialization**

This involves the choice of strategy appropriate to the environment and resources of the firm, and the design of a matching structure. An important part of strategic management is adaptive specialization, which involves:

1. Managing the choice of purpose for the firm so as to exploit its material and organizational capacities optimally

2. Minimizing the misfit, in the match between the chosen purpose and the firm's ORGCAP and MATCAP

Adaptive specialization involves formulation of strategy keeping in view firm's resources. Adaptive generalization and adaptive specialization follow each other in a cyclical pattern.

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The above lecture notes are essentially prepared from the following articles; excerpts and clippings are also taken from the same:

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LESSON # 26

STRATEGIC CHANGE

Before going to discuss the concept of strategic change let us first discuss the concept of strategy. What do we mean by strategy, its components and its usage as a word "strategic" especially? For instance one may observe its wide usage as strategic investment, strategic management, strategic finance and strategic planning and strategic marketing etc. Therefore when ever we talk of strategy it is essentially assumed that we are also dealing with its inalienable components which are as under:

1. Objectives **-** this may also mean vision, mission, goals and targets

2. Resources – financial, human, informational, technological etc.

3. Environment – Government, customer, society, economic conditions and specific environment means particular to industry in which organization operates like vendors, buyers competitors etc. The environment may be friendly, hostile or neutral.

4. Time orientation – short term or long term orientation

5. Competitors – strategy or tactics of competitors, nature of competition and rivalry

Therefore for students of business it is important to know the constituent elements of the word strategy whenever it is referred.

This lecture is based on the chapter of a very popular book on strategic management, comprising of a comprehensive framework for managing strategic change is given which is as under.

A Framework for Managing Strategic Change

1. **Diagnosing the Change situation**

- Types of Strategic Change
- The Importance of context
- Organization culture
- Force field analysis

2. **Management Styles and Roles**

- Styles of managing change
- Change agency roles: Strategic leaders, Middle managers, Outsiders

3. **Levers for managing change**

- Structure and control
- Routine
- Symbolic processes
- Political processes
- Communication
- Change tactics

1. Diagnosing the change situation

- **Types of Strategic Change**

First step in diagnosing the change situation is whether change is needed or not. If the change is needed then related question would be of what type? Therefore our concern is to identify various types of change. Balogun and Hailey have given the following typology of strategic change so as to identify the types of change required. The nature of change in an organization can be incremental or big bang one. Incremental change is built on skills, routines and beliefs for bringing in efficiency. While the big-bang approach to change might be needed on occasions, for example if the organization is facing crisis or needs to change its direction. The scope of the change means whether change can occur within the current paradigm that is, current organizational beliefs and assumptions, and can be classified further as realignment of strategy rather than a fundamental change of strategic direction. Or change requires a paradigm change, that is, transformational change. Combining these two axes we have four types of strategic change, as given in the figure below:

Scope of Change

Nature of Change

	Realignment	**Transformation**
Incremental	Evolution	Adaptation
Big bang	Revolution	Reconstruction

Adaptation is change which can be accommodated within the current paradigm and occur incrementally. It is the most common form of change in organizations

Reconstruction is concerned with rapid change and upheaval in an organization. For example organization may make structural changes like major cost-cutting programmes to deal with difficult or changing market conditions.

Evolution is change in strategy which requires paradigm change but over time. Evolution can also explained in terms of taking organization as learning system continually adjusting their strategies with the changing environment. This we discussed earlier as learning organization. But the danger in following incremental and evolutionary and incremental change lies in experiencing strategic drift, as organizations are based and bounded by the existing paradigm and routines of the organization

Revolution is change which require rapid and major strategic and paradigm change, or where strategic drift has resulted in developing extreme pressures for change.

- **The Importance of Context**

There is no one right for the management of change. The success of managing change will also be dependent on the wider context in which that change is taking place. Balogun and Hailey therefore build a number of important contextual features that need to be taken into account in designing change programmes. Some contextual features are:

i) Time - How quick change is needed?

ii) Scope - What degree of change is needed?

iii) Preservation - What characteristics to retain and what combination to change?

iv) Diversity - How homogeneous or heterogeneous the organization is from within?

v) Capability - What is the managerial and personal capability to implement change?

vi) Capacity - What is the degree of change resource available?

Vii) Readiness - How ready workers and managers at multiple levels are?

Viii) Power - What power does the change leaders have to impose? Who has the power to effect change?

- **Organisation Culture as context**

It is the organization culture which always shape and guide strategy. We will now look more closely at the process of culture change. Culture change is difficult and time consuming because "culture" is rooted in the collective history of an organization, and because so much of it is below the surface of awareness. In general, the process of culture change must include the following steps:

- Uncover core values and beliefs. These may include stated values and goals, but they are also embedded in organizational metaphors, myths, and stories, and in the behaviours of members.

- Acknowledge, respect, and discuss differences between core values and beliefs of different subcultures within the organization.

- Look for in-congruencies between conscious and unconscious beliefs and values and resolve by choosing those to which the organization wishes to commit. Establish new behavioural norms (and even new metaphor language) that clearly demonstrate desired values.

- Repeat these steps over a long period of time. As new members enter the organization, assure that they are surrounded with clear messages about the culture they are entering.

- Reinforce desirable behaviour.

- It's clear that culture change is an ongoing process, so it’s very hard to identify organizations that have "completed" a successful culture change.

- **Force field Analysis**

We have earlier talked about force field analysis. A force field provides an initial view of change problems that need to be tackled, by identifying forces for and against change. More relevant questions in this context can be asked like the followings:

What aspects of the current culture might aid change in the desired direction, and how might these be reinforced? What aspects of the current culture would block such change, and how can these be overcome? What needs to be introduced or developed to aid change? Johnson and Johnson have identified a generic example of force field analysis as pushing forces and resisting forces

Pushing forces	**Resisting forces**
High quality service	Work load / Overload
Ethos of hard work	Fire fighting
Flexibility	Departmentalism
Devolved services	departmental barons
	Formality of management
	Stories of good old days
	Blame culture
	Deference

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Management Styles and Roles

- Education and communication involve the reasons for and means of strategic change. Educating and communicating about strategic change might be very time consuming activity, and direction might not be clear to managers especially in large organizations. Change may be ineffective owing to misinformation and ineffective communication. For strategic change to take place reliance on top down communication processes may be problematic.

- Collaboration or Participation in the change process is the involvement of those who will be affected by strategic change in the identification of strategic issues, the strategic agenda, the strategic decision making processes or the planning of strategic change. This can help in increasing ownership and commitment to change and change process. It may entail the setting up of project teams or task forces. Nonetheless, this may prove to be more time consuming process but would lead to enhance the quality of decision. Strategy workshops can be quite useful for cross levels of management to work on particular strategic problems, provide solution within a larger strategic framework and drive change mechanisms down to routine aspects of organizational change

- Intervention is the coordination of and authority over processes of change by a change agent who delegates elements of the change process. Change agent retains control though interventions. For example, at particular stages of change such as idea generation, data collection, detailed planning, the development of rationale for change and the identification of critical success factors are delegated to project teams. If such teams do not take full responsibilities of the change processes then change sponsors tries to ensure the monitoring of change progress.

- Direction involves the use of personal managerial authority to establish a clear future strategy and how change will occur. It is essentially top down management of strategic change. It may be associated with clear vision or strategic intent developed by someone seen as leader in the organization. There are different styles of managing change. Two broad categories are directive and participative styles. Different stages in the change process may require different styles of managing change. Directive style is speedy and effective but runs the risk of overall acceptance while participation or intervention may be helpful in gaining wider acceptance and commitment across the organization but at the same time tends to be slower in its pace. If the organization corresponds to the kind of adhocracy, network or learning organization, it is likely to employ collaboration or participation based styles. In the most extreme for directive style becomes coercive, engaged in the imposition of change. This is a type of forced learning entailing explicit use of power but may be necessary for the organization facing crisis or concerned with large scale and rapid organizational transformation. Such type of transformation is least successful without crisis or creating crisis.

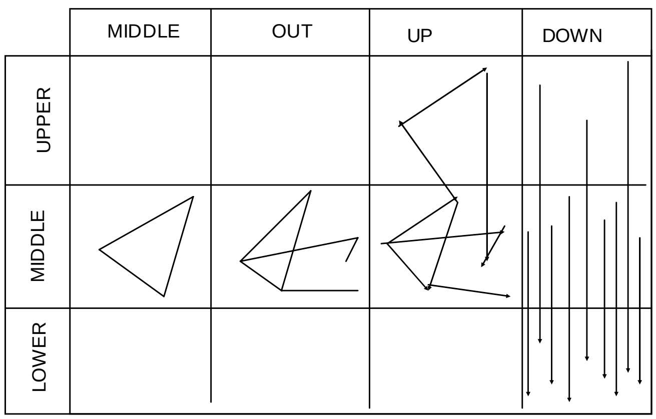
- **Change Agent Roles**

Change agent is an individual or group that affects strategic change in organization. In simple words change agent is the creator of change or strategy. These may be senior executives or CEO, middle level managers, and outsiders like consultants. Traditionally it is the external consultants, especially in the Western economies who are hired for their specialized job and expertise to come and visit organization to diagnose the ailment and give prescription for corrective measures in strategy or structure. Another type of change agents are internal consultants or senior executives, and can be identified as strategic leaders who are well verse with organization’s problems and policies. The approach of such in-house strategic leaders could be legal, bureaucratic, transactional or transformational. Nonetheless the common prescription is that strategic change could take place meaningfully if the CEO or strategic leader is visionary. Therefore we need a transformational or visionary leadership in order to have strategic change. The question of course now will be what the attributes of such type of leadership are. From our own cultural perspective one such prescriptions is given by our national poet as

The attributes of a leader as someone who is a visionary , true communicator – a communication which touches heart and full of empathy and commitment – who stands committed and can have feelings of others

Another perspective is MOUND model of change management which emphasizes greater role for the middle level manager as change agent. Therefore, recall your memories for Z theory of management which says policy making, implementation and organizational actions will be most effective at middle levels of management instead of top down (theory X) or bottom up (theory Y). This essentially is known as "ringsei" in Japanese language which means consensus oriented decision making. The logic is that is the middle level managers and their network who have greater levels of collegiality, communicability and placed strategically between senior executives and lower level workers and supervisors to bridge the gap and hence make organization effective in seeking its goals and objectives effectively. The MOUND model is illustrated below:

The Mound Model for Change



This means ay idea or strategy which is conceived by middle level of any one function area or department quickly moves out at the same horizontal level to middle level managers in other function areas or departments. The idea or strategy soon moves upward to senior executives and CEO, and once they get convinced by newer suggestions make part of organization wide policies. Hence the new idea or strategy then quickly moves downward. The MOUND model seems more appropriate for managing change in large organizations and bureaucracies where distances between top level managers and implementation levels are very high.
Recent concept of change agent might include lower level managers and workers, especially from knowledge worker and knowledge management perspectives. The concept of knowledge worker is that all members of the organizations are considered knowledge workers even those who are the shop-floor level, have tacit knowledge and know their job best, and can contribute effectively for organization through a conducive learning environment.

3. Levers for managing strategic Change

The followings are different levers that can be employed to manage strategic change:

- **Structure and Control Systems**

Changing aspects of structure and control of organization are considered important aspects of strategic change. But most of the time top managers may change strategy but behaviour and assumptions remain the same, with the result that change programme tends to be ineffective. What is more important is that whether the proposed strategic change brings in conformity of thinking values and system or promotes and incorporates criticality? Generally when we talk of system we mean to stress uniformity, conformity and stability but systemic thinking also tend to incorporate different views of reality and critical thinking. Because system itself is composed of various subsystems having different demands and functions. Therefore it is important for change agents and change leaders while designing structure and control system that it should not just be considered for manufacturing consent instead should be directed to promote knowledge and values appropriate for strategic change.

- **Routines**

Routines are the organizationally “specific ways to do things around here” which tend to persist over time and guide people’s behaviour. Routines may also be considered as a double edge sword in the sense that it may lead organization to carry its operations in distinct ways and achieve its competitive edge, but also present a risk to act to block change and creativity, and may lead to strategic drift.

Changes in organizational routines can be a powerful signal of and stimulus for change because change in strategy should correspond to change in implementation or operations. But then routines are closely related with the existing paradigm, hence changing strategy means changes in taken for granted assumptions and taken for granted routines and ways of doing things that are the cultural elements. Routines are even considered more powerful than even education and communication technique of changing people. Thus changing routine is a good technique to change behaviour which may help people in evaluating and changing their beliefs and assumptions. Therefore it is suggested for managers who are trying to effect strategic changes to take personal responsibility not only for identifying changes in routines, but also for monitoring that they actually occur. The changes may appear to be mundane but they can have significant impact.

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- **SYMBOLIC PROCESSES**

Change processes are not always of an overt, formal phenomenon and may also be symbolic in nature. Symbolic acts and artefacts of an organization and managers help preserve the paradigm, and there exist a relation ship between organization culture and its strategy. Symbols are objects, events, acts or people which express more than their intrinsic content. They may be everyday things which are nevertheless meaningful in the context of a particular situation. It is argued that the creation or manipulation of symbol has impact, to the extent that changing symbols can reshape beliefs and expectation because meaning becomes apparent in day to day experience in the organization.

Many of rituals of the organizations are implicitly concerned with effecting or consolidating change. They are capable of being managed proactively: new rituals can be introduced or old rituals done away with. Symbolic significance is also embedded in the systems and processes of the organization. Reward system, information and control system, and the very organizational structures that represent reporting relationships and often status are also symbolic in nature. For example take the case of selection interview for organization. A highly formal interview procedure may signal a mechanistic, hierarchical organization, whereas a more informal dialogue is likely to signal an environment and expectation of challenge and questioning. If selection processes are changed, different types of managers are appointed, and visible encouragement to challenge and questioning is given, this can signal within the organization a commitment to strategic change. In this sense selection processes are symbolic in nature.

Similarly changes in physical aspects of the work environment are powerful symbols of change. Typical here is the location and change of location for head office, relocation of personnel, changes in dress or uniform, and alteration to office space or office space

The most powerful symbol of all is the behaviour of change agent themselves, particularly strategic leaders. Their behaviour, language and the stories associated with them signal very powerfully the need for change and appropriate behaviour relating to the management of change.

Beside stories, rumours on grapevine the use of language used by change agent also effects change process. Either consciously or unconsciously change agents may employ language and metaphor to galvanise change. In this context language is also powerful not only for the communication of facts and information but because of its symbolic significance and is able to carry several meanings at once.

- **Political Processes**

One can not escape politics where there is human concern. The reconfiguration of power structure in the organization is needed which depends on the nature of change. Radical or transformational the type of change more radical will be the reconfiguration of power structure. The momentum for change will need powerful advocacy within the organization, typically from the chief executive, members of board, union and other influential outsiders. Change occurs in organization combining the interest and power of individual and groups, thereby making the understanding of political context in and around organization quite essential for achieving change successfully.

Like else where in organization too there is a ruling party (unsaid) and opposition party whether it is a public or private sector organization. Members of organization perceive to be on either side, and the nature of nature of opposition varies from the type of industry, sector and size of organization. Similar concept is of organization elite, trustworthy and loyal people are appointed on key or prime position for the use of authority and control of resources. Thus change may either means a threat for existing elites or perpetuation of their rule. Therefore people, rules and resources are manipulated to achieve change related objectives. The successful change management means involvement in the political activities like building the power or political base, overcoming resistance and achieving compliance for change related policies and objective. Categorically stating the political activities may include the followings:

i) to build the political support or power base
ii) to encourage support or overcome resistance
iii) to achieve commitment to a strategy or course of action

LESSON # 29

COMMUNICATING CHANGE

Of all, communication is perhaps the most complex human and organizational phenomenon. So communication change, what it is intended to achieve or what is involved in the communication process and the way to communicate is in fact a very complex one. The effective communication of vision, mission and strategic intent down to lower tiers of or all across organization is not a simple and easier task. It may be important to clarify and simplify further the priorities of the strategy. One approach is to emphasise a limited number of key components or aspects of strategy rather than to communicate the strategy with overall complexity and ramification. The choices of media also vary from employing techniques such as face-to-face, one-to-one, through routine bulletins and notice boards and circulars around the organization. The involvement of members of organization in the strategy development process or planning strategic change is also, in itself is means of communication and can be very effective. Communication needs to be seen as a two-way process. Feedback on communication is important, particularly if the changes to be introduced are difficult to understand or threatening or if it is critically important to get the changes right. One such effective technique to get feed back is through focus group employed by senior executives to see the implementation and acceptance of change. Another powerful technique is the use of grapevine (informal communication) which takes the form of gossips, rumours and storytelling. Now senior executive wants to control and manage the grapevine in the best interests of the organization.

- **Change Tactics**

There are also some very specific tactics of change which might be employed to facilitate change process

i) Timings

The importance of timing is often neglected in thinking about strategic change. Timing also refers to choosing the right time tactically to promote change. For example the greater the degree of change the more it may be useful to build on actual or perceived crisis. If members of the organization perceive a higher risk in maintaining the status quo than in changing it, they are more likely to change. Another important tactic for acceptance or rejection of change is the sequence of events; or how the change is introduced, piecemeal or as a whole and which should come first and which should come later.

ii) Dismissals, Job Losses and Delayering

Change programmes are often associated with job losses, from the closure of units of the organization, with hundreds or thousands of job losses, to the removal senior executives or even chief executive. For example this becomes so especially if the organization is in its drive for automation, resulting in the removal of the whole layers of management and hierarchy. It was during 1990s when larger MNCs were going for mergers, restructuring and outsourcing that thousands of employees lost their jobs out of change in strategy. Therefore the tactical choice of where job losses should take place related to the change programme

iii) Visible Short Term Wins

Strategy may be conceived of as having to do with long term direction and major decisions. Nonetheless what is essential is to have the implementation of strategy is that change programme should have detailed action plans and tasks associated with strategy. For example a retail chain developing a new store concept and demonstrating its success in the market may need short term wins like the effective breaking down of working of old ways and the demonstration of better ways; the speeding up of decisions by doing away with committees and introducing clearly defined job responsibilities, and so on.

iv) Promoting Winners & Heroes

Change most of the time result in creating either winners or losers. It is not considered win-win for every one. What is needed by senior leadership is to promote winners and heroes as symbol of high performers so that this may create a culture of high performance. Success stories are propagated amongst managers for their mind and behavioural programming and repeat success. This in overall is considered important tactic in the implementation of strategy.

References:

This lecture is based on Chapter 11, Managing Strategic change of Exploring Corporate Strategy written by Johnson & Johnson. 10th edition.

For change in organization culture see further www.soi.org

For MOUND model see Alex Miller's book on Strategic Management 4th edition