Organizational Renewal: The Challenge of Change

Chapter 2
Objectives

- Recognize the factors contributing to the accelerating rate of change
- Identify the ways an organization uses renewing processes to adapt to change
- Determine the individual and group methods of coping with change
- Understand and apply the sociotechnical approach to OD
The Challenges of Change

- Organizations
- Downsizing
- Reengineering
- Flattening structures
- Going global
- Initiating more sophisticated technologies
Organizational renewal requires that top managers make adaptive changes to the environment.

Manager must analyze the organization, its departmental system interrelationships, and the possible effects on the internal environment.

This approach, termed the *system approach* provides a way of observing, analyzing, and solving problems in organizations.
Constant Change

- Organizations exist in constant changing environment and therefore must have the capacity to adopt.

- Managers must do more than react; they must be able to anticipate the changing patterns of people, markets, product, and technology.
Six areas of Organizational Development

1. Organizational renewal
2. The system approach
3. The sociotechnical system
4. Future shock
5. Organizational transformation and development
6. Organizational development and planned change.
Organizational Renewal: Adapting to Change

- Organizational renewal may be defined as an ongoing process of building innovation and adaptation into the organization.
- Entropy is principle of physics stating that everything that is organized will break down unless it is maintained.
Approach to Change

- A hyperturbulent environment is characterized by rapid changing product lines, and increasing and changing set of competitors, rapid and continual technological innovation, and rapid market growth.
A Model of Adaptive Orientation

<table>
<thead>
<tr>
<th>Renewing Transformational (Hyperturbulent Environment, High Adaptation)</th>
<th>Reactive (Hyperturbulent Environment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisificing (Stable Environment, High Adaptation)</td>
<td>Sluggish Thermostat (Stable Environment, Low Adaptation)</td>
</tr>
</tbody>
</table>
The System Approach: Finding New Ways to Work Together

- The system approach to managing change views the organization as a unified system composed of interrelated units.
- Managers look at the organization as a part of a larger external environment.
## The Organizational as an Open System

<table>
<thead>
<tr>
<th>Resource Inputs</th>
<th>Transformation Process</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information</td>
<td>Organization</td>
<td>Products</td>
</tr>
<tr>
<td>Equipment</td>
<td>Human Resources</td>
<td>Goods</td>
</tr>
<tr>
<td>Facilities</td>
<td>Workplace Actions</td>
<td>Services</td>
</tr>
<tr>
<td>Materials</td>
<td>Physical Resources</td>
<td></td>
</tr>
<tr>
<td>Money</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|←----------------------|___________________________________________________________|←----------------------|
| Feedback from Environment | Employees Departments and Managers | Feedback from Customers |←----------------------|
|                       | Customers                                             | Investors              |←----------------------|
|                       | Government                                           | Regulations           |←----------------------|


The Sociotechnical System

- Sociotechnical Systems- organization is viewed as an open system which coordinate human and technical activities.

- The sociotechnical system uses the following approaches:
  - Organized around process – not tasks
  - Flatten the hierarchy
  - Use of teams to manage everything
  - Let customers drive performance
  - Reward team performance
The Sociotechnical System

1. Goals and Values
2. The Technical Subsystem
3. The Structure Subsystem
4. The psychosocial Subsystem (Culture)
5. The Managerial Subsystem

1. Basic Mission and Vision of the organization.
2. Activities; operations; techniques and equipment
3. Formal design; policies; procedures; organizational chart; division of work; patterns of authorities
4. Social relationship; behavioral patterns of members; norms; roles; communications
5. Directing; organizing and coordinating
Alvin Toffler, in *Future Shock* suggested:

- Most people are utterly unprepared to cope with accelerated rate of change.
- *Future shock* is a time phenomenon, a product of a greatly accelerated rate of change in society.
- Too much change in too short a time affects managers and organizations as well.
- When change occurs rapidly, the capacity of management to react is strained, creating the danger of future shock.
Organization Transformation and Development

- Organization transformation and organizational development are both approaches to managing change in organization.

- Organization transformation may be defined as the action of changing an organization’s form, shape, or appearance, or changing the organization’s energy from one to another.
OD: The Planned Change Process

- OD, or planned organizational change, is a deliberate attempt to modify the functioning of the total organization or one of its major parts in order to bring about improved effectiveness.
Individual Effectiveness

- Organization is made of individual members, and each member has unique values, belief, and motivation.
Team Effectiveness

- Change efforts may also focus on the fundamental unit of an organization, team or work group, as means for improving the organization's effectiveness.

- These activities are designed to improve work teams
Team Effectiveness

- One technique that is used is process observation.
- Two separate dimensions of groups are:
  1. Content - the task of the group
  2. Process – the way the group functions
- Group process includes such factors as leadership, decision making, communication, and conflict.
Team Effectiveness

- OD practitioners need to develop skills and observation to learn to be a participant-observer, that is to actively participate and at the same time be aware of group process.
Organization Effectiveness

- OD change efforts is the organizational system.
- The total organization may be examined by use of climate survey.
- Planned change programs are then designed to deal with the specific problems areas identified in the survey.
Questions