MEASI INSTITUTE OF MANAGEMENT
CHENNAI-14

Approved by All India Council of Technical Education and Affiliated to the University of Madras, ISO 9001:2015 Certified Institute

ORGANIZATIONAL DEVELOPMENT COURSE MATERIAL

MEASI Institute of Management

Ms. Nishath Parveen

Assistant Professor

VISION & MISSION STATEMENTS

VISION;

- To emerge as the most preferred Business School with Global recognition by producing most competent ethical managers, entrepreneurs and researchers through quality education.

MISSION;

- **Knowledge through quality teaching learning process**; To enable the students to meet the challenges of the fast challenging global business environment through quality teaching learning process.
- **Managerial Competencies with Industry institute interface**; To impart conceptual and practical skills for meeting managerial competencies required in competitive environment with the help of effective industry institute interface.
- **Continuous Improvement with the state of art infrastructure facilities**; To aid the students in achieving their full potential by enhancing their learning experience with the state of art infrastructure and facilities.
- **Values and Ethics;** To inculcate value based education through professional ethics, human values and societal responsibilities.

PROGRAMME EDUCATIONAL OBJECTIVES (PEOs)

PEO 1; Placement; To equip the students with requisite knowledge skills and right attitude necessary to get placed as efficient managers in corporate companies.

PEO 2; Entrepreneur; To create effective entrepreneurs by enhancing their critical thinking, problem solving and decision-making skill.

PEO 3; Research and Development; To make sustained efforts for holistic development of the students by encouraging them towards research and development.

PEO4; Contribution to Society; To produce proficient professionals with strong integrity to contribute to society.

Ms. Nishath Parveen

Assistant Professor

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Program Outcome;

PO1; Problem Solving Skill; Apply knowledge of management theories and practices to solve business problems.

PO2; Decision Making Skill; Foster analytical and critical thinking abilities for data-based decision making.

PO3; Ethical Value; Ability to develop value based leadership ability.

PO4; Communication Skill; Ability to understand, analyze and communicate global, economic, legal and ethical aspects of business.

PO5; Individual and Leadership Skill; Ability to lead themselves and others in the achievement of organizational goals, contributing effectively to a team environment.

PO6; Employability Skill; Foster and enhance employability skills through subject knowledge.

PO7; Entrepreneurial Skill; Equipped with skills and competencies to become an entrepreneur.

PO8; Contribution to community; Succeed in career endeavors and contribute significantly to the community.

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Subject Code	Subject Name	L	T	P	S	C
PMF18	**ORGANISATIONAL DEVELOPMENT**	**3**	**0**	**0**	**0**	**3**

Course Objectives	
C1	To familiarize on the concept of Organizational design, structure and the major determinants that reshape the organizational structure.
C2	To understand the need of managers and leaders in for reinforcing a global organization culture
C3	To elucidate the importance of work group behavior and Quality of work life
C4	To provide insights on stress management and stress coping strategies
C5	To emphasize and understand the OD interventions and need for change.

SYLLABUS

Unit. No.	Details	Hours
Unit I	Approaches to Understanding Organizations; Key Organizational Designs - Procedures - Differentiation & Integration - Basic Design – Dimensions Determination of Structure - Forces Reshaping Organization – Life Cycles in Organization	9
Unit II	Organizational culture – Key Role of Organizational Culture - Functions & Effects of Organizational Culture - Leaders role in shaping and reinforcing culture, Developing a Global Organizational Culture	9
Unit III	Work Groups & Teams - Preparing for the world of work Group Behavior Emerging issues of Work Organization and Quality of Working life – Career stage model – Moving up the career ladder	9
Unit IV	Stress and Well Being at Work; Four approaches to stress - Sources of stress at work, consequences of stress - Prevalent Stress Management - Managerial implications	9

Ms. Nishath Parveen

Assistant Professor

Unit V	Organizational Development and Change; Organizational Development Alternative Interventions - Change Agents ; Skills - Resistance to change- Managerial the resistance - Levin's change model - Organizational reality	9
	TOTAL HOURS	45

Reference Books	
1.	Anderson, D., Organization Development; The Process of Leading Organizational Change, Sage Publication 2009.
2.	Brown, D. and Harvey, D., An Experiential Approach to Organization Development, 7th Edition, Pearson, 2006.
3.	Cheung-Judge, M. and Holbeche, L., Organization Development; A Practioner's Guide for OD and HR, Kogan Page, 2011.
4.	Cummings, T., Theory of Organization Development and Change, 9th Edition, South-Western, 2011.
5.	French, W., Bell, C. and Vohra, Organization Development; Behavioral Science Interventions for Organization Improvement, 6th Edition, Pearson Higher Education, 2006.
6.	Ramanarayan, S. and Rao, T.V., Organization Development; Accelerating Learning and Transformation, 2nd Edition, Sage India, 2011.

Institute Course Material	
Course Material	Feedback & Suggestions
Case Studies	
Question Bank	
University Question Paper Samples	

E-Sources	
1.	**http;//www.pondiuni.edu.in/sites/default/files/organizatinal-development-260214.pdfwww.shsu.edu/~mgt_ves/mgt560/ServiceManagement.ppt**
2.	**http;//ssmengg.edu.in/weos/weos/upload/EStudyMaterial/MBA-MDU/MBA-MDU3/MBA3rd%20Sem%20MDU%20(OCD).pdfhttps;//www.mheducation.co.uk/he/chapters /9780077133016.pdf**

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3.	**http;//ebooks.lpude.in/management/mba/term_4/DMGT520_ORGANIZATION_CHANGE_AND_DEVELOPMENT.pdf**
4.	**http;//otgo.tehran.ir/Portals/0/pdf/organization%20development%20and%20change.pdf**
5.	**https;//www.bkconnection.com/static/mcleanexcerpt.pdf**
Assessment Tools Used	
1.	Assignments
2.	Internal Assessment Tests
3.	Model Exam
4.	Seminar
5.	Case Studies
6.	Group Discussions
7.	Management games
8.	Role play
9.	Simulation
10.	Synetics
Content Beyond Syllabus	
1.	Human Resource Management Interventions – Techno structural interventions – Professional OD practitioner
2.	Business model and value propositions – Professional ethics - Developing cross function linkages
3.	Parallel organization – Mental models - Competitive and Collaborative strategies – Trans organizational change.

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Assistant Professor

Additional Reference Books	
1.	Kondalkar, Organization Effectiveness And Change Management,PHI Learning, New Delhi,2009
2.	Dipak Bhattacharyya, Organizational Change And Development, OxfordUniversity Press, New Delhi, 2011
3.	Thomson G. Cummings and Christopher G. Worley, Organizational development and change, Cengage learning, 9th edition 2011
4.	Robbins Organization Theory; Structure Design & Applications, Prentice Hall of India, 2009.
5.	Bhupen Srivastava, Organizational Design and Development; Concepts application, Biztantra, 2010.

Course Outcomes

CO. No.	On completion of this course successfully the students will;	Program Outcomes(PO)
C318.1	Possess knowledge on the organizational design, structure and factors reshaping organization.	PO6
C318.2	Be aware on the role of managers and leaders in creating an effective organizational culture	PO4, PO5, PO6
C318.3	Obtain insight on work group behavior, challenges and career development.	PO5
C318.4	Understood the causes of stress and strategies to manage stress in an organization	PO6
C318.5	Learn the concept of OD intervention and impact of change in an organization.	PO5

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Assistant Professor

UNIT 1- Approaches to Understanding Organizations;

Organizational design is the process of creating the hierarchy within a company. The six elements of organizational design help business leaders establish the company departments, chain of command and overall structure. The aspects of organizational structure most notably reviewed is the organizational chart. Consider these six key aspects when creating the design elements of an organization.

Key roles/Dimensions of Organizational structure:

Work Specialization

- Work specialization is the first of the elements of organization structure. Business leaders must consider the job tasks and specific duties associated with given positions.
- Dividing work tasks among different jobs and assigning them to definite levels, is the role of work specialization elements.
- An example would be giving the first person in the assembly line the job of putting the first three components together. The second person in the assembly line might then put the decals on the product, and the third would put the item in the box.
- Leaders should be careful to not overly specialize in any one job because this can lead to boredom and fatigue. This results in slower work and even errors.
- Managers may have jobs assigned and adjust the roles depending on how specialized the job in one area is.

Departmentalization and Compartments

- Departmentalization and compartments are two other components of organizational design. Departments are often a group of workers with the same overall functions.
- They are often broken down by broad categories such as functional, product, geographical, process and customer.
- Common departments include accounting, manufacturing, customer service and sales.
- Compartments might have teams with different department members that are put together for efficiency.
- For example, a company delivering IT services to other businesses might have teams assigned to each company. Each team might have a project manager, a graphic designer, a coding specialist, a security specialist, a client rep and service provider.

Chain of Command

- The chain of command is what the organizational chart typically illustrates.
- It shows who reports to who in the company's human resources structure. Some companies have a more traditional hierarchy with very clear department leaders and executives in charge.
- Other companies use a more fluid chain of command and structure where more people are considered part of the same level of command on a cross-functional team.
- There are pros and cons to any model. What is important is that employees know what is expected of them and how they get information to flow to the proper channels.
- If an employee isn't sure who his direct supervisor is due to an unclear chain of command, he might not properly relay the right information to the right party.

Span of Control

- The span of control is the organizational design element that considers the capacity of any manager. There are limits to the number of people one person can oversee and supervise.
- The span of control addresses this design element. If a manager has too many people to oversee, he might lose his effectiveness and not recognize problems or successes.
- A span of four means that for every four managers, sixteen employees can be effectively managed. Other industries might use a span of eight or another number that describes how the human resources directors need to disburse managers.

Centralization and Decentralization

- Centralization and decentralization are organizational design elements deciding the degree which decision-making is made at one central level or at various levels by employees.
- For example, all major budget decisions would filter to the chief executive officer and chief financial officer in a centralized fashion.
- Customer service decisions might be decentralized giving those interacting with customer directions on how to handle issues but the authority to make certain decisions.

Formalization of Elements

- Smaller organizations tend to have informal elements where large organizations formalize roles more specifically.
- The reason smaller organizations use less formal standards is that employees may serve multiple roles as necessary.

Ms. Nishath Parveen

Assistant Professor

- Bigger organizations need to formalize elements to ensure the right stuff gets done on time and correctly.
- Formalization might also be seen with specific job duties.
- For example, there may be a very specific way that payroll is done to ensure that everyone gets paid on time, with the correct withholding. The sales department might not be very formalized, and might allow each representative to find his organic process so that he may succeed.

PROCESS/PROCEDURE OF ORGANIZATIONAL DESIGN

The first challenge of the design process is to create a streamlined and effective organization that is aligned with the strategy and desired results of the organization. The second challenge is to get buy-in from the entire organization and implement the new design so that it dramatically and positively changes the way the business operates.

Many organizations fail to adapt and adjust their internal infrastructure to the rapidly changing business demands around them because their business processes, structures, and systems act as barriers to efficiency and common-sense decision making. These internal barriers can trap capable people who eventually become cynical and disheartened by their inability to change or influence obvious gaps, inconsistencies, or burdensome constraints within the organization.

There are a number of ways to set up the design process. Senior leadership can sponsor and lead the change process using the conference model, where large numbers of people from a cross-section of the organization participate real-time in analysis, design, and implementation sessions.

The advantage of this model is that a significant number of employees, if not the entire organization, can be directly involved in the change process. This builds a strong sense of commitment and ownership to new design decisions and directions. Another advantage to the conference model sessions is that problems can be identified and design and implementation decisions can be made quickly, without drawing out the process over extended periods of time. Using this model we can accomplish short-cycle redesign in a matter of weeks instead of months and years.

A second model involves a core design team, charted by senior management. In this model, a smaller number of employees from a cross-section of the organization analyze, redesign, and develop implementation plans which they present to senior leadership and the rest of the organization for approval and adjustment.

Ms. Nishath Parveen

Assistant Professor

The advantage of this model is that the design team creates continuity throughout the process, and can drill deeper in some of the analysis, design and planning tasks. The design team model also fosters commitment and ownership throughout the organization, but requires more ongoing communication to the rest of the organization, and tends to take a little more time to get through design and planning and on to implementation. With either the conference model or the design team model, the design process, from chartering to implementation, can take from six weeks to eighteen months, depending on the size, motivation, and resources of the organization.

STEP #1: IN-DEPTH PROCESS ANALYSIS

- If comprehensive organization assessment has not been done during the leadership process as part of direction setting with senior leadership, it must be done here as preparation for design sessions.
- Once assessment is completed, it is often necessary to analyze core work processes and computer system flows at more levels and in more detail.
- In-depth process analysis starts where the larger assessment process leaves off, identifying and analyzing processes which need to be understood and mapped in more detail before conscious and accurate design decisions can be made regarding them.
- If there are other systems or structures which need to be better understood, they may also be analyzed in more depth before moving to redesign decisions. In-depth analysis can take from a few days to a few weeks, depending on the need for more data.

STEP #2: ORGANIZATION DESIGN

- The macro design session can last from four or five days, depending on the size and complexity of the organization.
- During this session, participants step outside the current organization and develop a comprehensive set of recommendations for the larger or “macro” organization, aligning it with current strategies and business demands.
- They outline the “ideal organization,” identifying ideal processes, structures, and systems for the whole organization.
- They will streamline and simplify core processes spanning the entire business, and reconfigure how business units, departments, support groups and teams organize around those processes.
- This often eliminates functional silos and integrates people and resources around activities critical to organization success. As units are created, dedicated and shared resources are also assigned to various sections or levels of the organization.

Ms. Nishath Parveen

Assistant Professor

STEP #3: TEAM LEVEL DESIGN

- In some cases, the macro design session includes team level design. In many cases, however, a micro design session is needed to detail team configurations, roles, responsibilities, and staffing numbers.
- The micro design session generally takes from one to three days. In this session the number and size of teams is determined, and specific roles and responsibilities are designed for each team created.
- The micro design helps clarify how the macro design will fit together at all levels of the organization.

STEP #4: TRANSITION PLANNING

- Once design recommendations have been reviewed and accepted by the organization, the next task is to develop transition and implementation plans.
- Transition is the period between design and startup, which may be two or three weeks to six months, depending on the size of the organization, the complexity of the design and how quickly they can or need to implement.
- Implementation is the period of time between startup and the ideal. During transition planning, participants will identify all transition and implementation activities necessary to successfully implement the new design throughout the organization.
- They will identify transition activities such as employee communication, leadership training, or staffing changes which need to happen before startup begins.
- They will also identify implementation tasks such as tracking and measurement of the new design, which will be put in place at startup or sometime after startup on the journey to building the ideal organization.

STEP #5: TEAM DEVELOPMENT AND EMPOWERMENT PLANNING

- Individuals or teams are considered "empowered" when they are clear about boundary conditions (expected results, non-negotiables, authority levels, and time constraints) and have the knowledge, information, skills, resources, and support they need to achieve their charter.
- Empowerment planning is the process of identifying the boundary conditions, knowledge, information, skills, resources, and support that teams will need, and then planning how and when those items will be transferred to or developed into the teams.
- During the team development and empowerment planning session, middle management and team leadership will identify team empowerment needs and outline

plans for developing the teams and getting them the resources and support they need to succeed.

- Typically, leaders will develop a team development chart and determine levels of authority for various responsibilities the team will take on, choosing from the five levels of authority:
- Level 1—act when directed
- Level 2—act after approval
- Level 3—act after consultation
- Level 4—act and report
- Level 5—act autonomously

STEP #6: NEW DESIGN IMPLEMENTATION AND FOLLOW-UP

- The time period between approval of the new design and the designated startup date for implementation of the design is called transition.
- It is during this transition period that new jobs or job changes can be posted, interviews can be held, management changes can be decided and announced, and new structures, processes, policies, and plans can be explained in preparation for startup implementation.
- Leadership training and technical changes may also take place during transition. The purpose of transition is to make sure the organization is ready before it pulls the startup lever to begin implementation of organization changes and design plans.
- At startup, the designated date for beginning implementation, the organization breaks from the past and begins to function in the new design.
- This is when teams are co-located, new reporting relationships begin, resources are moved, and everyone in the organization begins the new way of operating.
- Some aspects of the design may be implemented during the first few weeks of startup.
- For example, base lines for measuring and tracking performance in the new design should be established at or near startup. Other design aspects such as the computer delivery systems, or the reward systems may require further study or development before they can be effectively adjusted or implemented during this phase.
- Continued re-evaluation and follow-up is essential to successful implementation. Especially during the early stages of implementation, it is critical for senior leadership to take the lead in integrating business performance, establishing common initiatives, and creating clear performance metrics throughout the organization.
- It is important to understand here that implementation is a process, not an event. Though the process is begun at startup, it may take months to fully implement the

ideal design, step by step, returning to and following up on initiatives detailed in the master implementation plan.

STEP #7: TEAM STARTUP AND DEVELOPMENT TRAINING

- One of the purposes of startup training is to bring newly formed business units and teams together around a vision of what they must accomplish in the new design.
- Teams, business units, and support groups are often pulled together to share expectations, learn about each other, and identify mutual requirements, especially if they have a high degree of interdependence.
- Leaders explain team development plans to their teams and discuss how those plans can be implemented over time.
- Teams can begin receiving training in the technical, business and social skills required for them to manage their part of the business and improve their performance.
- The training provided will depend on the development needs of each team and will come from a variety of different sources, including internal subject matter experts.
- We recommend that organizations invest in their own training staff who can provide ongoing planning, assessment, and delivery.

STEP #8: ADJUST AND REFINE COORDINATION AND DEVELOPMENT SYSTEMS

- Organization-wide coordination systems include communication and information sharing, decision making and authorization, measurement and feedback, goal setting, and policies and procedures.
- Organization-wide development systems include recruitment and selection, orientation, training and development, progression and promotion, performance evaluation and feedback, compensation, and recognition.
- During macro organization design, the ideal concept for each of the coordination and development systems will have been identified. The ideal concept for many of those systems can and should be implemented at startup.
- However, adjustment or serious redesign of some of the systems such as compensation or performance evaluation, often requires additional time to study alternatives and develop appropriate implementation plans.
- During startup, the organization charters a task force for each of the key coordination and development systems needing continued review and adjustment.
- Each task force studies, makes recommendations for appropriate adjustment or redesign of their designated system, and then guides and monitors implementation of that system throughout the organization.

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- These system task forces are normally staffed by volunteers from a cross-section of the organization.
- Refinement and implementation of these key coordination and development systems may be an ongoing process for a year or two after startup, until the systems are effectively integrated into the new organization design.

DIFFERENTIATION & INTEGRATION

Businesses, much like individuals, develop in their own way and at their own pace. Several factors influence how a business develops, from the personality of its leaders to its chosen industry to the economic climate. The results can range from a structured, vertical hierarchy run a bit like a military operation, to a loose, horizontal free-form group that has more the feel of busy but enjoyable summer camp.

When businesses give autonomy and power to each of their divisions and departments, the result is differentiation, in which each section develops its own cultures and methods. When a company brings its separate parts together under one leader or a single mission, the business undergoes integration. Integration leads to a unified and cohesive company structure. Companies select between a differentiated and an integrated structure depending on their industry, personnel and leadership.

DIFFERENTIATION:

Small business owners usually are fully aware of product differentiation, even if not by that name. Products in a retail store are different not only in terms of what they do for the consumer but also in quality and aesthetic considerations such as color or style. Understanding product differentiation and the difference between horizontal and vertical differentiation can help small business owners devise a solid strategy for developing and marketing their products.

Product Differentiation

Product differentiation is the business strategy of developing and marketing different kinds or styles of products. Producers differentiate their products in the market to establish or exploit competitive advantages and expand market share. How a company goes about differentiation varies considerably, from offering entirely new products and services to merely changing the

design or color of a product. In either case, the company is looking to meet the needs of more consumers by offering them different products. There are two broad categories of differentiation -- vertical and horizontal.

Horizontal Differentiation

Horizontal differentiation refers to distinctions in products that cannot be easily evaluated in terms of quality. This stands in contrast to vertical differentiation, where the distinctions between products are objectively measurable and are based in the products' respective level of quality. Horizontally differentiated products vary only marginally, as it's more efficient for producers to try to capture as many new consumers as possible with minimal additional costs. While horizontally differentiated products tend to command similar prices at equilibrium, the lack of relationship to quality does not necessarily imply that they cost the same -- two products may be virtually identical in all considerations except for color or flavor and still be offered at totally different prices.

Subjective Preferences of Consumers

Unlike vertically differentiated products, the features of horizontally differentiated products cannot be ordered objectively. Common examples of horizontal differentiation include location -- offering the same products, but in different geographical areas -- or color -- offering the same products in different paint schemes, for instance. In another example offered by Teng Wah Leo of St. Francis Xavier University, "one car enthusiast may look first for the BHP (brake horsepower) for his truck; another may be more concerned with MPG (miles per gallon)."

Advantages and Disadvantages

Horizontal differentiation offers producers some key advantages, including the possibility of greater market share -- refrigerators offered in both white and black appeals to consumers with either preference, for example. Horizontal differentiation often is cheaper than improving quality, which is necessary for vertical differentiation. Offering too many options, on the other hand, may become inefficient due to the cost of producing new options. In

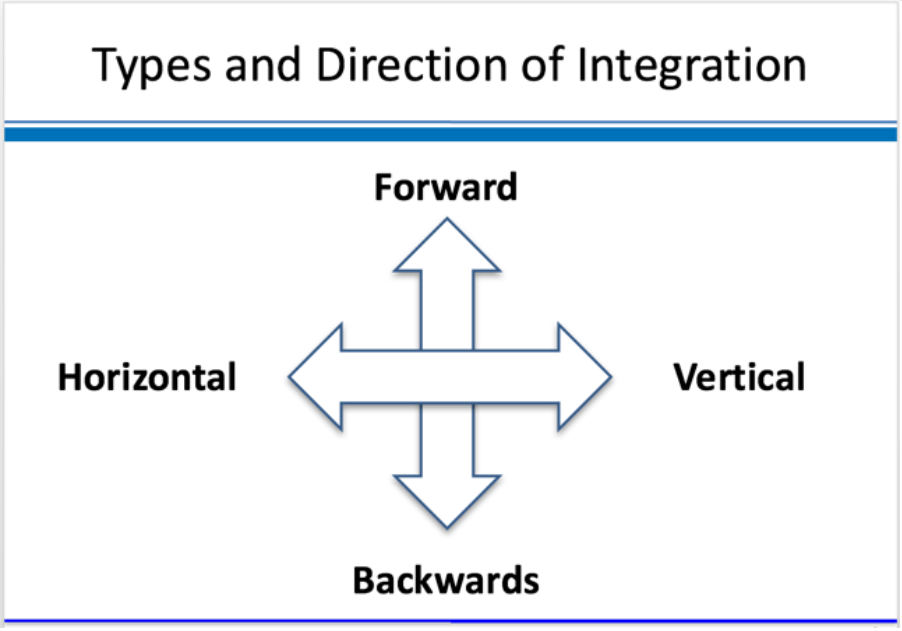
addition, horizontal differentiation is not enough to acquire new customers if they are looking for higher levels of objectively measured quality or lower prices.

Vertical Product Differentiation

If both A and B products are charged the same price to the consumer, then the market share for each one will be positive, according to the Hoteling model. The major theory in this all consumers prefer the higher quality product if two distinct products are offered at the same price. A product can differ in many vertical attributes such as its operating speed. What really matters is the relationship between consumers willingness to pay for improvements in quality and the increase in cost per unit that comes with such improvements. Therefore, the perceived difference in quality is different with different consumer, so it is objective.[8] A green product might be having a lower or zero negative effect on the environment, however, it may turn out to be inferior to other products in other aspects. Hence, it also depends on the way it is advertised and the social pressure a potential consumer is living in. Even one vertical differentiation can be a decisive factor in purchasing

When two businesses are brought together through a merger or takeover, it is possible to define the nature and type of **integration** based on the activities of each business and where they operate in the supply chain of an industry.

The types of integration are illustrated in the diagram below:



Types of IntegrationThe main types of integration are:

Backward vertical integrationThis involves acquiring a business operating earlier in the supply chain – e.g. a retailer buys a wholesaler, a brewer buys a hop farm

Conglomerate integration this involves the combination of firms that are involved in unrelated business activities

Forward vertical integration this involves acquiring a business further up in the supply chain – e.g. a vehicle manufacturer buys a car parts distributor

Horizontal integration: Here, businesses in the same industry and which operate at the same stage of the production process are combined.

Organization Structure

An **organizational structure** defines how activities such as **task allocation**, coordination, and supervision are directed toward the achievement of organizational aims.[1]

Meaning of Organization Structure:

In simple term, 'structure' is the pattern in which various parts or components are interrelated or inter-connected. Thus, organization structure is the framework that provides a set of relationships among various components or parts of the enterprise. This prescribes the relationships among various activities and positions. Since these positions are held by various persons, the structure is the pattern of relationships between and among individuals and groups in the enterprise.

According to Albert K. Wickenburg:

"The set of inter-personal relationships which operates in the context of position, procedure, process, technology and social environment comprises what is known as organization structure."

Organizing is a facilitating function and structure is its mechanism. The concept of organization and its structure, and inter-personal relationships is extremely complex. So, it is desirable to build up a suitable organization structure which will assist economical and effective attainment of objectives avoiding the complexities as far as possible.

Organization is a means to an end. Organization structure is an important means in this respect. Good structure is, therefore, indispensable. Unsound structural framework will seriously impair good business performance and may even destroy it. So, it should be the task of the managers to establish a structure best suited for the enterprise. The structure depends upon the needs of the enterprise.

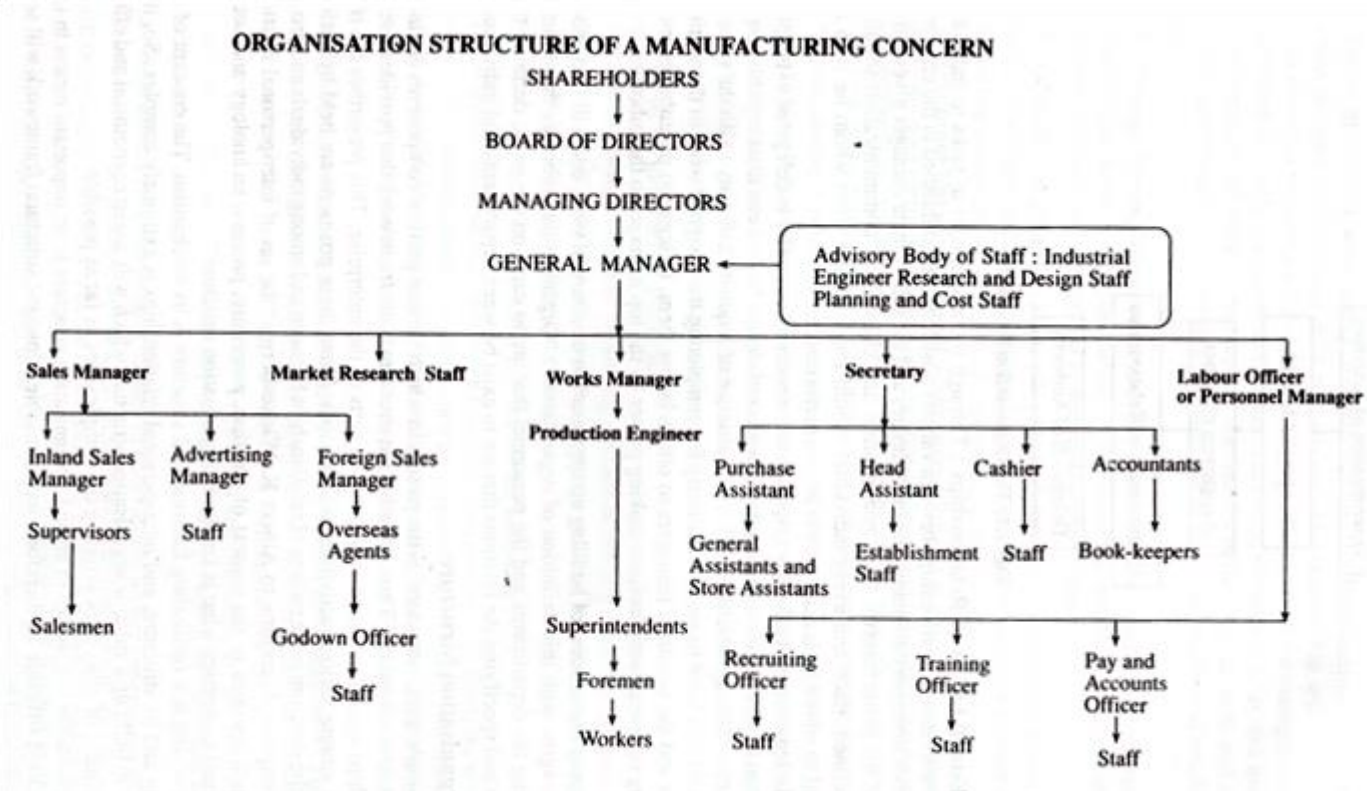


Fig. 4.2: A Sample of an Organisation Structure.

Determinants of Organization Structure:

The establishment of an organization structure requires careful consideration of a number of factors.

These factors may be stated as follows:

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Assistant Professor

1. Nature of the Objectives:

The objectives of an enterprise govern the selection of persons with appropriate skills and equipment capable of delivering the goods. The objectives, thus, determine the basis of the organization structure. For example, an organization structure of an industrial concern cannot be the same as that of a religious or governmental institution.

2. Operative Activities*:*

An individual in an enterprise may negotiate a sale to a customer; another may be engaged in assembling the parts of a motor car; and a third may be collecting market data or cost information. The operative activities and the inter-relations that exist among different tasks have an important bearing on the structure of an organization.

3. Technology:

The organization structure of an enterprise depends upon the type and nature of technological process adopted for the production. Therefore, technology is a factor for consideration in determining the structure of an organization.

4. Sequence of Tasks:

The nature of technology often dictates the sequence of tasks to be performed and human relationships are required to be adjusted according to this sequence of tasks. This sequence of tasks also acts as a major determinant to influence the structure of the organization.

5. Limitations of Skill and Working Capacity:

Individuals in an enterprise differ in their skills and abilities. These individual differences affect the tasks to be assigned to an individual and, as such, the structure is required to be adjusted taking into account the limitations of human skill and ability.

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6. Managerial Functions:

The managerial functions at one level or department may be different from that of other level or department. Therefore, the structure of organization is to be devised to maximize effective inter-relationships at different management levels so that it can facilitate the attainment of objectives by the effective efforts of the subordinate employees.

7. Size and Scope:

The smaller the firm, the more informal and loose becomes the interpersonal contacts and relationships. But they will be otherwise in the case of big concerns. So, the size of the enterprise and its scope of performance have an effective influence on the organization structure.

8. Strategy:

After considering the organization structure of various enterprises the management thinkers have come to the conclusion that the strategy plays a special role in determining the outline of authority and flow of communication in an organization.

9. Social Needs:

The social needs of an individual such as—status, recognition, sense of belonging, opportunity for development of abilities or the satisfaction of ego need—require that they should be given due weight for their fulfilment within the organization. The structure of an organization cannot ignore these social needs.

FORCES RESHAPING ORGANIZATION:

CHANGES IN THE DEMAND FOR TALENT

Six of the forces we identified are having a profound effect on the demand for talent. We categorize them into two groups:

- **Technological and digital productivity:** automation, big data and advanced analytics, and access to information and ideas
- **Shifts in ways of generating business value:** simplicity in complexity, agility and innovation, and new customer strategies

Technological and Digital Productivity

The three trends in the realm of technological and digital productivity are arguably creating the most significant changes worldwide. Enabling advances deemed unlikely even a decade ago, they are transforming the world of work in unprecedented ways. Automation is replacing jobs; big data and advanced analytics are unlocking vast customer, operational, and employee insights; and increased access to information and ideas is blurring the boundaries of traditional institutions.

Automation. Although companies have been gradually automating for decades, recent advances in areas such as robotics and artificial intelligence are not only obligating people to work side by side with machines but are also creating replacements for human workers—even in fairly sophisticated jobs.

Ms. Nishath Parveen

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Big Data and Advanced Analytics. The past two decades have seen unprecedented gains in the storage, processing, and transmission of data, leading to an explosion in the amount of information available to businesses around the world. An iPhone 7 has more processing power than the entire NASA organization had in 1969. Advanced analytics, in turn, makes it possible to analyze enormous amounts of unstructured data, improving forecasting and decision making as never before. Through the use of big data and advanced analytics, companies are now able to improve marketing, productivity, and other essential aspects of their existing operations, lower costs, and gain real-time insights into promising new approaches and opportunities. BCG estimates that big data and advanced analytics could unlock more than $1 trillion in value annually by 2020

Access to Information and Ideas. The ability to tap information and ideas from anyone, anywhere, is multiplying exponentially, both for individuals and for businesses. As the cost of technology—including both hardware and data—continues to fall and global internet penetration expands, recent advances in cloud computing and storage are lowering the cost of access and processing. The implications are wide-ranging: people can be continuously connected, access data from any location, work remotely with ease, and collaborate with their global colleagues in real time. They need not even be employees: at several leading IT companies, outside contractors make up almost half of the full-time staff.

Shifts in Ways of Generating Business Value
Advances in digital productivity have many benefits, but they also increase complexity and accelerate business cycles. In response, companies need to put a premium on simplicity, agility and innovation, and understanding the needs of customers.

Simplicity in Complexity. Organizations tend to respond to new challenges by adding teams, functions, and departments. As organizations grow, their structure becomes increasingly complicated. New silos develop, the number of stakeholders involved in decision making increases, and interdependencies between functions multiply. The plethora of stakeholders, decision rights, processes, and policies slows down every decision and hinders collaboration across departments, reinforcing the silo effect.

Agility and Innovation. A number of innovative approaches that began in software development are now being adapted by organizations for non-IT products and processes—including agile, scrum, Kanban, design thinking, and other creative methodologies. For example, Bosch, one of the largest automotive suppliers in the world, recently employed

flexible organizational structures and agile methods to halve its usual development time for calibrating hardware and software components for electric vehicles.

New Customer Strategies. Boundaries between companies and consumers are fading as people, informed and enabled by the internet, become more aware and demanding. They want personalized offerings and will collaborate with companies to help develop the products and services they desire. Procter & Gamble, for example, is now getting information about the shelving of its products in major retail chains directly from individuals in the stores.

- **Shifts in resource distribution:** a new demographic mix, skill imbalances, and shifting geopolitical and economic power
- **Changing workforce cultures and values:** diversity and inclusion, individualism and entrepreneurship, and well-being and purpose

Shifts in Resource Distribution

- An increasingly dynamic global economy has led to shortages of skilled, knowledgeable employees in some markets and may create a surplus of less-skilled workers in others. As Baby Boomers age, the demand for scarce and specialized talent grows, and as talent disperses as a result of various geographic, economic, and political factors, companies will be increasingly challenged to attract and retain the highly skilled people they need.

- **A New Demographic Mix.** The global population is aging. After rapid population increases during the 20th century, birth rates have stalled—and even reversed—in many regions. By 2035, one in five people worldwide will be 65 or older. On the basis of several simulations using demographic data and global trends, BCG projects a global workforce crisis within the next 15 years, with a labor deficit in most of the 15 largest economies, including in three of the four BRIC nations. Given that these 15 economies make up 70% of global GDP, the crisis will affect almost every large multinational company.[6]
- At the same time, in some emerging markets, the number of young people is still increasing rapidly. But many of them do not acquire the skills that would make them employable. The challenge is to help them develop those skills, or—for some young people—to increase their mobility so that they can find jobs elsewhere.

- Meanwhile, millennial and Generation Z digital natives are entering the global workforce with new expectations and orientations. In their search for a healthy work-life balance and opportunities for self-expression, they are harder to please than their predecessors. They are also harder to retain.

- These demographic shifts will put pressure on companies to devise entirely new ways to attract, retain, and develop talent across locations and age groups. They will need to hold on to experienced older workers and find ways to facilitate the transfer of those workers' deep knowledge to incoming generations. For example, Bosch has started an initiative in which older and younger employees from different divisions (with at least a ten-year age difference) meet on a regular basis in order to learn from each other. The young employees learn best practices and get career advice, while the older workers gain insight into new technologies and the use of social media.[7]
- **Skill Imbalances.** The skills and capabilities businesses require are rapidly evolving. Even as automation may yield a surplus of unskilled and semiskilled labor, the digitalization of products and services is creating an enormous demand for skilled digital talent. Nearly half of US and German companies in a BCG survey cited the lack of qualified employees as the biggest constraint to a full digital transformation. In addition, according to a Gartner study, a third of all technology jobs will go unfilled by 2020 because of talent shortfalls. Perhaps that's why some US colleges now offer majors in programs that didn't even exist five years ago, such as robotics engineering, game design, cybersecurity, and data science.[8]
- Companies are trying a variety of unconventional methods to bring in digital talent. Facebook, for example, has "acquihired" the employees of more than a dozen companies—buying these companies as much or more for the employees as for the business itself. Meanwhile, Citigroup and others are introducing online gaming apps, either as recruiting tools or to identify hidden skill sets among employees.

Shifting Geopolitical and Economic Power. Talent is more mobile than ever, with workers willing to cross borders and cultures to improve their career prospects. Yet a number of geographic, economic, and political developments are blocking the smooth flow of talent to areas of demand, thereby compounding the overall talent shortage.

Changing Workforce Cultures and Values

As the skill shortage increases, new attitudes among talented people are also changing the workplace—in particular, the growing preference for independent work instead of dedicated corporate careers. Many people are also stressing the importance of three areas: diversity and inclusion, individualism and entrepreneurship, and well-being and purpose.

Diversity and Inclusion. As values change across the business landscape, diversity and inclusion, often seen as "nice to have," are increasingly becoming a necessity—and for good reason. The business case has never been stronger, as studies show that diverse teams are much more likely to foster employee engagement and improve business performance

Individualism and Entrepreneurship. Independence is becoming the dominant motivator for a large section of the population, particularly for millennials (born from the early 1980s to

the mid-1990s) and Gen-Zeds (born in the mid- to late 1990s and after). These younger people tend to get bored doing the same kind of work for long stretches, and they are especially interested in independent careers. Empowered by digital platforms and ecosystems, many are choosing entrepreneurship and self-employment over traditional corporate employment.

Well-Being and Purpose. Millennials and Gen-Zeds, who are taking on an ever-increasing role in the workplace, want more from their jobs than just competitive compensation: they are looking for well-being. In a recent survey, 62% of millennials said they want a career with social impact, and 53% said they will work harder to increase that impact.[14] Companies such as Sony are tapping into these aspirations by making social work a part of their internship curriculum. And the benefits go both ways. A recent study by Bright House, an ideation and branding company within BCG that helps companies become more purpose driven, found that companies with a culture based on shared values outperformed their competitors in revenue, profit, employment growth, and stock performance.

Organizational life cycle:

The **organizational life cycle** is the life cycle of an organization from its creation to its termination. It also refers to the expected sequence of advancements experienced by an organization, as opposed to a randomized occurrence of events.

What Are the Five Stages of the Organizational Life Cycle?
The first challenge for entrepreneurs who wish to grow their organizations is to understand what phase of the organizational life cycle one is in.
Different experts will argue on how many phases there are, but there is elegance in using something easy to remember. We divide the organizational life cycle into the following phases:

- **Startup** (or Birth)
- **Growth Phase**. This is sometimes divided into an early growth phase (fast growth) and maturity phase (slow growth or no growth). However, maturity often leads to
- **Organizational Decline**. When in decline, an organization will either undergo:
- The **Renewal** Phase. Sometimes great leaders can change the course of the ship.
- **Death**

- Stage 1: Existence: Commonly known as the birth or entrepreneurial stage, “existence” signifies the start of an organization’s expansion. The main importance is centered on the

acknowledgement of having an adequate number of customers to keep the organization or business active.

- Stage 2: Survival: At this stage, organizations look to pursue growth establish a framework and develop their capabilities. There is a focus on regularly setting targets for the organization, with the main aim being to generate sufficient revenue for survival and expansion.] Some organizations enjoy adequate growth to be able to enter the next stage, whilst others are unsuccessful in achieving this and consequently fail to survive.
- Stage 3: Maturity: This stage signifies the organization entering a more formal hierarchy of management (hierarchical organization).] A frequent problem encountered at this stage would be those associated with "Red Tape". Organizations look to safeguard their growth as opposed to focusing on expansion. Top and middle level management specialize in different tasks, such as planning and routine work respectively.
- Stage 4: Renewal: Organizations experience a renewal in their structure of management, from a hierarchical to a matrix style, which encourages creativity and flexibility.
- Stage 5: Decline: This stage initiates the death of an organization. The decline is identified by the focus on political agenda and authority within an organization, whereby individuals start to become preoccupied with personal objectives, instead of focusing on the objectives of the organization itself. This slowly destroys the functionality and feasibility of the entire organization.

UNIT 2: ORGANIZATIONAL CULTURE

DEFINITIONS OF ORGANIZATIONAL CULTURE

Organization culture has been defined, by scholars in varied ways and numerous definition of culture have been proposed. A few of these insights are:

Porter, Lawler & Hackman (1975) identify organization culture as:

"A set of customs and typical patterns of ways of doing things. The force, pervasiveness and nature of such model, beliefs and values vary considerably from organization to organization. Yet it is assumed that an organization that has any history at all has developed some sort of culture and that this will have a vital impact on the degree of success of any effort to improve or alter the organization."

Edgar H. Schein (1984) defines organization culture as:

"A set of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptations and internal integration that have worked well enough to be considered valid, and therefore, to be taught to new members as a correct way to perceive, think and feel in relation to these problems."

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According to Daniel R. Denison (1990):

"Organization culture refers to the underlying values, beliefs and principles that serve as a foundation for organization's management systems, as well as the set of management practices and behaviors that both exemplify and reinforce those basic principles."

Thus, though organization culture is defined by different people in different ways, most of the definitions stress on the importance of shared norms and values in the study of culture. The core of the culture is formed by values which are not visible but shared by people even when membership in the group changes. Organization culture has many characteristics. Based on the varied definitions of culture, Amarchand (1992) identified the following seven distinct characteristics of organization culture. Culture is

- Learned
- Rooted in the traditions of the organization
- Shared by the people of the organization
- Transgenerational
- Cumulative
- Symbolic in nature
- Multifaceted (i.e. it is composed of several elements put together)

A critical examination of the deliberations presented above seems to suggest that culture determines the important issues within the organization. It identifies the principal goals, work methods and behaviors, work rules, individual interaction patters in which they address each other and the ways in which personal relationships are conducted. Sinha (1980) identified that in complex organizations there may be subcultures, which may be different from each other. Different units of a corporate body may develop different cultures. In the same organization, finance, production, marketing, personnel and maintenance groups may hold different values and world-views and hence, while sharing parts of the organization culture, these may have different specific patterns.

J. Chatman & Caldwell has suggested the following seven primary characteristics that capture the essence of an organization's culture:

1 **Innovation and Risk Taking -**The degree to which employees are encouraged to be innovative and take risks.

2 **Attention to detail -**The degree to which employees are expected to exhibit precision, analysis, and attention to detail.

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3 **Outcome Orientation -**The degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve these outcomes.

4 **People Orientation -**The degree to which management decisions take into consideration the effect of outcomes on people within the organization.

5 **Team Orientation -**The degree to which work activities are organized around teams rather than individuals.

6 **Aggressiveness -**The degree to which people are aggressive and competitive rather than easygoing.

7 **Stability -**The degree to which organizational activities emphasize maintaining the status quo in contrast to growth.

Types of organizational culture:

1. **Normative Culture:** In such a culture, the norms and procedures of the organization are predefined and the rules and regulations are set as per the existing guidelines. The employees behave in an ideal way and strictly adhere to the policies of the organization. No employee dares to break the rules and sticks to the already laid policies.
2. **Pragmatic Culture:** In a pragmatic culture, more emphasis is placed on the clients and the external parties. Customer satisfaction is the main motive of the employees in a pragmatic culture. Such organizations treat their clients as Gods and do not follow any set rules. Every employee strives hard to satisfy his clients to expect maximum business from their side.
3. **Academy Culture:** Organizations following academy culture hire skilled individuals. The roles and responsibilities are delegated according to the back ground, educational qualification and work experience of the employees. Organizations following academy culture are very particular about training the existing employees. They ensure that various training programmers are being conducted at the workplace to hone the skills of the employees. The management makes sincere efforts to upgrade the knowledge of the employees to improve their professional competence. The employees in an academy culture stick to the organization for a longer duration and also grow within it. Educational institutions, universities, hospitals practice such a culture.
4. **Baseball team Culture:** A baseball team culture considers the employees as the most treasured possession of the organization. The employees are the true assets of the organization who have a major role in its successful functioning. In such a culture, the individuals always have an upper edge and they do not bother much about their organization. Advertising agencies, event management companies, financial institutions follow such a culture.

Ms. Nishath Parveen

Assistant Professor

Management

5. **Club Culture:** Organizations following a club culture are very particular about the employees they recruit. The individuals are hired as per their specialization, educational qualification and interests. Each one does what he is best at. The high potential employees are promoted suitably and appraisals are a regular feature of such a culture.
6. **Fortress Culture:** There are certain organizations where the employees are not very sure about their career and longevity. Such organizations follow fortress culture. The employees are terminated if the organization is not performing well. Individuals suffer the most when the organization is at a loss. Stock broking industries follow such a culture.
7. **Tough Guy Culture:** In a tough guy culture, feedbacks are essential. The performance of the employees is reviewed from time to time and their work is thoroughly monitored. Team managers are appointed to discuss queries with the team members and guide them whenever required. The employees are under constant watch in such a culture.
8. **Bet your company Culture:** Organizations which follow bet your company culture take decisions which involve a huge amount of risk and the consequences are also unforeseen. The principles and policies of such an organization are formulated to address sensitive issues and it takes time to get the results.
9. **Process Culture:** As the name suggests the employees in such a culture adhere to the processes and procedures of the organization. Feedbacks and performance reviews do not matter much in such organizations. The employees abide by the rules and regulations and work according to the ideologies of the workplace. All government organizations follow such a culture.

Function and Dysfunctions of Organizational Culture

Functions:

1. The first function of culture is that it has a Boundary-Defining role which means that culture helps to create distinctions between one organization and others.

2. Culture helps to create a sense of identity for the organization members.

3. Culture facilitates the generation of commitment to something larger the than one's individual self-interest. Culture encourages the members of the organization to give priority to organizational interests over and above their personal interests.

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Ms. Nishath Parveen

Assistant Professor

4. Culture enhances the Social System Stability. Culture is also known as the social glue that helps to hold the organization together by providing appropriate standards for what employees should say and do. It provides a list of social do's and don'ts for the employees.

5. Culture finally, serves as a sense making and control mechanism that guides and shapes the attitudes and behaviors of employees. This function is particularly important in the study of organizational behavior. Every organization has its own set of assumptions, understandings and implicit rules to guide the day to day behavior of the employees. The newcomers will be accepted as fully fledged members of the organization only when they learn to obey these rules. Conformity to the rules is generally the primary basis for rewards and promotions.

Thus, culture is beneficial to the organization as it enhances organizational commitment and increases the consistency of employee behavior. Culture is beneficial to the employee also as it reduces ambiguity. Employees become very clear as to how things are to be done and what is more important for the organization.

Dysfunctions of Culture:

Impact of culture on organization's effectiveness is both functional as well as dysfunctional.

Culture can prove to be liability to the organization also as explained below:

1. Barrier to Change:

Consistency of employee behavior is an asset to the organization, when it has a stable environment. When the organization is dynamic, it will prove to be a liability as the employees will try to resist changes in the environment. Companies such as IBM, Xerox and General motors' have very strong cultures which worked well for them in past, but these strong cultures only become barriers to change when business environment changes.

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Therefore, organizations which have strong cultures which proved successful in the past can lead to failure in future, when these cultures do not match with the changing environmental needs.

2. Barrier to Diversity:

Strong cultures put a lot of pressure on the employees to conform to the accepted values and styles of the organization. Even the new employees who belong to different race, religion etc. are expected to conform to the organization's core cultural values, otherwise they are deemed to be unfit for the organization.

Strong cultures do not acknowledge the fact that people from different backgrounds bring unique strengths to the organization. Strong cultures can also prove to be barriers to diversity when these support organization bias or when these become insensitive to people who are different in one way or the other.

3. Barrier to Mergers and Acquisitions:

Culture can act as barrier to mergers and acquisitions. Historically financial matters and product synergy alone were considered to decide which company should acquire which company or which unit should merge with which firm. But in the recent years there has been a change in the trend. Cultural compatibility has become a primary concern while deciding about acquisitions and mergers. Favorable financial statement or product line are, of course, the initial attractions at the time of acquisition, but another important factor to be considered is how well the cultures of the two organizations match with each other.

EFFECTS OF ORGANIZATIONAL CULTURE:

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The effects of organizational culture are many and varied. Obviously the effects of organizational culture varies depending on whether the company has a strong culture or a weak culture, but there are some generalities that apply. This article is going to focus on the positive effects that occur when a company makes a concerted effort to establish a strong positive organizational culture at the work place.

Many workers are spending more and more time at work. Depending on the job or company, many workers would put in 50, 60, or even more hours a week. The old axiom goes that a happy worker is a productive worker, and this is one of the effects of organizational culture.

Workers want to enjoy work. They want to be interested in whatever€™s going on that day, or long term goals. Being part of something meaningful that the worker enjoys makes the whole experience of work better, which will make them more productive. The effects of organizational culture should help provide this setting.

A strong organization will focus on the environment it creates for its workers because that will help encourage a more efficient and productive company. Focusing on building and sustaining organizational culture shows employees that they are considered an important part of the company. This type of company generally has among the best response from its employees and thus will also have a much better chance of achieving its goals.

There are five major reasons for wanting to create an appropriate and positive organizational culture for your company:

1) A strong organizational culture will attract **high level talent**. The high level talent entering corporations want to go to the companies that offer opportunities for advancement and to show off their talents. The best people can be choosy and they will strongly consider the companies where the organizational culture appears effective and positive and the workers get along with each other and are united in their goals of making the company better.

2) A strong organizational culture will help to keep your top level talent. If workers love the job they are at, and feel like valuable members of a team, then they're not likely to want to go to another company. A top notch culture will not only attract the best new talent, but help **retain them afterwards.**

3) A strong culture creates **energy and momentum.** Once a strong organizational culture is built, it will gain a momentum of its own and will help to allow people to feel valued and express themselves freely. The excitement and energy this will cause will end up being a positive influence that affects every part of the organization.

4) A strong and successful organizational culture **should alter the employees' view of work.** Most people think of work as boring, aggravating, stressful, etc. Instead of thinking of work as a place you have to go, a solid culture can make employees look forward to work. If the

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workers love coming into the job, they are going to work harder, and put more effort into any job. Everyone wants a job that they enjoy, and most people are willing to work: but it easier to work hard in a job you enjoy than in one you hate. Same principle applies to everyone else, too.

5) A strong and positive organizational culture will help **make everyone more efficient and successful**. From the lowest mail room worker to the highest CEO, a strong culture helps everyone. You often hear this type of description made with a professional football team.

Every day leaders have the ability to make or break organizations. Through their actions and decisions, leaders set the tone for a company's culture. But just how valuable is effective leadership as it relates to the success of a company? A leadership study conducted by Deloitte sought to uncover just that by quantitatively measuring leadership in terms of long-term equity to an organization.

To conduct the study Deloitte asked analysts to evaluate leadership through the lens of three core senior responsibilities: setting direction, executing strategy, and creating an environment for innovation. What it found was that the quality of senior leadership had a measurable impact on analyst opinions about whether companies would be successful.

On average, organizations that were perceived to have ineffective leadership were at a 19% equity discount. Companies with effective leadership, on the other hand, exhibited an equity premium of up to 15%. "We look at the management qualities [of the company] and the track record of the people who are leading it and what they have done in the past. I would say they can add another 25-30% to the value of the company," said one respondent. According to analysts, senior leadership effectiveness was more important than earnings forecasts and ratio analysis. And one of the biggest factors that can hinder a leader's ability to effectively drive results is failing to align with, act on, or uphold the organization's values.

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Culture, leadership, and strategy are the triumvirate that together steer the organization toward excellence—and much like any triumvirate, being in sync is necessary for an effective working relationship. Leadership and culture are the crosshairs that, when coordinated, can give an organization a competitive advantage. Conversely, poor leadership can reinforce the wrong values, behaviours, and attitudes, creating interferences that can shape a toxic culture and create discord between an organization's image and how it actually operates.

Below are three key areas where the intersection between leaders and culture is paramount:

A leader needs to align with the culture and model desired behaviours. An organization's culture isn't always "right," and a leader's approach certainly isn't infallible either. However,

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the leader's behaviour sets the tone for the organization. Leaders' values, actions, and the development of their teams need to visibly reinforce the culture of the organization. Through the example they set, leaders shape the culture in their words and actions every day. These actions then gain momentum through structures and policies to shape how employees operate.

A leader needs to understand his or her fit within the culture and use that awareness to drive positive change. Some leaders tend to "go with the flow," leveraging existing channels to get things done. Others may tend to move outside of traditional processes, leveraging different values or behaviours to achieve results. Leaders aware of their place within the existing culture can more effectively drive change. An effective leader uses this self-awareness to inform an intentional approach toward daily decision-making, recognizing that each action shapes the culture in which they operate.

A leader needs to connect with employees' hearts and minds, aligning to a common purpose. As discussed in the thought leadership featured on Deloitte's Culture Path website, emotions are the driving force behind human behaviour, more so than rational calculation. To shape and sustain organizational culture, leaders need to connect with the emotional side of the workforce, creating a shared sense of purpose and motivation.

Types of Leadership Styles

1. Democratic Leadership
2. Autocratic Leadership
3. Laissez-Faire Leadership
4. Strategic Leadership
5. Transformational Leadership
6. Transactional Leadership
7. Coach-Style Leadership
8. Bureaucratic Leadership

Then, I'll show you a leadership style assessment based on this post's opening sentence to help you figure out which leader *you* are.

1. Democratic Leadership

Commonly Effective

Democratic leadership is exactly what it sounds like -- the leader makes decisions based on the input of each team member. Although he or she makes the final call, each employee has an equal say on a project's direction.

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Ms. Nishath Parveen

Assistant Professor

Democratic leadership is one of the most effective leadership styles because it allows lower-level employees to exercise authority they'll need to use wisely in future positions they might hold. It also resembles how decisions can be made in company board meetings.

For example, in a company board meeting, a democratic leader might give the team a few decision-related options. They could then open a discussion about each option. After a discussion, this leader might take the board's thoughts and feedback into consideration, or they might open this decision up to a vote.

2. Autocratic Leadership

Rarely Effective

Autocratic leadership is the inverse of democratic leadership. In this leadership style, the leader makes decisions without taking input from anyone who reports to them. Employees are neither considered nor consulted prior to a direction, and are expected to adhere to the decision at a time and pace stipulated by the leader.

An example of this could be when a manager changes the hours of work shifts for multiple employees without consulting anyone -- especially the effected employees.

Frankly, this leadership style stinks. Most organizations today can't sustain such a hegemonic culture without losing employees. It's best to keep leadership more open to the intellect and perspective of the rest of the team.

3. Laissez-Faire Leadership

Sometimes Effective

If you remember your high-school French, you'll accurately assume that laissez-faire leadership is the least intrusive form of leadership. The French term "laissez faire" literally translates to "let them do," and leaders who embrace it afford nearly all authority to their employees.

In a young start up, for example, you might see a laissez-faire company founder who makes no major office policies around work hours or deadlines. They might put full trust into their employees while they focus on the overall workings of running the company.

Although laissez-faire leadership can empower employees by trusting them to work however they'd like, it can limit their development and overlook critical company growth opportunities. Therefore, it's important that this leadership style is kept in check.

4. Strategic Leadership

Ms. Nishath Parveen

Assistant Professor

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Commonly Effective

Strategic leaders sit at the intersection between a company's main operations and its growth opportunities. He or she accepts the burden of executive interests while ensuring that current working conditions remain stable for everyone else.

This is a desirable leadership style in many companies because strategic thinking supports multiple types of employees at once. However, leaders who operate this way can set a dangerous precedent with respect to how many people they can support at once, and what the best direction for the company really is if everyone is getting their way at all times.

5. Transformational Leadership

Sometimes Effective

Transformational leadership is always "transforming" and improving upon the company's conventions. Employees might have a basic set of tasks and goals that they complete every week or month, but the leader is constantly pushing them outside of their comfort zone.

When starting a job with this type of leader, all employees might get a list of goals to reach, as well as deadlines for reaching them. While the goals might seem simple at first, this manager might pick up the pace of deadlines or give you more and more challenging goals as you grow with the company.

This is a highly encouraged form of leadership among growth-minded companies because it motivates employees to see what they're capable of. But transformational leaders can risk losing sight of everyone's individual learning curves if direct reports don't receive the right coaching to guide them through new responsibilities.

6. Transactional Leadership

Sometimes Effective

Transactional leaders are fairly common today. These managers reward their employees for precisely the work they do. A marketing team that receives a scheduled bonus for helping generate a certain number of leads by the end of the quarter is a common example of transactional leadership.

When starting a job with a transactional boss, you might receive an incentive plan that motivates you to quickly master your regular job duties. For example, if you work in marketing, you might receive a bonus for sending 10 marketing emails. On the other hand, a transformational leader might only offer you a bonus if your work results in a large amount of newsletter subscriptions.

Ms. Nishath Parveen

Assistant Professor

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Transactional leadership helps establish roles and responsibilities for each employee, but it can also encourage bare-minimum work if employees know how much their effort is worth all the time. This leadership style can use incentive programs to motivate employees, but they should be consistent with the company's goals and used in addition to *unscheduled* gestures of appreciation.

7. Coach-Style Leadership

Commonly Effective

Similarly to a sports team's coach, this leader focuses on identifying and nurturing the individual strengths of each member on his or her team. They also focus on strategies that will enable their team work better together. This style offers strong similarities to strategic and democratic leadership, but puts more emphasis on the growth and success of individual employees.

Rather than forcing all employees to focus on similar skills and goals, this leader might build a team where each employee has an expertise or skillset in something different. In the long run, this leader focuses on creating strong teams that can communicate well and embrace each other's unique skillsets in order to get work done.

A manager with this leadership style might help employees improve on their strengths by giving them new tasks to try, offering them guidance, or meeting to discuss constructive feedback. They might also encourage one or more team members to expand on their strengths by learning new skills from other teammates.

8. Bureaucratic Leadership

Rarely Effective

Bureaucratic leaders go by the books. This style of leadership might listen and consider the input of employees -- unlike autocratic leadership -- but the leader tends to reject an employee's input if it conflicts with company policy or past practices.

You may run into a bureaucratic leader at a larger, older, or traditional company. At these companies, when a colleague or employee proposes a strong strategy that seems new or non-traditional, bureaucratic leaders may reject it. Their resistance might be because the company has already been successful with current processes and trying something new could waste time or resources if it doesn't work.

Employees under this leadership style might not feel as controlled as they would under autocratic leadership, but there is still a lack of freedom in how much people are able to do in

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their roles. This can quickly shut down innovation, and is definitely not encouraged for companies who are chasing ambitious goals and quick growth.

DEVELOPING GLOBAL ORGANIZATIONAL CULTURE:

HR Practices to Develop Culture

HR has a special role in ensuring that an organization's culture will continue and thrive. When an organization does a good job assessing its culture, it can then go on to establish HR policies, programs and strategies that support and strengthen its core purpose and values. In aligned organizations, the same core characteristics or beliefs motivate and unite everyone, cascading down from the C-suite to individual contributors.

HR professionals have many tools for developing and sustaining a high-performance organizational culture, including hiring practices, on boarding efforts, recognition programs and performance management programs. HR's biggest challenge is deciding how to use these tools and how to allocate resources appropriately. *See* Taming the Savage Culture: A Q&A with Tim Mulligan.

Hiring practices

The central role that HR plays in helping an organization capitalize on its culture is in hiring. HR has the opportunity to select people who fit the way the organization operates. Traditionally, hiring focuses primarily on an applicant's skills, but when a hire's personality also fits with the organization's culture, the employee will be more likely to deliver superior performance. *See* Finance and Candidates Choose Jobs Because of Company Culture.

On the other hand, ill-fitting hires and subsequent rapid departures cost approximately 50 percent to 150 percent of the position's annual salary. Unfortunately, nearly one in three newly hired employees' leaves voluntarily or involuntarily within a year of hiring, and this number has been increasing steadily in recent years. *See* 5 Unique Interview Questions Every Recruiter Should Ask.

Some hiring practices to ensure cultural fit include these:

- **Looking at each piece of the organization's vision, mission and values statements.** Interview questions should hone in on behaviours that complement these areas. For

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example, if the organization works with a lot of intensity, then job applicants should display that natural intensity to be considered for hire.

- **Conducting a cultural fit interview.** Ask questions that elicit comments about organizational values such as honesty or integrity. If a candidate's description of the worst place he or she ever worked sounds just like the organization where he or she is interviewing, the candidate probably will not be successful.
- **Leaving discussion of company culture for later. Do not tell candidates about culture up front.** First, listen to what they have to say about their experiences and beliefs. This tactic will reveal more candid responses to help determine whether they are a fit for the organization.
- **Making sure at least three people are involved in the hiring process.** Different people will see and hear different things. These varied perspectives give a clearer understanding of the person being considered for hire.

Searching for employees who will fit in seamlessly can have drawbacks. The biggest mistake an organization can make is to paint an inaccurate picture of itself as it tries to attract candidates. If new hires discover they have been sold a bill of goods, they will not be happy; they will probably not stick around, and, while they are around, morale will decline.

Another possible drawback is that people are more reluctant to take negative actions against people like themselves. As a result, mediocre workers are more likely to stay employed if they share the cultural values. Similarly, although an organization's comfort level is palpable when the culture is aligned, experts say, too much comfort can result in groupthink and complacency.

On boarding programs

HR plays a primary role in socializing new employees by designing and overseeing the on boarding process. On boarding teaches newcomers the employer's value system, norms and desired organizational behaviours. HR professionals must help newcomers become part of social networks in the organization and make sure that they have early job experiences that reinforce the culture. *See* Managing the Employee on boarding and Assimilation Process.

Reward and recognition programs

These programs are key mechanisms HR can use to motivate employees to act in accordance with the organization's culture and values. For example, if teamwork is a core value, bonuses should value teamwork and not be based on individual performance. HR should also put the spotlight on those who personify the company's values. *See* Who's at the CENTRE of your recognition program?

Performance management programs

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Employees who share values and aspirations tend to outperform those in environments that lack cohesiveness and common purposes. Performance management programs can greatly affect corporate culture by clearly outlining what is expected from employees as well as by providing a feedback tool that informs employees about proper behaviour. *See* Performance Management That Makes a Difference: An Evidence-Based Approach.

Communications

Conflicting messages regarding corporate culture may create distrust and cynicism, which can prompt, or help employees justify, actions as deleterious as embezzlement. Experts say that cultural inconsistencies may also cause workers to grow discouraged, to believe management is disingenuous, to doubt statements from higher-ups and to be less inclined to give their best effort.

Organizations may be investing significant time and money in creating a culture but may not be reaping the commensurate rewards—especially if executives, supervisors and rank-and-file employees have differing perceptions of the company's culture. HR professionals must therefore ensure that the organization clearly and consistently communicates its culture to all employees. *See* HR's Role in Creating a Culture of High Trust: Q&A with Richard Fingerling.

Metrics

Assessing organizational culture is a crucial step in developing sound HR strategies that support enterprise objectives and goals. But how do you measure something as potentially tough to describe as culture? After identifying the key dimensions of culture such as values, degree of hierarchy, and people and task orientations, performing these next steps will help organizations assess culture:

- **Develop a cultural assessment instrument.** This instrument should enable members of the organization to rate the organization on the key cultural dimensions, as well as on aspects of the organization not covered on the assessment.
- **Administer the assessment.** Survey respondents should include individuals at all levels, functions, divisions and geographical units of the organization.
- **Analyse and communicate about assessment results.** Leaders and HR executives should discuss areas of agreement and disagreement about the organization's culture.
- **Conduct employee focus groups.** Just because top management leaders agree on organizational culture does not mean that all employees see things that way.
- **Discuss culture until consensus forms around key issues.** Focus on "Who are we?" and "What makes us who we are?" Organizations that decide that where they are now is not where they want to be may need to look at moving the organization to embrace a different culture.

Ms. Nishath Parveen

Assistant Professor

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Cultural assessments, and other activities such as cultural audits and 360-degree feedback, may also help uncover cultural inconsistencies. Then leaders and HR professionals can eliminate the inconsistencies. For example, if customer service is a focus of the company's culture, evaluate how much time employees spend visiting customer sites, how much interaction they have with customers, what customer service training they receive and other indicators of a customer service focus.

Legal Issues

Employers that emphasize cultural fit in their recruitment and selection process can be vulnerable to discrimination claims if they are not careful. HR professionals should ensure that hiring practices and selection decisions based on a cultural fit rationale do not result in discriminating against any applicants who may not be "just like" the selectors.

Employers should also be aware that certain types of organizational cultures (for example, cultures that are highly paternalistic or male-dominated) may tend to perpetuate disparities in promotions, compensation and other terms of employment. Those disparities may violate anti-discrimination laws. *See* In Focus: Latest Lawsuits Shine Light on Racist, Sexist Workplace Cultures and Address the Small Infractions to Create an Inclusive Culture.

Global Issues

Research suggests that national culture has a greater effect on employees than the culture of their organization. Organizational leaders and HR professionals should understand the national cultural values in the countries in which the organization operates to ensure that management and HR practices are appropriate and will be effective in operations in those countries. National cultural differences should be considered when implementing organizational culture management initiatives in global businesses.

Managers must be able to respond to nuances in communication styles, as well as deal with different expectations that employees have of their leaders across national cultures. Not meeting those expectations may doom the global organization's chance for success in particular countries.

These issues become even more complex in global business mergers. Success in international mergers depends on the merged organization's willingness to enable people with different cultural perspectives to engage in meaningful and valuable discussions about the new business.

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Assistant Professor

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UNIT 3-WORK GROUP & TEAMS

Preparing the World of work group behavior:

Managing work groups is a tough task; it's often more than business owners want to handle, so they end up hiring a manager or team to oversee day-to-day operations. It's important to

Ms. Nishath Parveen

Assistant Professor

know what stage a group of workers are in before choosing appropriate management strategies.

When watching a team negotiate who will perform which role in a new project, there's usually one person who takes charge, others who watch, prepared to go along with the group, and people who speak when there's something important to say. Without people performing different roles, a group won't accomplish much -- you'll have people disagreeing about everything or most or all members agreeing on a weak plan of action. Look at a team and evaluate where the members are at in terms of their internal dynamics.

Forming and Storming

Groups need time to get started; members must get to know each other, learn what work the group must do and consider what their respective roles might be. Allow a meeting or two for a group to move through this forming stage. There will be time for members to negotiate rules and work through any conflicts after the first meeting.

Storming

People who want to hurry the group along to the storming stage at which conflicts are uncovered and grappled with could create unnecessary stress for group members. In this second stage of storming, a group needs time to debate different ideas from members. Some may win over others to their point of view through their powerful personalities. Ultimately, to make progress, a group must define its problem and how it will reach a solution.

Norming

If the team can move past the storming stage, its members can make compromises, with individual members foregoing their best ideas so the group can move forward with a common purpose and strategy. Members can also agree on rules for how the group will function. Compromise is necessary for a group to achieve its task. As a manager, don't put bitter rivals in the same group if you know they'll prevent the group from functioning as a team.

Performing

Challenge teams to evolve into high-performing units. In this kind of team, members know their colleagues' strengths and weaknesses well, can divide work tasks effectively and hold others accountable, and achieve their deadlines on schedule. Many members also derive positive self-esteem from belonging to the group and helping it to achieve. If you choose groups carefully and allow them to collaborate long enough on interesting tasks, you could witness their transformation into a high-performing team.

In an organizational context, groupthink and group behaviour are important concepts as they determine the cohesiveness and coherence of the organizational culture and organizational communication. For instance, unless the HRD function communicates the policies clearly and cogently, the employees would not participate and comply with them wholeheartedly. Hence, melding group behaviour is important for organizations. However, this cannot be construed to mean that all employees must think and act alike. On the contrary, innovation cannot happen when group behaviour is the same across all levels. The point here is that while organizations must strive for cohesiveness and coherence, they must not sacrifice the principles of individual creativity and brilliance that are at the heart of organizational change and innovation. In these turbulent times, there is a need for individuals to take a stand and be firm on the direction that the organization seeks to take.

Of course, **group behaviour needs to be inculcated in organizations for the simple reason that employees must conform to the rules and regulations that govern organizations**. Hence, there is a need for uniformity and consistency in the way organizational group behaviour has to be moulded. Towards this end, groupthink and group behaviour must be encouraged by the HRD function as a means to ensure cohesiveness in the organization.

In the technology sector, we often find employees straight out of campuses behaving as though they are still in college. While some of this freethinking and freewheeling spirit is good for innovation, the HRD function must guard against the tendency to be flippant with the organizational rules and procedures. Further, competitiveness can be encouraged but it should not come at the expense of collaboration and cooperation that are at the heart of organizational success.

On the flip side, group behaviour can be detrimental to the organizational health as well. This happens when the decisions of the top management are not challenged or are followed blindly leading to the leadership thinking that whatever they do is right. We do not mean to say that there must be fractious fights in the organization. On the other hand, there must be a space for free expression of ideas and thoughts and true democratic decision making ought to take place. Only when organizations inculcate these elements in their DNA can they succeed in the competitive business landscape of the 21st century.

Finally, group think can be a powerful motivator as well as inhibitor. The motivating aspect happens when because of group think; employees feel bonding with their peers and colleagues and hence ensure that they give their best to the job. The inhibitor works when employees feel that their individual creativity and brilliance are being sacrificed at the altar of

conformity. Hence, the leadership as well as the HRD function has their task cut out to ensure that group behaviour does more good than harm. There is a need for a nuanced and balanced approach towards group behaviour to leverage the individual creativity and at the same time not sacrifice organizational cohesiveness and coherence.

Emerging issues of Work Organization:

An organization's technology is the process by which inputs from the organization's environment are transformed into outputs. Technology includes tools, machinery, equipment, work procedures, and employee knowledge and skills. In the present competitive world, technological breakthroughs can dramatically influence organization's products, services markets, suppliers, distributors, competitors, customers, manufacturing processes, marketing practices and competitive position.

I. Recent technological advances, as we well know, in computers, lasers, robotics, satellite networks, fibre optics, biometrics, cloning and other related areas have paved the way for significant operational improvements.

ii. Manufacturers, banks and retailers, for example, have used advances in computer technology to carry out their traditional tasks at lower costs and higher levels of customer satisfaction.

iii. Consider the case of an old economy giant, Ford Motor Company, which is morphing into a new economy animal using web-based technologies to the best advantage. Thanks to the Internet, the old days of being able to concentrate only on the nuts and bolts of the business seem to be over. The winners are going to be companies that move closer and connect well with customers.

Ms. Nishath Parveen

Assistant Professor

iv. Take the stunningly successful case of MP3, a freely available standard for the compression and transmission of digital audio. The big guns of the music business like Sony, RCA and the rest were so confident about their control over the music industry that they could not see the threat posed by a tiny player like MP3(dot)com, which quietly spun its own B-web.

The company did not try doing everything: the B-web had a combination of content companies (like MP3); manufacturers such as S3 (maker of the Rio MP3 player); distribution technologies (like Napster); and, of course, hundreds of thousands of teenagers who swore by the music, but could not pay for it.

v. Thanks to the internet, customers can now comparison-shop for cars online and purchase cars online from a number of distributors, negotiating a deal on terms that are extremely favourable to them. Most consumer electronics and book retailers have to compete on the Internet in addition to location-based competition. The Internet is altering economies of scale, changing entry barriers and redefining the relationship between industries and various suppliers, creditors, customers and competitors.

Technology and Competitive Advantage:

When a firm is able to get past competition by creating superior value at lower cost — as compared to its rivals — it is able to enjoy competitive advantage for fairly longer periods of time. To enjoy such a position, managers need to exploit a firm's strengths thoroughly and develop capabilities and competencies, so that rivals find it difficult to copy or imitate it.

Competitive advantage requires a fit between a firm's internal strengths and weaknesses and external opportunities and threats. To obtain a competitive advantage, a firm must have competencies that allow it to create a higher perceived value than its competitors or produce the same or similar products at a lower cost or to do both simultaneously.

Ms. Nishath Parveen

Assistant Professor

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Superior competencies help a firm create higher perceived value and/or achieve a lower cost structure. For example, McDonald's outstanding success all these years can be attributed to its ability to put its resources to the best use, carry out its value-chain activities in a coordinated way in sync with a carefully crafted strategy in order to deliver superior value to customers at a lesser cost.

To remain at the top, firms must constantly innovate; come out with novel products that offer superior value to customers at an affordable price. Introducing new products helps firms create more value for customers. At the same time, innovations in manufacturing (like lean manufacturing) and business processes (re-engineering) allow firms to lower the cost structure. This is where technology and innovation come to play a major role in building a sustainable competitive advantage.

Shortage of Skills: As new technologies are developed and implemented, there is an urgent need to upgrade existing employee skills and knowledge. Additionally, there will be growing demand for workers with more sophisticated training and skills especially in emerging sectors like telecommunications, hospitality, retailing, banking, insurance, biotechnology and financial services.

For example, service sector employees require different skills than those required in manufacturing. They need strong interpersonal and communication skills, as well as the ability to handle customer complaints in a flexible way.

Downsizing and Rightsizing:

New technologies have made it possible for fewer people to do more work than before. Companies have realized the importance of replace people with machines—known as automation—long ago. The physical work is cut into pieces and converted into digital commands now-a-days, thanks to the introduction of computer information technology in manufacturing processes. As a result of this, many jobs are disappearing faster than one can

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even imagine. Coupled with the need to go lean and clean, most companies are showing the door to people who fail to acquire new skills quickly.

Downsizing—the process by which an organization lays off managers and workers to reduce costs—has become the order of the day. In a tough competitive scenario, companies are forced to adjust the number of employees needed to work in newly designed technological work spots—which is therefore known as rightsizing.

The way the work is being handed, thus, has undergone a radical transformation over the years. We are no longer talking about job losses due to economic downturns. We are talking about lean and fit organizations that are able to run the race with competition and emerge as winners.

How Companies should Deal with Imbalances in Labour Supply?

When faced with a shortage:

Recruit new full time employees

ii. Offer incentives for postponing retirements

iii. Rehire retired employees part time Attempt to reduce turnover

iv. Work present staff overtime

v. Sub-contract work to another firm

vi. Hire temporary hands

vii. Re-engineer to reduce needs

viii. Outsource an entire function

Ms. Nishath Parveen

Assistant Professor

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ix. Use technology to improve productivity

x. Re-allocate people from elsewhere in the organization

xi. Re-allocate work tasks among current employees

When faced with a surplus:

I. Do not replace employees who leave

ii. Offer incentives for early retirement

iii. Transfer or re-assign excess staff

iv. Use stack time for employee training or equipment maintenance

v. Reduce work hours

vi. Lay off employees

vii. Freeze hiring

Outsourcing:

To remain cost competitive, many firms are also engaging in an increasing amount of outsourcing. Outsourcing is simply obtaining work previously done by employees inside the company from sources outside the company. If an external source has expertise in an activity that is not strategically critical to our business and is able to do that cost-effectively it is better to outsource it. You can benefit in the form of excellent quality, reliable supply and low cost.

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Ms. Nishath Parveen

Assistant Professor

You can also focus exclusively on doing what you are good at (the so called mission critical activities)—thereby enhancing your own competitive advantage. For example, Dell outsources the manufacture of its computers. It concentrates all its efforts on enhancing its Web-based direct sales capability and does not dilute its energies on other aspects of the game. Outsourcing, not surprisingly, is a big hit with many global firms. Companies such as Nike and Reebok have succeeded by focusing on their core strengths in design and marketing and contracting all their footwear manufacturing to external suppliers.

Telecommuting:

The rapid advances in technology have led to the relocation of work from the office to the home. Telecommuting—also known as teleworking—has become the order of the day-where employees work at home, usually with computers and use phones and the Internet to transmit letters, data and completed work to the home office. Companies have been able to increase their applicant pool through this mode and employees have also been able to live further away from cities and gain considerably due to savings in rents, transportation and other costs.

Internet, Intranet Revolution and Virtual Organizations:

Internet and information technology have enabled companies to become more competitive by cutting costs. Manufacturers, banks, and retailers have successfully harnessed computer technology to reduce their costs and deliver goods and services to customers at an amazing speed.

The cumulative impact of new technology is so dramatic that at a broader level, organizations are changing the way they do business. Use of the Internet to transact business has become so common-place for both large and small companies that e-commerce is rapidly becoming the organizational challenge of the new millennium.

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Ms. Nishath Parveen

Assistant Professor

Managing virtual corporations and virtual workers in this technology-driven world is going to pose tough challenges for managers in the years ahead. A virtual organization is a network of companies or employees connected by computers. It is a highly flexible, temporary organization formed by a group of companies that join forces to exploit a specific opportunity. After all technologies are changing so quickly and skills are becoming so specialized these days that no one company can everything by itself. So they join forces to form a virtual outfit, consisting of knowledge workers from different parts of the world.

Virtual workers work from home, hotels, their cars, or wherever their work takes them. Managers need to develop new skills in order to deal with knowledge workers who work on common projects on a temporary basis without any face to face interaction. Virtual, teams have to be built from scratch paying attention to their unique requirements. The concept of employment needs to be replaced by the concept of 'partnership' especially when most tend to work independently away from the permanent employees or owners of the organisation.

Temporariness:

To compete with global players, firms have realized the importance of remaining lean, fit and flexible. Companies have learnt, after having seen the ups and downs in economic cycle quite frequently in recent years, the art of living for the day. There is evidence of temporariness in almost everything and anything organizations do today. Jobs are redesigned, more and more tasks are handled by flexible teams, and non-core activities are shifted to sub-contractors and temporary workers.

Workers are made to update their knowledge and acquire new skills in sync with the changing dynamics of the workplace. Most employees are made to learn everything so as to slip into roles that are loosely defined. Global competition is putting pressure on most companies to shut operations of businesses-almost instantaneously—that have failed to live

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up to expectations of customers. In a dynamic world characterized by variety, complexity and unpredictability, companies have to run the show in a flexible and spontaneous manner.

The New Employment Relationship and the Role of Managers:

The relationship between the employer and the employees has undergone a radical change in the 21st century. The employer has a compelling reason to bring down costs, remain competitive, and offer the best products and services to get past competition. To attract talent, he is willing to offer a challenging job, come out with an attractive compensation package and bombard the prospective job seekers with benefits and concessions that were never heard of before. But not job security.

When there is an economic downturn or when the employee is not contributing enough the employer wants the headcount to be cut down to size, without any hesitation. The employee, on the other hand, is looking for a rewarding job, full of challenge, excitement and fun. He is constantly on the look out to get past rivals and reach a top position—sometimes, by any means. The moment he finds an irresistible opportunity outside, he is prepared to shift gears and change positions.

In this competitive environment, traditional ideas such as commitment to the job, loyalty to a company and remaining faithful to a work group do not seem to excite anyone in the job market. It is more or less a contractual arrangement now between the employer and the employee—in place of a lifelong commitment of service to each other. Both parties exhibit a pronounced preference for flexibility in thinking as well as actions. The employer is willing to pay more for quality.

The employee is willing to go that extra mile to improve his career prospects. The employer has to invent ways and means to attract talent. Training opportunities, profit sharing plans, extra bonuses, two way communications, flexible work arrangements are all part of that

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strategy. This is where HR managers are expected to play a strategic role, using their "soft skills" to good advantage.

They have to go beyond the rule book, find out what the employees want, customize job offers that are in sync with expectations of job seekers, put talented employees on jobs that are challenging, motivate people to give their best, develop employee skills and knowledge constantly, and explore creative paths to enrich campus atmosphere.

Managing knowledge workers is not going to be easy, especially when every company knows that talent is going to be the key differentiator between a successful company and an unsuccessful one. ('What it means to be a Strategic HR leader in the 21st Century", SHRM Foundation, 2003)

Emerging Issues and Challenges in Management # 2. Globalization and Managers:

The world is shrinking in all major respects. People, goods, capital and information are moving around the globe like never before with faster communication, transportation and financial flow, the barriers between nations have disappeared and the world is becoming a borderless market. In the 21st century, global companies seem to virtually dance all over the place. They are not constrained by national borders. Most corporations cover lot of ground while trying to exploit an opportunity in any part of the globe now.

Globalization:

The process of interconnecting the world's people with respect to the cultural, economic, political, technological and environmental aspects of their lives- has become the order of the day. BMW builds cars in South Carolina. McDonald's sells hamburgers in China. Coca Cola has over 80 per cent of its sales outside of its home market. Nestle has 50 per cent, Proctor and Gamble 65 per cent and Avon 60 per cent. They source and coordinate resources and

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activities in the most suitable areas, to offer cost-effective products and services to customers all over the globe.

Businesses can hire, source and sell wherever they want now. For many of these global corporations, with the entire world as a market, national boundaries have become virtually irrelevant. It is not without reason that IBM dropped its organisational structure based on country and reorganized into 14 industry groups. In a border-less world, success in business increasingly depends upon offering products and services that are competitive on a world basis, not just on a local basis.

If the price and quality of a firm's products and services are not competitive with that available elsewhere in the world, the firm might be racing towards extinction. Global competition, whether you accept or not, has become a reality in all but the most remote corners of the world. The world, in short, has become a small but a very complex and dynamic neighbourhood.

Challenges in Managing a Global Corporation:

Managing a global corporation in the 21st century, however, could be truly challenging.

Global Operations have:

I. More functions- Global corporations raise money in one market, buy raw materials in other markets, manufacture in a different location, obtain components from another country and the products are being sold in several other places. The corporation has to tackle multifarious design, production, distribution and servicing problems in addition to internal issues.

ii. More heterogeneous functions- there are bound to be vast differences in the way each of the above functions is being carried out, depending on country-specific cultural differences.

iii. More involvement in the employee's personal life

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iv. More complex external influences, such as from societies and governments

v. More cultural differences (with completely different languages, foods, values, beliefs and ways of doing things).

vi. Different approaches to management, since the population of expatriates and locals varies.

Responding to Globalization – Managerial Challenges:

In a borderless world, the job of a manager has undergone radical transformation.

The reasons for this are fairly obvious:

a. Working with People from Different Countries:

Organisations that operate in the global marketplace often employ all three types of employees— cited above. The use of host country nationals, however, is increasing because they are usually the least expensive to employ. They need not be relocated or undergo training in the culture, language or tax laws of the country where the company carries out its operations.

Both expatriates and third country nationals, on the other hand, would have to be relocated and undergo training relating to local languages, customs, traditions, business norms and practices etc. To work effectively with people from different cultures, managers need to pay attention to the needs of expatriates and third country nationals—how their culture, geography and religion have shaped them and how to adapt management style in sync with requirement.

b. Movement of Jobs to Low Cost Countries:

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In a global economy, jobs tend to move to low cost countries—much to the discomfort of local community leaders, labour groups, and politicians. To compete and survive in the economic jungle, global corporations are made to shift gears and change hats quite frequently in sync with competitive pressures. Global managers, thus, face the difficult tasks of balancing the interests of their organization with their responsibilities to local groups from time to time.

c. Managing Talent:

Global corporations require employees with transferable skills- employees who can adapt to different cultures, customs, values, social practices, political systems and management approaches-employees who are willing to work with colleagues with a different mental make-up altogether.

They require people who understand the local customs, habits and societal norms very well and able to comply with a complex set of unique, country-specific rules and regulations. They need to build a deep reservoir of talent to compete with tiny local players, national champions and global competitors to succeed in the 21st century.

Cascio summed it up appropriately- “attracting and retaining top talent will require more than just huge pay checks. Organizations will need to create the kinds of cultures and reward systems that keep the best minds engaged. The old command and control hierarchies are fast crumbling in favour of organizations that empower vast numbers of people and reward the best of them as if they were owners of the enterprise”

d. Work Culture:

To remain at the top, corporations need to invest time money and energies in building a strong work culture empowering people to think and act like real owners, carry out tasks creatively and experiment continuously to cut down costs—all in an atmosphere of great fun.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

You have to connect people to their passions and make them work for a higher purpose (the way the world works, lives and plays) rather than merely to collect a pay cheque.

e. Stakeholders' Expectations:

Corporations have to deed with diverse forces in this shrunken globe—suppliers, producers, distributors, service providers, customers who are connected to each other in some way or the other—and begin to exploit opportunities wherever they come. The lesson for managers is clear Get ready or get lost. In the present day economic jungle, companies which are able to attract and retain talent will only emerge as star performers.

Attributes of the Global Manager:

A global manager has the international awareness and cultural sensitivity required to work well across national boundaries. Often multilingual, the global manager thinks with a world view, appreciates diverse beliefs, values, behaviours and practices and is able to map strategy accordingly. (Scher- merhorn, Hunt, Osborn)

a. Adapts well to different business environments

b. Respects different beliefs, values and practices

c. Solves problems quickly in new circumstances

d. Communicates well with people from different cultures

e. Speaks more than one language

f. Understands different government and political systems

g. Conveys respect and enthusiasm when dealing with others

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Ms. Nishath Parveen

Assistant Professor

h. Possesses high technical expertise for a job.

Emerging Issues and Challenges in Management # 3. Managing Talent:

One of the most visible changes that has impacted organisations in the past decade or so has been the growing realization that people are the most important assets of an organisation. Without their positive contributions, the organisation will never be able to realize its dreams. They are the backbone of an organisation and they are the primary sources of a firm's competitive advantage. It is now widely accepted that a firm's success is determined by decisions employees make and behaviours in which they engage.

The strategic potential of people, therefore, must be utilized thoroughly in order to deliver extraordinary results. Simply delivering results is not enough; you need to be the best in meeting the expectations of your own employees and also the external public. It has never been more important for organizations to foster and tap the strategic potential of people.

Managing people as an organization's primary asset has inspired modern managers to become increasingly more effective at developing programs and policies that leverage talent to align with organizational competencies and at executing organizational strategy. MacDonald (2003) states that "creating the next generation work environment— highly collaborative and capable of not just fostering, but also encouraging, the instant, seamless movement of ideas and expertise will present both intellectual and technical challenges for us as professionals"

Put your best foot forward to attract and retain talent:

Talent management implies recognizing a person's inherent skills, traits, personality and offering him a matching job. Every person has a unique talent that suits a particular job profile and any other position will cause discomfort. It is the job of the Management,

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particularly the HR Department, to place candidates with prudence and caution. A wrong fit will result in further hiring, re-training and other wasteful activities.

No matter how inspiring the Leaders are, they are only as effective as their team. A team's output is healthy only if the members are in sync. To achieve such harmony, the key ingredient is "putting the right people in the right jobs". While there is no magic formula to manage talent, the trick is to locate it and encourage it.

Let us examine the issue more closely:

i. Recognize Talent:

Notice what do employees do in their free time and find out their interests. Try to discover their strengths and interests. Also, encourage them to discover their own latent talents. For instance, if an employee in the operations department convincingly explains why he thinks he's right even when he's wrong, consider moving him to sales!

ii. Attracting Talent:

Good companies create a strong brand identity with their customers and then deliver on that promise. Great employment brands do the same, with quantifiable and qualitative results. As a result, the right people choose to join the organisation.

iii. Selecting Talent:

Management should implement proven talent selection systems and tools to create profiles of the right people based on the competencies of high performers. It's not simply a matter of finding the "best and the brightest," it's about creating the right fit – both for today and tomorrow.

iv. Retaining Talent:

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In the current climate of change, it's critical to hold onto the key people. These are the people who will lead the organisation to future success, and you can't afford to lose them. The cost of replacing a valued employee is enormous. Organisations need to promote diversity and design strategies to retain people, reward high performance and provide opportunities for development.

How Managers can create the 'Fire in the Belly?

Intrinsically motivated employees faithfully perform their task because it gives them a feeling of accomplishment. These individuals are not seekers of monetary rewards but instead find satisfaction in the job itself. So, as long as you can satisfy the esteem needs of these individuals you will keep them happy.

Keep in mind that money is not the main motivator for everyone.

Just follow these valuable steps for inspiring the intrinsically motivated employees and cut some company expenses:

I. Meaningful Work Assignments:

Intrinsically motivated employees want work that is challenging and meaningful. They tend to get bored and lose focus if they are not doing work they feel is valuable to them or to the company. Meaningful work makes them feel that they are a valuable asset to the company. To keep these individuals motivated, delegate meaningful task, then compliment them when they successfully complete them. A simple verbal thank you will work just fine.

II. Personal and Professional Growth:

They are happy when they can grow within the organization and will put forth great effort to apply what they have learned in the current position. They will go above and beyond the call of duty. Overall, opportunities for professional growth help to boost their esteem.

Ms. Nishath Parveen

Assistant Professor

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III. Remember Employee's Birthday/and Years of Service:

Although intrinsically motivated employees do not seek after monetary rewards, it is a good idea to celebrate their birthday with them. This will make them feel that you really appreciate them. A birthday card, a cake, and may be a small gift work just fine for them. You should also honor and celebrate them during an awards ceremony, after they have been with the company for a certain number of years (e.g. 5, 10, 15 years of service). This shows your appreciation for their loyalty to the company. And it also gives them more motivation to continue to work for your company.

IV. Praise and Recognition:

These individuals are motivated when they receive praise and recognition for their work. Make it a point to recognize them for their work and praise them in private or openly. You should also involve them in decision-making for company projects arid give them praise and recognition for those ideas and suggestions that are put into practice.

V. Job Security:

Job security is very important to these individuals. They are not interested in leaving the company to get another job that pays more money; instead they seek longevity with your company. They are very dependable and rarely take time off from their job. They will strive to align their goals with the goals of the company with great enthusiasm.

VI. Cost Effective for the Company:

Concluding, intrinsically motivated employees are less expensive to employ than extrinsic workers because money is not the main motivator. As long as you satisfy their esteem needs, they are happy to work for you. Managers should keep in mind that a happy employee is a productive employee.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

The war for talent will continue. It is not easy to find people with requisite skills, knowledge and experience in the market place readily. To compound the problem further, you need to find people with the right kind of mental attitude. As long as there is a cultural mismatch, employee attrition rates will keep rising in the years ahead.

Managing layoffs would be a matter of great concern as this will cause serious heart burn among employees leaving the firm. The survivors would look at every move of management with great suspicion. Modern managers, therefore, need to perform the balancing act, keeping the ever changing dynamics of the work place in mind. Cost pressures will compel managements to weed out inefficient people, in a labour surplus and capital hungry country like India, this is easier said than done. Workers will put up strong resistance to any such moves and the recent violent attacks on supervisors and HR managers should force everyone to exercise caution and restraint while showing the door to employees.

Companies will be ready to do anything possible to get the best results out of people. Because they have a compelling reason to remain at the top in this era of global competition. They have to deal with competitive attacks from any corner, from anywhere, from any player—small or big is not going to make much of a difference, as long as they leave a gap to be exploited by others to advantage. This is where managers could play a major role that of aligning business strategy with operational dynamics.

Emerging Issues and Challenges in Management # 4. Dealing with Workforce Diversity:

Global competition is forcing companies to hire people from local, as well as international markets. People with diverse backgrounds (in terms of race, religion, caste, region, age, education) and cultures are now working under one roof. The differences in age, education, religion, and cultural background demand a lot of flexibility in work practices.

Employees are made to adjust to a new work culture and environment, learn work habits and adapt themselves to fit in with organizational practices on a daily basis. They have to change

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hats, shift gears, and even change colours as they are made to run the race crossing several emotional hurdles that come on the way.

In short, the new workplace is full of exciting opportunities (in terms of meeting new people, learning their behaviours and adapting to the new environs accordingly) and challenges – all emerging out of workforce diversity.

Workforce Diversity in India:

Workforce diversity refers to similarities and differences among employees in terms of age, cultural background, physical abilities and disabilities, race, religion, sex, and sexual orientation. Workplace diversity, is essentially concerned with the differences that people bring to their jobs on the basis of gender, age, race, ethnicity or professional background. India is a multicultural country.

People with various religious backgrounds live and work together in various kinds of environments. Cities like Mumbai, Delhi, Chennai, Bangalore and Hyderabad attract talent from different parts of the country. Through a policy of reservations, the Government of India has tried to draw the less advantaged and under-privileged sections of society into the mainstream.

Let us look more closely into the issues of workforce diversity in India:

i. Age and Workforce Composition:

Thanks to the opening up of the economy, especially after the 1990s, the composition of workforce in most organizations is changing. The 21st century is unique in that it accommodates three different generations – Baby Boomers (born between 1946 and 1964), Generation X (also known as 'baby busters', born between 1965 and 1979) and Generation Y

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(born after 1980) and is struggling to come to terms with multifarious expectations of workers in various industries.

a. The baby boomers, who were battered by economic shocks and survived layoffs, restructuring exercises and re-engineering efforts, have either retired or will be retiring soon, leaving a vacuum in the labour markets all over the world. They had to fight for everything ranging from privacy to freedom of speech.

b. The baby busters have grown up in the times of rapid change. Members of Gen X are more practical, focused and future-oriented. They demand interesting work assignments and thrive on open ended projects that demand sophisticated problem solving. They want control over their own work schedules and seek to refine their skills so as to be relevant and useful.

c. Gen Y is the fastest growing segment in the workforce now. (India boasts of 550 million people below the age of 25 years). Members of Gen Y have grown up amidst more sophisticated technologies. They want their work to be meaningful and interesting. They place a premium on their lifestyle and seek to strike a balance between work and life. They look for workplace perquisites as natural entitlements.

Challenging work, company's culture and environment, relations with co-workers and leadership roles are some of the important things that are closer to their hearts than perquisites, benefits and bonuses.

Divide between the Young and the Old:

Young Employees:

1. Inexperienced

2. Relevant skills and knowledge

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3. Aggressive, immature, adventurous

4. Mobile and flexible

5. Less inclined to stay, if rewards do not match expectations.

6. Demand interesting, challenging work assignments

7. Fights for space, comfort and rewards

Older Employees:

1. Experienced and mature

2. Somewhat rusted skills

3. Seeks secure jobs and steady incomes

4. Less mobile and not willing to relocate quickly

5. Passionate about work and willing to stay for longer hours

6. Less inclined to learn new skills/ techniques

7. Takes it easy and gets along with colleagues and routine.

Millions of baby boomers find themselves without a job now for a variety of reasons now—such as lack of requisite technical skills, compulsory retirement, recession, and closure of unviable units. These workers need support, help and assistance from the government like their counterparts in the developed world—to lead a dignified life.

ii. Gender and Women at Work:

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Women employees today constitute a major share of the workforce. In India, over 500 million are employed in various streams due to a combination of factors such as women's emancipation, greater equality of sexes and increased literacy rate. In the software industry, nearly 35 per cent of the workforce comprises women, though the figure is not so high in other sectors.

The initial reluctance of employers to give jobs to women seems to be a thing of the past (due to increased financial burden in the form of maternity benefits, creches, prohibition of women in night shifts and in hazardous jobs, etc.). Women handle both 'hard' and 'soft' jobs now in areas such as accounting, hospitality, banking, insurance, airways, police, teaching, beauty care and even driving. The principle of equal pay for equal work has more or less become the rule now in most industries (barring plantation, construction industry, etc.).

The Equal Remuneration Act of 1976 specified equal pay for equal work, regardless of gender and prohibits gender discrimination in hiring practices. The phenomenon of the Indian women 'breaking the glass ceiling' is being increasingly highlighted in the recent times – thanks to the entry of women into the boardrooms as well. For women at work – especially in India – the problem of striking a balance between family demands and workplace pressures still remains.

The journey to the top is not going to be easy without a certain amount of support from the employer. Additionally, female employees often have to face the problem of sexual harassment at work, which has become a very challenging issue for the HR professionals all over the globe.

iii. Minorities/Backward Castes:

The traditional Indian image of diversity has been one of assimilation. A kind of a melting pot wherein differences based on caste, race, religion, economic status were blended into an Indian puree. The socially deprived and economically poorer sections of society never really

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raised their head protesting against national leadership as to why they continued to remain at the bottom of the ladder even after six decades of Independence.

Even after 50 years of reservation, SCs/STs have not yet made to the senior management of most public sector units, with the number of SC/ST directors on their boards not even averaging one per company. According to a study by the Federation of Indian Chambers of Commerce and Industry (FICCI, 2008), a shocking 81 per cent of all reserved seats in technical institutes such as ITIs remain vacant, while 88 per cent of all reserved seats in IITs remain vacant.

The minorities, too, did not demand a fair share of the fruits of the so-called economic progress till recently. In fact, most sections of society have never realized the importance of using their 'voting right' as a powerful weapon to bring about radical social, economic and political change in the country. The situation is changing, however, in recent times, as minorities become more aware of their situations.

Managing a Diverse Workforce- Challenge:

Managers encounter a number of challenges while managing a multi-cultural organization, as explained below:

i. Lower Cohesiveness:

Diverse groups, typically, are less cohesive than homogeneous groups. There is a lack of similarity in language, culture, and experiences, which could lead to mistrust, miscommunication and attitudinal differences. This may reduce cohesiveness and affect productivity negatively.

ii. Communication Problems:

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Diverse groups carry a lot of emotional baggage in the form of misunderstandings, inaccuracies, inefficiencies. You have to explain things again and again to achieve clarity. Members may fail to keep pace with the manager and come back with lots of questions. In any case, the whole process is reduced to a feeble walk.

iii. Mistrust and Tension:

As a result of limited interaction and low familiarity with members belonging to a particular community, region and race, people may not like to share their feelings and opinions freely. People generally get along with others who are like themselves. The way an employee dresses, speaks and conducts himself or herself may become the subject of discussion in office corridors, in places where there is a clear dividing line between people.

iv. Stereotyping:

We tend to see the world in a particular manner (stereotyping) based on our background and experience. Such a jaundiced view could have negative or positive connotations. As a result, we may stereotype women as not loyal to their careers, older workers unwilling to learn new skills, minority group members as incapable of doing things differently and so on. Unless managers are aware of their stereotypes, either their own or those held by others, the stereotypes can directly affect how people in their organization are treated.

Diversity Management Strategies:

In an increasingly multicultural business environment, managers need to develop appropriate skills and strategies to overcome diversity related problems.

The skills and strategies are as follows:

a. Communicate Clearly:

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Communicate to employees the issues that relate to the organization or company, such as goals and objectives, policies, corporate culture and common practices. In a multicultural organization, transparent communications would most probably help in resolving knotty issues.

b. Compel People to Work in Teams:

Create teams of employees to work together. Give each employee her job description and the skills required to complete the project. Mix the teams by involving an employee from each group that fits the necessary job description and skills. This will provide an opportunity for each person to learn from and try to understand one another. Assign a team leader to each group as well as one other person to help the team leader mediate if problems arise.

c. Get Feedback:

Feedback from various groups helps managers in formulating appropriate strategies. In male-dominated offices, sexual harassment has become a problem in recent times. In order to curb such unhealthy tendencies, managers must interact with women employees and elicit their opinions on how to improve relations between males and females. Companies must develop and communicate a strong policy against sexual harassment.

d. Build Awareness:

Awareness building is designed to sensitize employees to the assumptions they make about others and the way those assumptions affect their behaviours, decisions and judgment. At middle and higher management levels, charges of harassment could invite harsh punishment and lead to termination of employment, followed by lawsuits. To protect the image and reputation of the company, managers must highlight the rules in this regard so that everyone understands the policies of the company clearly.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

To avoid charges of discrimination, managers must do the following:

i. Ensure that all types of applicants are sought without any discrimination (recruiting).

ii. Use valid and non-discriminative selection tools and devices (selecting).

iii. Emphasize that all employees without exception are eligible to use training and development-oriented facilities (training).

iv. Apply performance appraisal systems without any bias or prejudice (appraising).

v. Reward employee performance, emphasizing the principle of equity (compensating).

vi. Fix work schedules in a flexible way so that female employees, dual-career couples, disabled workers can participate in all organizational activities without any problem (scheduling).

e. Provide Diversity Training and Skill Building:

Diversity training and skill building programmes attempt to identify and reduce hidden biases and develop the skills required to manage a multicultural, diversified workforce effectively. The training could help people learn more about their similarities and differences from others.

Men and women can be taught to move and work together so as to gain insights into how their own behaviours affect and are interpreted by others. Some companies – like Motorola – even go to the extent of offering language training for their employees as a vehicle for managing diversity. Skill building, on the other hand, aims at imparting interpersonal skills such as active listening, coaching and giving feedback to participants.

f. Adopt Flexible Organizational Practices:

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Another way to accommodate diversity is to come out with flexible work schedules and arrangements. Differences in family arrangements, religious festivals, and cultural events may be accommodated in a flexible manner, keeping individuals and groups in mind. Benefit packages could also be structured in a similar fashion like full insurance cover for employees having a bigger family, allowing the employees to schedule vacations to coincide with those of their spouses', parental leaves of absence, time off to care for sick family members, etc.

Emerging Issues and Challenges in Management # 5. Keeping the Organisation Dynamic and Flexible:

Organisations need to be more agile and flexible in the years to come. They have to turn leaner and leaner as years roll by. Every attempt must be made to cut the extra fat wherever it is found. Flatter organisations, cross functional teams, decentralized structures will bring in the requisite flexibility needed to survive the ups and downs in a business cycle.

HR managers will have to give their best while trying to strike the rapport between technology, resources, people and ideas. Investment in human capital (refers to the knowledge, education, training, skills and expertise of a firm's employees) would prove to be very rewarding. Without significant investments in human capital, organizations will not survive and flourish in a competitive world.

Events in today's world are turbulent and unpredictable, with both small and large crises hitting the corporate world with frustrating regularity. Under the circumstances strategic management of change is the need of the hour. Managers should put their best foot forward and build organizational capabilities leveraging on their core strengths and develop a strategy that would put the company ahead of competition. They need to be flexible in their approach and actions, while trying to overcome the hurdles on the way.

The scarce resources—physical, financial and human resources- at their command must be put to best use. Success in the new workplace, of course, depends on the ability of managers

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

to strike collaborative relationships with internal as well as external forces. To get the best out of people, employees need to be empowered fully.

More importantly, they must stay connected with customers and employees at all times—taking care of their needs, aspirations and expectations in every conceivable manner. Good managers are aware of the fact that they are in a competitive struggle to survive and win. To survive and win, you have to gain advantage over your competitors and earn a profit. The fundamental success drivers in this regard would be innovation, quality, service, speed and cost competitiveness.

a. Innovation:

As we all know, products do not sell forever. In fact, they do not sell for nearly as long as they used to because so many competitors are introducing so many new products all the time. Under the circumstances, every firm has to innovate or be prepared to die. You have to be ready with new ways to communicate with customers and deliver the products with innovative features to them.

Innovation is today's Holy Grail and is the most important source of competitive advantage (an edge or strength a firm has over rivals). When resources are rare (such as competent workforce) and capabilities are exceptional (brand management strengths of Proctor & Gamble) and competitively relevant (design engineering strengths of Mercedes-Benz) a firm is able to sustain its edge over rivals for a long time.

b. Quality:

Remember, Apple has had phenomenal success with iPod but the batteries in the first three version died after 4 months, instead of lasting up to 12 hours, as expected by buyers. Apple's settlement with consumers cost the company a fortune—close to $100 million. So innovations mean nothing unless you deliver what your promise and promise what you can

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deliver! Many experts believe that organisations unable to produce high quality products won't be able to compete and survive in the present day global scenario.

Quality, after all, is nothing but living upto the expectations of consumers. It is the ability of a product or service to reliably do what it is supposed to do and meet customer expectations. To this end, manufacturers all over the globe must constantly find ways and means to improve quality and achieve zero defects in manufacturing. This means that the end product must stand the test of times in terms of performance, customer service, reliability, conformance to standards, durability, aesthetics and many more things specified and unspecified by consumers.

Until a few years ago, Indian industry was roundly criticized for paying insufficient attention to the quality of goods and services. Today, things have come full circle and the quality movement is at a feverish pitch. Companies such as BPL, Wipro, Carrier Aircon, Maruti, Thermax, Bata, Philips, Titan, etc., trumpet their steadfast devotion to quality in their advertisements.

Quality has become the most important word in the corporate lexicon and companies have realised the importance of investing in processes that contribute to better quality and customer relationships. The term 'quality' refers to a sense of appreciation that something is better than something else. It means doing things right the first time, rather than making and correcting mistakes.

According to Edward Deming, TQM is a way of creating an organisational culture committed to the continuous improvement of skills, teamwork, processes, and product and service quality and customer satisfaction. TQM is anchored to organisational culture because successful TQM is deeply embedded in virtually every aspect of organisational life. Global corporation now-a-days are serious about quality issues. They strive to exceed not just meet customer's expectations.

Ms. Nishath Parveen

Assistant Professor

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c. Service:

Service means giving customers what they want or need, and when they want it. It means meeting the needs of customers in every conceivable manner—always. Look at what Best Buy is doing to get people to the stores. The chain's loud music and high—tech features had been aimed at young men. But the store found that women today influence 9 out of 10 electronic purchases. So Best Buy lowered the volume and the lighting, trained its staff to discuss what customers want the technology to do for them, rather than merely pointing out each item's bells and whistles. The chain is also trying to hire more female sales-people.

d. Speed:

It means rapid execution, response and delivery of results—that often separates the winners from losers. How fast can you develop and get a new product to market? How quickly you respond to customer complaints? If you are able to do these things better than your competitors you are on a safe wicket. GM needed 40 hours to assemble a vehicle in 1980s.

Ford is able to do this now in less than 15 hours. From the product concept stage to making the car available in the showroom, Toyota used to take 30 to 40 months in 1980s, but today it does the same in less than 20 months! Speed is no longer another objective of modern organisations. It is actually the survival mantra.

e. Cost Competitiveness:

It means keeping costs low enough so that the company can realize profits and price its products at levels that are attractive to consumers. A low cost position means that the company can undercut competitors' prices and still offer comparable quality and earn a reasonable profit. Comfort Inn and Motel 6 are low priced alternatives to Four-Seasons or Marriott. Enterprise Rent a Car is a low priced alternative to Hertz.

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Ms. Nishath Parveen

Assistant Professor

Dell's phenomenal rise to fame is entirely attributable to its cost competitiveness. To this end, every company must put resources to best use. Often, little things can save big money. So the aim should be to eliminate wastages of all kinds and saving every rupee. Investments in R&D are the only way through which companies can offer incremental benefits to customers.

f. Work Climate:

Global corporations have a compelling need to create a positive work climate in order to deliver excellent results matching the expectations of customers. To this end, of course, they are not leaving anything to chance. They are taking every care to address the work-life balance issues carefully.

Work-life Balance is a concept that supports the efforts of employees to split their time and energy between work and other important aspects of their lives. It implies a daily effort to devote time for family, friends, community participation, spirituality, personal growth, self-care, and other personal activities, in addition to the demands of the workplace.

There are various reasons for the imbalance and conflicts in the life of an employee. From individual career ambitions to pressure to cope with family or work, the reasons can be situation and individual specific. The speed of advancement of information technology, the increasing competition in the talent supply market has led to a 'performance-driven' culture creating pressures and expectations to perform better every time.

Also, many a times, many people find it difficult to say "no" to others especially their superiors. They usually end up over-burdening themselves with work. The increasing responsibilities on the personal front with age can also create stress on personal and professional fronts. Constant struggle and effort to maintain a balance between the work and personal life can have serious implications on the life of an individual.

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Ms. Nishath Parveen

Assistant Professor

According to the 2012 National Work Life Study, 81 per cent of the respondents have admitted that their jobs are affecting and creating stress in their personal lives. The pressures of the work or personal life can lead to stress. According to several other work life balance studies conducted at various points of time, it has been found that such a situation can take a toll on the person's health, both physiologically and psychologically.

Heart ailments, cardiovascular problems, sleep disorders, depression, irritability, jumpiness, insecurity, poor concentration and even nervous breakdowns are becoming common among the victims of such imbalance. Pressure, stress or tension in work life can lead to bad social life and vice versa. Many experts have given different solutions to this problem.

Factors Complicating the Work-Life Balance:

i. Hectic Schedules:

With hectic Schedules, high pressure work assignments and deadly targets. You have to race against time to get notices and be in the reckoning. Otherwise you will be labeled a 'poor performer'.

ii. Intense Competition:

In recent years, the lives of executives have been thrown out of gear completely, thanks to the intense competitive environment, the proliferation of information technology and instart, 24X7 connectivity. Thus, there is an urgent need to strike a balance between an executive's career and ambition on one hand, and pleasure, leisure, family and spiritual development on the other hand.

iii. Very Little Time to Relax:

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Assistant Professor

The 50-70-hour work weeks have become common these days. Not only that, it's simply not sufficient to work, you need to work hard and work smart to get ahead of others, and executives are burning their candle of energies too soon.

iv. Run that Extra Mile to Deliver Results:

To deliver results, you are forced to run that extra mile very fast, sacrificing family, relationships, friends, community work, leisure, pleasure and everything that brings meaning, happiness and fulfilment to I life. (Remember the famous words- "What's this life, full of care, there is meaning, happiness and fulfilment to life, full of care, there is no time to stand and stare!").

v. Weekend Parents:

In the case of dual career couples – a common phenomenon in the 21st century – parents are unable to devote time to their children, and are reduced to what is popularly known as "weekend parents".

vi. Mental Wrecks:

Workaholics who are unable to Strike a fine balance between work pressures and personal and family issues often go on to suffer from heart ailments, cardiovascular problems, sleep disorders, depression, jumpiness, irritability, insecurity, poor concentration and even nervous breakdowns.

vii. Unhealthy Habits:

A time will come when they lose emotional balance, get irritated over petty issues, indulge in verbal abuse and when stress begins to work on their nerves they begin to destroy their personal lives through excessive smoking, drinking and gambling. No one knows how many kids are home after school, without an adult, but the number is in the millions. These children

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spend time on video games, TV and the Internet – with damaging impacts on their psychological growth and development. It is not a healthy sign from the employer's point of view also.

viii. Stress and Burnout:

Executive stress and burnout would lead to lot of problems on the behavioural front. The race for grabbing space, facilities, opportunities and media attention does not end usually high performance. It actually breeds anger, frustration, and resentment among colleagues leading to a kind of tug of war for everything. The resultant political behaviour would bring down overall performance substantially.

Western countries make it mandatory for businesses to extend work- life balance to their employees. In addition, active groups such as the Employers for Work Life Balance in the UK and Centre for Work Life Policy in the US support the cause and ensure a fair play in the larger interests of millions of workers.

Globalization has made an employee's life very tough in India in recent times. They have to work under three different time zones—conforming to the time of Europe, US and Asia—and in many cases, working night shifts has, more or less, become a routine. In service industries, extensive travel has become the order of the day. The onslaught from technology in the form of cell phones, internet and e-mails has literally converted ordinary employees into economic slaves of industry.

The entry of educated women has brought in additional complexities into the work spot—in the form of creation of creches, anti-sexual harassment drives, medical facilities to elders and children at home, maternity leave, etc. Telecommuting facility extended to employees in MNCs and large Indian companies such as H-P, Mindtree, Wipro, Infosys and IBM has eased the pressure a bit.

Ms. Nishath Parveen

Assistant Professor

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But, as things stand today, no employee can proudly declare that he or she is free from all kinds of work-related problems and tensions at least one day a week, companies such as TCS, Microsoft India, iGate Global Solutions, HCL Info systems, HSBC, Marriott Hotels India, Godrej Consumer Products, Google India, Max New York Life, Eh Lilly, Canon India, Sapient, Infosys are trying their best to correct the situation. They are trying every trick in the book to cheer up stressed and over-worked employees through novel policies and funny ideas.

Quality of work life:

The present era is an era of knowledge workers and the society in which we are living has come, to be known as knowledge society. The intellectual pursuits have taken precedence over the physical efforts.

Some knowledge workers work for more than 60 hours a week. As a result of this, their personal hobbies and interests clash with their work. Life is a bundle that contains all the strands together and hence the need to balance work life with other related issues.'

One must have both love and work in one's life to make it healthy. Gone are the days when the priority of employees used to be for physical and material needs. With the increasing shift of the economy towards knowledge economy, the meaning and quality of work life has undergone a drastic change.

Meaning:

Quality of work life (QWL) refers to the favourableness or unfavourableness of a job environment for the people working in an organisation. The period of scientific management which focused solely on specialisation and efficiency, has undergone a revolutionary change.

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Assistant Professor

The traditional management (like scientific management) gave inadequate attention to human values. In the present scenario, needs and aspirations of the employees are changing. Employers are now redesigning jobs for better QWL.

Definition:

ADVERTISEMENTS:

The QWL as strategy of Human Resource Management has assumed increasing interest and importance. Many other terms have come to be used interchangeably with QWL such as 'humanisations of work' 'quality of working life, 'industrial democracy' and 'participative work'.

There are divergent views as to the exact meaning of QWL.

A few definitions given by eminent authors on QWL are given below:

1. "QWL is a process of work organisations which enable its members at all levels to actively; participate in shaping the organizations environment, methods and outcomes. This value based process is aimed towards meeting the twin goals of enhanced effectiveness of organisations and improved quality of life at work for employees. "

—The American Society of Training and Development

2. "QWL is a way of thinking about people, work and organisations, its distinctive elements are (i) a concern about the impact of work on people as well as on organisational effectiveness, and (ii) the idea of participation in organisational problem-solving and decision making. " —Nadler and Lawler

3. "The overriding purpose of QWL is to change the climate at work so that the human-technological-organisational interface leads to a better quality of work life."

Ms. Nishath Parveen

Assistant Professor

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-Luthans

4. "QWL is based on a general approach and an organisation approach. The general approach includes all those factors affecting the physical, social, economic, psychological and cultural well-being of workers, while the organisational approach refers to the redesign and operation of organisations in accordance with the value of democratic society. "

—Beinum

From the definitions given above, it can be concluded that QWL is concerned with taking care of the higher-order needs of employees in addition to their basic needs. The overall climate of work place is adjusted in such a way that it produces more humanized jobs.

QWL is viewed as that umbrella under which employees feel fully satisfied with the working environment and extend their wholehearted cooperation and support to the management to improve productivity and work environment.

Career stage Model:

Career stages are the various phases which an employee or a business professional goes through. These career stages highlight the beginning of the job, growth in the organization, middle stages of the career and the last & decline stages of the career.

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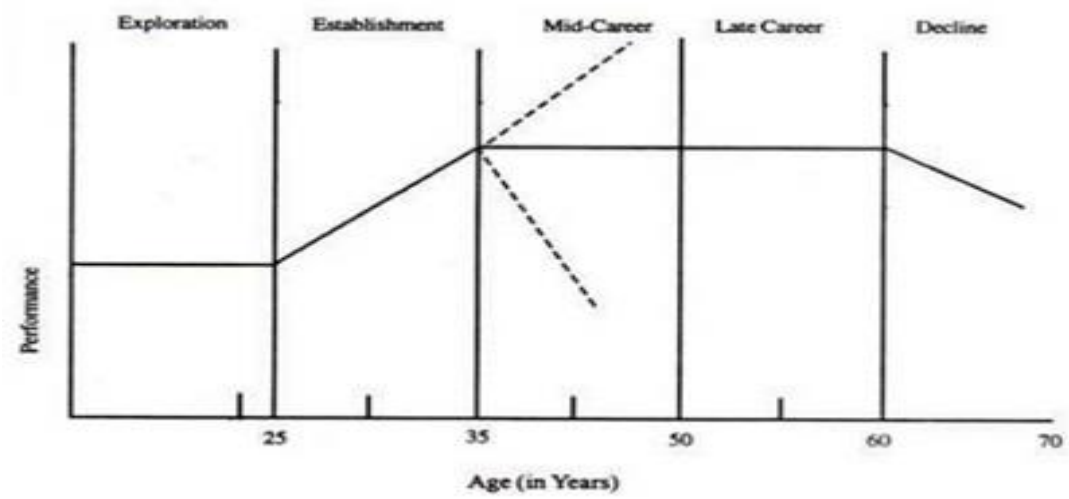
Ms. Nishath Parveen

Assistant Professor



STAGES OF CAREER DEVELOPMENT MODEL

1. Exploration

2. Establishment

3. Mid-career

4. Late career

5. Decline

• **EXPLORATION:** A career stage that generally ends in the mid-twenties when one makes transition from formal education to job .We start exploring about different career opportunities. Our decision for career gets influenced by parents, peers and the financial resources. It is a time when a number of expectations about one's career are developed, many of which are unrealistic.

• **ESTABLISHMENT:** this period begins when we start the search of work and also includes accepting the first job, acceptance by peers, learning about the job and gaining the first taste of success or failure in the real world.

Problems in exploration period

1. Finding a niche

2. Making your mark

3. Characterized by making mistakes.

• **MID-CAREER:** A stage marked by:-

Continuous improvement in the performance

Levelling off in the performance

Beginning of deterioration process

Ms. Nishath Parveen

Assistant Professor

Possible outcomes of mid- career

1. Some employees reach their early goals and go on to even greater heights.

2. Other may suffer from plateaued mid -career

• **Late career stage:** A career stage in which neither the person is learning about their jobs nor they are expected to outdo their level of performance from previous years. It also has two affects on:

Individuals who have grown in mid- career stage

Individuals who have stagnated or deteriorated

• **Decline (Late Stage):** This the final stage in one's career which is usually marked by retirement. This is the difficult stage for everyone but hardest for those who have had continued successes in the earlier stages and then comes the time has come for retirement.

Hence, this concludes the definition of Career Stages along with its overview.

5 Secrets to Climbing the Career Ladder

Here are five tips for climbing the career ladder:

1. Get to Know Your Boss

We book business with who we know and like… the same thing goes for marketing yourself. Make yourself likable, and spend time making your boss' job easier. Proactively keep them regularly updated versus waiting until they request a status report from you. Set up regular meetings to keep them up-to-speed with opportunities or liabilities that you see. By acting as someone on "their side," you can gain their respect and maintain your integrity instead of buttering them up with empty platitudes.

2. Keep a Running File of Your Accomplishments

Then communicate them. We all know when we are doing a good job at the office, but other than leaving us with that warm fuzzy feeling inside, these don't do you any good in the office unless you share them. You don't have to be a braggart. It could be as simple as forwarding a kudos you received from a client to your boss with a short note: "Thought you might like to see this… was a tough client to win, but glad we won them over because it was worth $____

Ms. Nishath Parveen

Assistant Professor

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in business to the company!" The boss suddenly has external feedback about the great job you are doing and also measurable quantification of your results. That, in most supervisors' minds, means that you absolutely rock.

3. If the Opportunity Arises, Propose a Job

Being on the inside, sometimes you can spot a staffing need before your boss (who is concerned with bigger picture issues) can. Sometimes the opportunity is a result of being understaffed or simply because the superior can't see the simple need right in front of them. Being proactive and formulating your proposal to be a problem-solution fix is a great way to move up. Be sure to do your due diligence so you can present the idea as a profit-centre and not as a cost (which is immediately where the supervisor will go). The more detailed you can be and have estimated outcomes, the more receptive they will be. This could even be your opportunity to design your dream job!

4. Step Up. And Up. And Up. No, this is not a Stairmaster… Fact of life: the go-getters are the ones who move up. Remember the saying, "The early bird gets the worm?" It still holds true. Be early to work, dependable, and get projects done on time or early while not compromising on quality. But beyond that, you need to always be the one who raises their hand to take on a special project or tough task when you can tackle it competently. You'll earn esteem with your peers and the people that count... the boss who is likely looking for that go-getter to be the one to take a program or project to the next level.

5. Be Generous we all hate the people who take credit for others' work. And we also hate the people who immediately resort to finger-pointing and blame-shifting when things go bad. Being generous can truly make you stand out as a role model. Nothing shoots you down in the workplace faster than dumping on others. Instead, share credit where it is due, and be accountable for your failures when they happen. Maintain your integrity at all times – this means being polished professionally (both in how you look and act), and always by doing the

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right thing. Honesty always is a workplace value that any employer would value… if you are true to yourself and true to them, and keep these five tips in mind, you will emerge on top as the most likely candidate tapped to step into a higher internal role. *This post was originally published on an earlier date.*

UNIT 4-STRESS AND WELL BEING AT WORK

FOUR APPROACHES TO STRESS:

Approaches to Stress Management

We will review four different approaches to defining stress:

1. Homeostatic / Medical Approach.
2. Cognitive Appraisal Approach.
3. Person-environment fit Approach.
4. Psychoanalytic Approach.

These four approaches to stress will give you a more complete understanding of what stress really is.

The Homeostatic / Medical Approach

Walter B Cannon Was the medical psychologist who originally discovered stress and called it "the emergency response" or "the militaristic response", arguing that it was rooted in "the fighting emotions". According to Cannon, stress resulted when an external environmental demand upset the person's natural steady-state balance referred to as "homeostasis". He called the stress response the fight-or flight response. Cannon believed the body was designed with natural defence mechanisms to keep it in homeostasis.

The Cognitive Appraisal Approach

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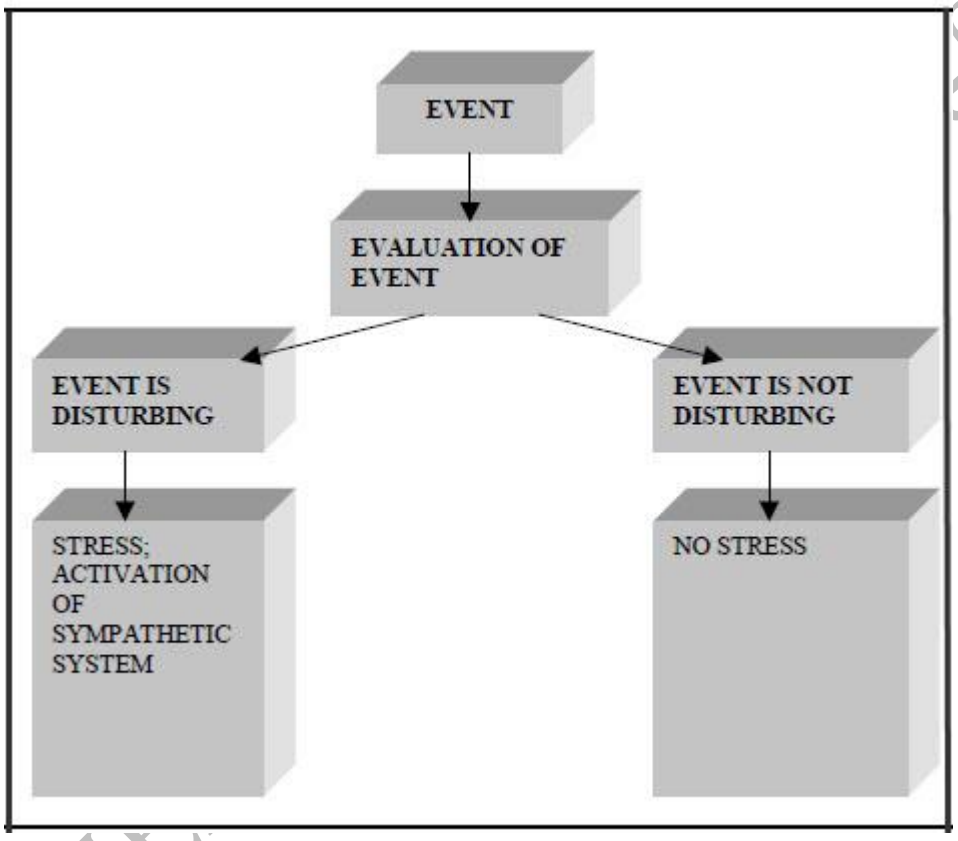
According to Richard Lazarus (1977), "stress is a situation that someone regards as threatening and as possibly exceeding his or her resources". Lazarus pointed out, that the stress evoked by an event depends on how people interpret the event and what they can do about it. For example, pregnancy may be much more stressful for a 16 year old unmarried schoolgirl than it is for a 25 year old married woman.

Lazarus's Approach to Stress



Lazarus saw stress as a result of a person-environment interaction, and he emphasized the person's cognitive appraisal in classifying persons or events as stressful or not.

Individual differ in their appraisal of events and people. What is stressful for one person may not be stressful for another. Perception and cognitive appraisal are important processes in

determining what is stressful, and a person's organizational position can shape such perception.

To the extent that stress is related to our interpretation of an event, not simply to the event itself, people can learn to cope with potentially stressful events. They can learn to deal with events actively instead of feeling threatened by them. Therefore, stress would have to include not only the unpleasant events (hassles) that we have to deal with but also the pleasant events (uplifts) that brighten our day and help to cancel out the unpleasant events.

The Most Frequent Hassel and Uplifts

TEN MOST FREQUENT HASSLES AND UPLIFTS	
HASSLES	UPLIFTS
1. Concerns about weight	1. Relating well with your spouse or lover.
2. Health of a family member	2. Relating well with friends.
3. Raising prices of common goods.	3. Completing a task.
4. Home maintenance.	4. Feeling healthy.
5. Too many things to do.	5. Getting enough sleep.
6. Misplacing or losing things.	6. Eating out.
7. Yard work or outside home maintenance.	7. Meeting your responsibilities.
8. Property, investment, or taxes.	8. Visiting, phoning or writing someone.
9. Crime.	9. Spending time with family.
10. Physical appearance.	10. Hone (inside) pleasing to you.

Thus, Lazarus introduced problem-focused and emotion-focused coping. Problem-focused coping emphasizes managing the stressor, and emotion-focused coping emphasizes managing your response.

The Person-Environment Fit Approach

Robert Kahn's approach emphasized how confusing and conflicting expectations of a person in a social role create stress for the person. A good person-environment fit occurs when a person's skills and abilities match a clearly defined, consistent set of roles expectations. Stress

occurs when the role expectations are confusing and conflicting or Stress when a person's skills and abilities are not able to meet the demands of the social role.

Thus, Kahn was concerned with the social psychology of stress.

The Psychoanalytic Approach

Harry Levees on believes that two elements of the personality interact to cause stress:-

i. ***Ego Ideal:*** is the first element, the embodiment of a person's perfect self.
ii. ***Self-Image:*** is the second element - how the person really sees himself or herself, both positively and negatively.

Stress results from the discrepancy between the idealized self (ego ideal) and the real self-image; the greater the discrepancy, the more stress a person experiences- Psychoanalytic theory helps us understand the role of unconscious personality factors as causes of stress within a person.

This article throws light on the four important sources of stress, i.e., (1) Extra Organisational Stressors, (2) Organisational Stressors, (3) Group Stressors, and (4) Individual Stressors.

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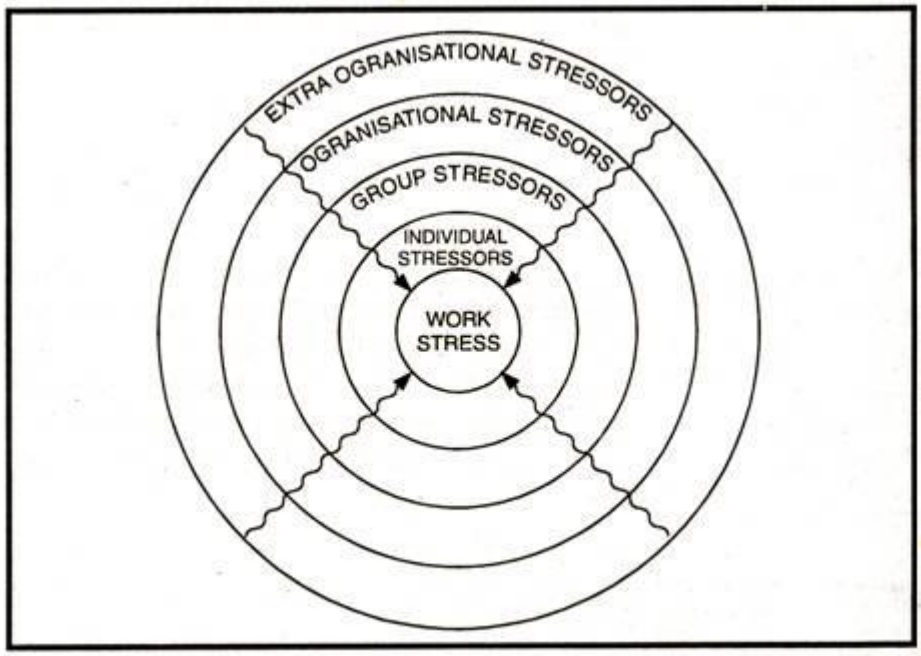
Ms. Nishath Parveen

Assistant Professor



All these sources are explained in detailed as follows:

A. Extra Organisational Stressors:

Job stress is not limited to things that happen inside the organisation, during the working hours. Extra organisational factors also contribute to job stress.

These stressors include the following factors:

1. Political Factors:

Political factors are likely to cause stress in countries which suffer from political uncertainties as in Iran, for example. The obvious reason is that the countries have stable political system where change is typically implemented in an orderly manner.

2. Economic Factors:

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Changes in business cycles create economic uncertainties. When the economy contracts, people get worried about their own security. A very important example is the great depression of 1930s. During this period, suicide rates touched the sky. Minor recessions also cause stress in the work force as downward swings in the economy are often accomplished by permanent reductions in the work force, temporary layoff or reduction in pay.

3. Technological Factors:

Technological uncertainty is the third type of environmental factor that can cause stress. In today's era of technological development new innovations make an employee's skills and experience obsolete in a very short span of time. Computers, automation are other forms of technological innovations, which are threat to many people and cause them stress.

B. Organisational Stressors:

In organisations, there is no shortage of factors which can cause stress. Almost every aspect of work can be a stressor for someone. Although there are many factors in the work environment that have some influence on the extent of stress that people experience at the job, the following factors have been shown to be particularly strong in inducing stress:

1. Job Related Factors:

Job related factors or task demands are related to the job performed by an individual.

These factors include the following:

(i) If a job is too routine, dull and boring or happens to be too demanding in terms of frequent transfers or constant travelling, which limits the time he can spend with his family, the individual is likely to experience stress.

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(ii) Some jobs also be hazardous or morally conflicting to the individual who interfaces with it, for example, working in a explosives manufacturing factory for the individual who is a staunch believer in and advocate of peace. For lack of other job opportunities, he may be forced to work in this environment and this may be a constant source of severe stress and anguish to the person.

(iii) Some duties and responsibilities have inbuilt stress such as those of the fire fighter or the police squad which defuses bombs.

(iv) Jobs where temperatures, noise or other working conditions are dangerous or undesirable can increase anxiety. Similarly, working in an overcrowded room or invisible location where interruptions are constant, can also lead to stress.

(v) The more interdependence between a person's tasks and the tasks of others, the more potential stress there is. Autonomy, on the other hand tends to reduced stress.

(vi) Security is another task demand that can cause stress. Someone in a relatively secure job is not likely to worry unduly about losing that position. On the other hand, if job security is threatened stress can increase dramatically.

(vii) Another task demand stressor is workload. Overload occurs when a person has more work to do than he can handle. The overload can be either quantitative (the individual has too many tasks to perform or too little time in which to perform them) or qualitative (the person believes that he lacks the ability to do the job). On the other hand, the opposite of overload is also undesirable. It can result in boredom and apathy just as overload can cause tension and anxiety. Thus, a moderate degree of work related stress is optimal because it leads to high level of energy and motivation.

2. Role Related Factors:

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Role related factors relate to pressures placed on a person as a function of the particular role he or she plays in the organisation.

Individuals can experience the following role related stresses:

(i) Role Conflict:

Role conflict occurs when two or more persons have different and sometimes opposing expectations of a given individual. Thus, there are two or more sets of pressures on the individual so that it is not possible to satisfy all of them. Role conflict takes place when contradictory demands are placed upon an employee simultaneously. For example, an advertising manager may be asked to produce a creative ad campaign while on the other hand, time constraint is put upon him, both roles being in conflict with each other.

Another type of role conflict is the inter-role conflict where an individual plays more than one role simultaneously in his life and the demands of these roles conflict with each other. For example, a police officer is invited to his friend's wedding party where the guests use drugs which are against the law. Here he faces a role conflict.

(ii) Role Ambiguity:

Stresses from job ambiguity arise when an employee does not know what is expected of him or her or how to go about doing the job. For example, if an employee who joins an organisation is left to himself to figure out what he is supposed to be doing and nobody tells him what the expectations of him or his role are, the newcomer will face a high level of role ambiguity.

Even an old employee can be given a responsibility without being given much information. For example, a production manager might tell a foreman that 500 units of steel rods are to be manufactured in next five days and leaves town immediately without specifying what kind of

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additional help will be provided, or what the purpose, cost, weight or design details are. The foreman is left with a lot of role ambiguity and does not know how he should go about doing the job.

(iii) Role Overload:

Role overload refers to the situation when an individual is expected to do too many things within a limited time as part of the daily routine. For example, if Mrs. X is expected to perform the duties of a supervisor, receptionist, public relations officer and an accountant, she is likely to experience a lot of stress from the several roles she has to play during the day. She may be able to manage the various roles for a short period of time, but if expected to continue in this fashion on a long term basis, she is likely to fall sick or quit.

3. Inter Personal and Group Related Factors:

Interpersonal demands are pressures created by other employees. Group related stressors include factors like conflicts, poor communication, unpleasant relationship and fear of being ostracized from the group as a valued member.

Working with superior, peers or subordinates with whom one does not get along can be a constant source of stress. Some people can deal with conflicts and misunderstandings in an open way and resolve issues as they arise. Many, however, find it difficult to do this and build internal stresses for themselves.

Moreover, lack of social support from colleagues and poor interpersonal relationships can cause considerable stress, especially among employees with a high social need. Sometimes, the individuals try to avoid these stresses by remaining absent as frequently as possible and even start looking for new jobs.

4. Organisational Structural Factors:

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Organisational structure defines the level of differentiation, the degree of rules and regulations and where decisions are made. Excessive rules and lack of participation in decisions that affect an employee are examples of structural variables that might be potential stressors.

5. Organisational Leadership Factors:

These factors represent the managerial style of the organization's senior managers. Some managers create a culture characterised by tension, fear and anxiety. They establish unrealistic pressures to perform in the short run impose excessively tight controls and routinely fire employees who fail to turn up.

6. Organization's Life Cycle:

Organisations go through a cycle. They are established; they grow, become mature and eventually decline. An organization's life cycle creates different problems and pressures for the employees. The first and the last stage are stressful. The establishment involves a lot of excitement and uncertainty, while the decline typically requires cutback, layoffs and a different set of uncertainties. When the organisation is in the maturity stage, stress tends to be the least because uncertainties are lowest at this point of time.

C. Group Stressors:

Another source of stress in organisations is poor interpersonal relationships or conflicts. These conflicts can be among the members of the group or between the superiors and subordinates. Groups have a lot of influence on the employees' behaviour, performance and job satisfaction. On the other hand, the group can also be a potential source of stress.

Group stressors can be categorized into the following factors:

1. Group Cohesiveness:

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The famous Hawthorne studies had proved that group cohesiveness is very important to the employees, particularly at the lower levels of the organisation. Lack of cohesiveness can be very stress producing, especially for those persons who cannot thrive in isolation.

The other side of the picture is that too much cohesiveness can also lead to stress. Sayings like "Too much familiarity breeds contempt" are very valid because prolonged contact with other people can also cause stress. This stress becomes more intensified when the people we are close to or with whom we come in contact with are in distress themselves. For example, people tend to become distressed when their friends, colleagues or pears are in distress. Due to this reason people belonging to certain specific professions, which deal with the problems of other people have the highest level of stress.

According to Albercht, doctors have the highest rate of alcoholism of any of the professions and that psychiatrists have the highest rate of suicide.

2. Lack of Social Support:

Satisfaction, though, a state of mind is primarily influenced by the positive external factors. These factors include friendliness, respect from other members and self respect, support, opportunity to interact, achievement, protection against threats and a feeling of security. In this type of social support is lacking for an individual, it can be very stressful.

3. Conflicts:

People who are working in the organisations are prone to interpersonal and intergroup conflicts. Conflict has both functional and dysfunctional aspects. Whenever conflict has dysfunctional consequences, it will lead to stress in all the concerned parties.

4. Organisational Climate:

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Much of the group or interpersonal relationships depend upon the organisational climate. An overall organisational climate may have a relaxed style of working or it may be tense and crisis oriented. All the employees of such organisation will be continuously tense, if the climate in general is unfriendly, hostile or totally task oriented.

D. Individual Stressors:

The typical individual works for about 8 to 10 hours a day. The problems and experiences which he has to face in the remaining 14 to 16 non-working hours can spill over to his work place. Our final category of stressors thus includes personal or individual stressors.

Following are the main factors which can cause stress to individuals:

1. Job Concerns:

One of the major job concerns is lack of job security which can lead to concern, anxiety or frustration to the individual. The prospect of losing a job especially when you have a family and social obligations is always very stressful. Career progress is another reason of anxiety. This is particularly true for middle aged people, because middle age is a period of soul searching and self-doubt. If these people were not given promotions when due or they feel that the jobs which were given to them were beneath their qualifications, they may become very anxious. This anxiety will lead to stress.

2. Career Changes:

When an employee has to relocate geographically because of a transfer or promotion, it disrupts the routine of his daily life causing concern and stress.

The relocation can lead to the following problems:

(i) The fear of working in a new location.

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(ii) Unpredictability about new work environment.

(iii) Anxiety about creating new relationships.

(iv) Uprooting of children from their schools and friends.

(v) If the employee has got a working spouse then the stress is greater.

Uncertainty about getting a new job at the new location creates some degree of stress.

Thus, when a person is geographically relocated, his stress will depend upon how many changes occur in his social relationships and family life. More the changes, more will be the stress.

3. Economic Problems:

Some people are very poor money managers or they have wants and desires that always seem to exceed their earning capacity. When individuals overextend their financial resources, or in simple words, if they spend more than they earn, it will always cause stress and distract the employees from their Work.

4. Changes in Life Structure:

The life structure of a person changes as he grows older. As a person grows older, his responsibilities to himself as well as others change and increase. The higher the responsibility, the greater the stress.

5. The Pace of Life:

As the responsibilities of a person increase, his capacity to execute them should also increase. A hectic pace of life when the person is always busy in business or otherwise can create more

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stress than a relaxed pace of life. Certain professions like teaching are less stressful than those of company executives, bankers or businessmen.

6. Life Change and Life Traumas:

Life change and life traumas are both stress producing. Life changes may be slow (like getting older) or sudden (like the death of a spouse). Sudden changes are highly stressful. Life traumas can be highly stressful. A life trauma is any upheaval in an individual's life that alters his or her attitudes, emotions or behaviours. Life change and life trauma look alike but there is difference between the two.

To illustrate, according to the life change view, the death of a spouse adds to a person's potential for health problems in the following year. At the same time, the person will also experience an emotional turmoil, which will constitute life trauma and life trauma will spill over to the work place.

Thomas Holmes and Richard Roke developed "Social Adjustment Rating Schedule" to assess the degree of stress created by certain events in life. In order to develop the scale of impact, they asked people to rate as to how long it would take them to adjust to certain stress producing events in life. After considering the responses of the people, they developed a ranking and weighing schedule for each of these stress producing events.

The following table shows the ranking of these events along with the weights:

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Ranking	Life Event	Weight
1.	Death of spouse	100
2.	Divorce	73
3.	Jail term	63
4.	Death of a close family member	63
5.	Marriage	50
6.	Fired from work	47
7.	Pregnancy	40
8.	Sex difficulties	39
9.	Child leaving home	29
10.	Change in residence	20
11.	Christmas	12

7. Personality of a Person:

The extent of stress is also determined by the personality of a person. In respect of personality the distinction between 'TYPE A' and 'TYPE B' behaviour patterns become relevant. TYPE A personalities may create stress in their work circumstances due to their achievement orientation, impatience and perfectionism. TYPE A people, thus, encounter were stress. TYPE B personality; on the other hand, is less stress prone.

8. Ability to Cope:

The ability of the person to cope with stress and the sources a person seeks to deal with stress are also very important. For example, people who have strong faith in God and his will find it easier to deal with stressful situations like the loss of a loved one. Similarly, family, relations and friends are a source of great comfort at such times of crisis. Thus, if we have to appraise the total amount of stress an individual is under, we have to sum up his or her extra organisational, organisational, group and personal stressors.

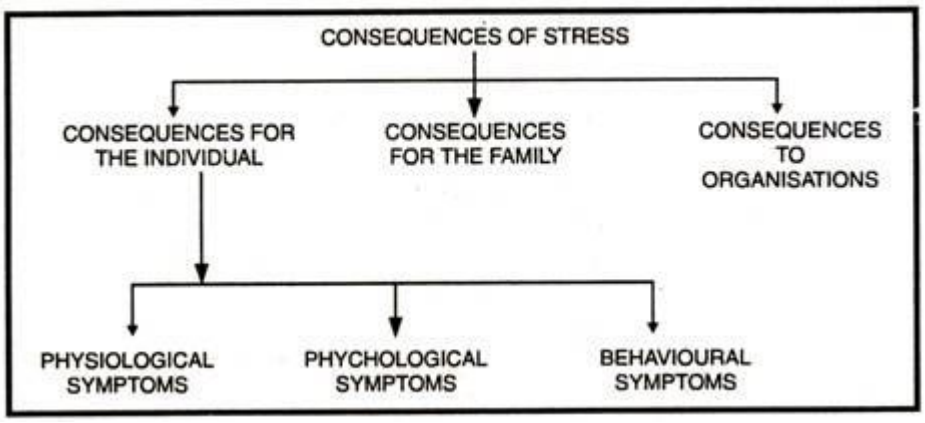
CONSEQUENCES OF STRESS:

This article will throw light on the three important categories involved in consequences of stress, i.e, (a) Consequences for the Individual, (b) Consequences for the Family, and (c) Consequences to Organisations.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management



A. Consequences for the Individual:

Stress shows itself in a number of ways.

An individual who is experiencing stress may develop the following symptoms:

1. Physiological Symptoms:

In the initial stages, the major concern of stress was directed at physiological symptoms. The reason was that this topic was researched by specialists in the health and medical sciences. According to the researchers high degrees of stress are typically accompanied by severe anxiety, frustration and depression.

Some of the physiological symptoms as given by Business Week are as follows:

(a) Stress:

Irritability, insomnia, alcohol and food abuse. Physical changes including rapid breathing, and heartbeat, tensed muscles. Prolonged stress can cause muscular twitches, skin problems, baldness and sexual problems such as impotence.

(b) Anxiety:

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Excessive worry, irritability, anger, nervousness as well as un-ability to concentrate or sleep. Physical changes include palpitations, chest pain and dizziness.

(c) Depression:

Feeling of sadness, hopelessness, guilt and worthlessness, loss of interest in activities, change in appetite or weight, difficulty in concentrating and suicidal thoughts. The link between stress and particular physiological symptoms is not clear. According to Academy of Management Journal there are few, if any, consistent relationships. But the fact which is relatively significant is that physiological symptoms have the least direct relevance to the students of human behaviour. Our concern is with behaviour and attitudes. Therefore, the other two categories of symptoms are more important to us.

2. Psychological Symptoms:

While considerable attention has been given to the relationship between stress and physiological symptoms, especially within the medical community not as much importance has been given to the impact of stress on mental health. But psychological problems resulting from stress are very important in day to day job performance.

The psychological impacts of stress may be:

(i) Stress can cause dissatisfaction. Job related stress can cause job-related dissatisfaction. Job dissatisfaction "is the simplest and most psychological aspect of stress."

(ii) High levels of stress may be accompanied by anger, anxiety, depression, nervousness, irritability, tension and boredom. One study found that stress had the strongest impact on aggressive actions such as sabotage, interpersonal aggression, hostility and complaints.

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(iii) The psychological problems from stress may lead to poor job performance, lowered self-esteem, resentment of supervision, inability to concentrate, make decisions and job dissatisfaction.

(iv) Research indicates that when people are placed in jobs that make multiple and conflicting demands or in which there is a lack of clarity as to the individual's duties, authority and responsibilities, both stress and dissatisfaction are increased.

(v) The less control people have over the pace of their work, the greater the stress and dissatisfaction.

(vi) Some evidence suggests that jobs that provide a low level of variety, significance, autonomy, feedback and identity, create stress and reduce satisfaction and involvement in the job.

3. Behavioural Symptoms:

Any behaviour which indicates that you are not acting your usual self may be a sign of adverse reaction to stress.

Direct behaviour that may accompany high levels of stress includes:

(i) Undereating or overeating

(ii) Sleeplessness

(iii) Increased smoking and drinking

(iv) Drug abuse

(v) Nodding off during meetings or social gatherings

Ms. Nishath Parveen

Assistant Professor

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(vi) Losing your sense of humour

(vii) Moving in a tense and jerky way

(viii) Reacting nervously or irritably to everyday sounds

(ix) Absenteeism and turnover(x) Reduction in productivity

Consistently acting arid feeling out of character is a serious warning that we are losing our ability to cope with tension. Inability to feel or express any emotions or a sense of being indicates loss of contact with our surroundings and ourselves. The above indicators can help us in overcoming the tensions in our day to day life. Like the psychological problems resulting from stress, the behavioural problems are often not attributed to stress by co-workers or supervisors and generate little sympathy.

B. Consequences for the Family:

Distress which is handled by individuals in dysfunctional ways such as resorting to drinking or withdrawal behaviours, will have an adverse effect on their family life. The effects of this will be spouse abuse, child abuse, alienation from family members and even divorce.

The stressors which generally affect the family life are:

(i) In the dual career families where both the spouses are pursuing careers, a lot of personal commitments, varied in nature, are demanded from them (both to their jobs and families). The stresses experienced by the couples stem from role overload, since both partners have to manage their careers as well as help the family.

(ii) Additional stresses are experienced while handling the personal, social and cultural dilemmas of balancing work and family, discharging parenting responsibilities, handling

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competition at the work place and within the family and being an involved member of the extended family.

C. Consequences for the Organisations:

The effect of employees stress on organisations is many and varied.

These include:

(i) Low performance and productivity.

(ii) High rate of absenteeism and turnover.

(iii) Loss of customers due to poor attitudes of workers.

(iv) Increased alienation of the worker from the job.

(v) Destructive and aggressive behaviours resulting in strikes and sabotage.

The stresses experienced by employees who take on critical roles and are responsible for public safety can sometimes be detrimental to the wellbeing of the constituents served. For example, the stress experienced by airline pilot, train driver, railway guard or air traffic controller can result in the loss of so many lives. Therefore, the costs of employees stress to the organisation in terms of lost profits, declining assets, bad image projection, poor reputation and loss of future business are enormous.

Stress is basically the tension or anxiety caused by any sort of pressure in everyday life. The ability to handle or minimize the physical and emotional effects of such anxiety is known as one's stress management skills.

The importance given to stress management skills in workplace can be guessed from the fact that employers, in many countries, have been burdened with a legal responsibility of

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recognizing as well as coping with the workplace stress in order to ensure good mental and physical health of employees in organization.

However, the question that remains is why do organizations consider it important even in countries where it is not a legal obligation?

Why is stress management important

A certain level of stress is always present in any workplace. As soon as the level of stress escalates to a point that it becomes dangerous for the well-being of the organization as well as employees, stress management becomes important. It has the following benefits:

- **Enables you to motivate employees better.** Stressful situation can have a devastating effect on the morale of employees, causing increased absenteeism and employee turnover. However, good stress management skills help the morale of employees to stay intact so that they are more motivated and better focused on their jobs and performance.
- **Reduced chances of workplace conflicts.** Among many other factors contributing to workplace conflicts such as differences in opinions, backgrounds and personalities, the increased level of stress also plays a major role. It shatters the workplace relationships, undermining the overall culture. However, effective stress management skills prevent such distractions and builds teamwork, making everyone's lives easier and fun.
- **Improves productivity even in stressful situations**. Since the employee morale and workplace relationships remain intact, stress management skills are considered to be one of the major contributors to the improved productivity. With ideal stress management skills, there will be lesser chances of customer complaints or poor decision-making even in the most stressful circumstances.

Ms. Nishath Parveen

Assistant Professor

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How to improve stress management skills

Bearing in mind how too much stress can be detrimental to employees' morale and organization's profits level, following measures can be taken to improve stress management skills:

- **Identify the sources of stress and prioritize.** There can be personal as well as workplace pressures causing stress. The first step towards improvement of stress management skills is to be able to identify the source causing it. Once identified, make a priority list and tackle the stressors one at a time. Being more organized sometimes helps in relieving part of the stress.
- **Motivate yourself to find solutions.** There are many ways you can boost up your morale for managing stress. For example, make a list of similar situations you have managed to handle in the past and recall how you did it, or promise yourself a reward after you have successfully managed to cope with the stressful situation. However, if the stressors are things that are completely out of your control, you must be able to remind yourself and be okay with the fact that there is nothing you can do.
- **Manage stress through exercise.** Take care of your physical health by eating healthy, avoiding excessive sugar and, most of all, exercising regularly. Learn yoga as well as other exercises for muscle relaxation. This will help you manage your physical responses to a stressful situation.
- Stress management refers to a wide spectrum of techniques and therapies that aim to control a person's levels of stress, especially chronic stress, to improve everyday functioning.
- To reduce workplace stress, managers can monitor each employee's workload to ensure it is in line with their capabilities and resources.

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Ms. Nishath Parveen

Assistant Professor

- Managers can also be clear and explicit about general expectations and long-term objectives to ensure there is no discrepancy between what the manager is looking for and what the employee is working toward.
- Managers must keep culture in mind when approaching issues of workplace stress. They must quickly dismantle any negative workplace culture that arises, such as bullying or harassment, and replace it with a constructive working environment.

Key Terms

- **stress**: Mental, physical, or emotional strain due to a demand that exceeds an individual's ability to cope.

Managerial Implications:

Stress management refers to a wide spectrum of techniques and therapies that aim to control a person's levels of stress, especially chronic stress, to improve everyday functioning.

Preventing Job Stress

If employees are experiencing unhealthy levels of stress, a manager can bring in an objective outsider, such as a consultant, to suggest a fresh approach. But there are many ways managers can prevent job stress in the first place. A combination of organizational change and stress management is often the most effective approach. Among the many different techniques managers can use to effectively prevent employee stress, the main underlying themes are awareness of possibly stressful elements of the workplace and intervention when necessary to mitigate any stress that does arise.

Specifically, organizations can prevent employee stress in the following ways:

Intentional Job Design

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- Design jobs that provide meaning and stimulation for workers as well as opportunities for them to use their skills.
- Establish work schedules that are compatible with demands and responsibilities outside the job.
- Consider flexible schedules—many organizations allow telecommuting to reduce the pressure of being a certain place at a certain time (which enables people to better balance their personal lives).
- Monitor each employee's workload to ensure it is in line with their capabilities and resources.

Clear and Open Communication

- Teach employees about stress awareness and promote an open dialogue.
- Avoid ambiguity at all costs—clearly define workers' roles and responsibilities.
- Reduce uncertainty about career development and future employment prospects.

Positive Workplace Culture

- Provide opportunities for social interaction among workers.
- Watch for signs of dissatisfaction or bullying and work to combat workplace discrimination (based on race, gender, national origin, religion, or language).

Employee Accountability

- Give workers opportunities to participate in decisions and actions that affect their jobs.
- Introduce a participative leadership style and involve as many subordinates as possible in resolving stress-producing problems.

Ms. Nishath Parveen

Assistant Professor

UNIT 5- ORGANIZATIONAL DEVELOPMENT AND CHANGE

Organizational Development Alternative Interventions:

OD interventions are the building blocks which are the planned activities designed to improve the organization's functioning through participation of the members of the organization.

Some OD Programs may use only one or a few of these interventions, while other programmes may use several of them simultaneously. Some of the many OD interventions are.

1. Diagnostic activity:

This activity involves collection of all the pertinent information about the state of the organization. This can be done through the organization's operations records, observation of task activities, meetings with subordinates, and interviews with workers and so on. This could establish the current health of the organization.

This information is analyzed and the information as well as the analysis is communicated to members. Based on this information, as well as the feedback obtained from the members, some action plans are designed which are intended to improve the health of the organization. The feedback from members is intended to measure perceptions and attitudes such as job satisfaction, supervisory style and so on. It would help the supervisors to understand better and improve upon their relationship with their subordinates.

2. Team building:

Team building activities are designed to enhance the effectiveness and satisfaction of individuals who work in groups in order to improve the effectiveness of the entire group. It is important to recognize work group's problems as early as possible so that solutions can be applied before the problems can do any damage.

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Ms. Nishath Parveen

Assistant Professor

These may be task related problems or personality conflict and personality cult problems within the group. The group's work related issues can be streamlined by changing the way things are done, by redirecting the resources, utilized and by re-examining the work processes.

The interpersonal relationships within the team can be improved by creating the environment which is open and trustworthy, where members can openly and freely communicate their feelings and thoughts, where leadership evolves on the basis of respect and functional excellence and where conflicts are resolved on the basis of mutual understanding.

3. Sensitivity training:

Sensitivity training refers to a method of changing behaviour through unstructured group interaction. The idea is that in such training periods, the participants can openly express their ideas, beliefs, perceptions and attitudes and they learn about interpersonal behaviour. Such training could result in empathy for others, increased tolerance for individual differences, improved listening skills and greater trust in each other.

4. Intergroup relationships:

Just as there are problems within a group, there are problems among two or more different groups who are interdependent among themselves. The activities of these groups must be synchronized and coordinated to achieve the organizational goals and any unhealthy competition between the groups must be eliminated.

Other problems may involve conflicts over overlapping responsibilities or confused lines of authority. Some examples of such groups, where conflicts may lie, are sales and production, line and staff, labour and management, hospital administrators and doctors in a hospital and so on. All these problems and conflicts must be solved in a spirit of trust, goodwill and openness.

5. Process consultation:

The purpose of process consultation is for an outside OD consultant to assist the management, "to perceive, understand and act upon process events within the organization.

The consultant observes the processes such as communication patterns, decision making and leadership styles, methods of cooperation and conflict resolution among members and groups and acts as a guide or a coach who advises on how these processes can be improved.

In general, all OD efforts are designed to bring changes in the conceptual environment of an organization as well as the outlook of organizational members. Each member begins to see

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himself as a resource to others and is willing to lend his support to his colleagues when such support is needed.

WHAT IS ORGANIZATIONAL DEVELOPMENT

"A planned change process, managed from the top, taking into account both the technical and human sides of the organization"

The following a few of most common OD Interventions, that most of the companies practice:

1. Applying criteria to goals
2. Establishing inter-unit task forces
3. Experimentation with alternative arrangements
4. Identifying "Key Communicators"
5. Identifying "Fireable Offenses"
6. In-Visioning
7. Team Building
8. Inter-group Problem Solving
9. Management / Leadership Training
10. Setting up measurements

A BRIEF ON EACH OF THE ABOVE, WITH EXAMPLES
OD practitioners choose the most appropriate OD Intervention, to create "Planned Change."

1. Applying criteria to goals

Here the leadership establishes objective criteria for the outputs of the organization's goal-setting processes. Then they hold people accountable not only for stating goals against those criteria but also for producing the desired results.

Example:
Organizations are implementing the concept of Balanced Scorecard, X-Matrix etc., to capture the goals of the employees, which in turn is helpful in their assessment and mid-term correction of their performance.

2. Establishing inter-unit task forces

These groups can cross both functional parts of the organization (the "silos") as well as employee levels. They are ideally accountable to one person and are appropriately rewarded for completing their assigned task effectively. Then they disband.

Example:

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Organizations have introduced various schemes for rewarding their employees for their performance, like:
- Introducing the concept of Variable pay in as a part of CTC
- Spot Recognition Award
- Project bonus, performance bonus etc.,

3. Experimentation with alternative arrangements

Today organizations are subject to "management by best-seller." The goal in these interventions is to create what is being called a "learning organization," one that performs experiments on organizational structure and processes, analyzes the results, and builds on them.

Example:
Organizations today are targeting at streamlining the process of Learning and Development and encouraging the culture of Learning in the organizations.
- Targeting achieving mandatory man-days of training for their employees
- Introducing the Competency based practices

4. Identifying "key communicators"

This is to carefully determine who seems to be "in the know" within the organization. These people often do not know that they are, in fact, key communicators. This collection of individuals is then fed honest information during critical times, one-on-one and confidentially.

Example:
Defining the process of Organizational Communication policy
- Introducing Top – down and Bottom – up Communication approach
- Introducing Employee Forums and Suggestion Box options for employee interaction
- Identifying Critical employees in the organization and making them the Brand Ambassadors of their company

5. Identifying "Fireable Offenses"

This intervention deepens the understanding of and commitment to the stated values of the organization. This facilitates the work of the Top Management to answer the critical question, "If we're serious about these values, then what might an employee do that would be so affrontive to them that he/she would be fired?"

Example:
- Publishing and Instilling Values and Beliefs among all employees
- Introducing Policies like Whistle Blowing, Sexual Harassment etc.,

Ms. Nishath Parveen

Assistant Professor

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6. In-visioning

This is actually a set of interventions that help to "acculturate" everyone in the organization into an agreed-upon vision, mission, purpose, and values. The interventions might include training, goal setting, organizational survey-feedback, communications planning, etc.

7. Team Building

This intervention can take many forms.

Example:
The most common is interviews and other pre-work, followed by a one- to three-day offsite session. During the meeting the group diagnoses its function as a unit and plans improvements in its operating procedures.

8. Inter-group Problem Solving

This intervention usually involves working with the two groups separately before bringing them together. They establish common goals and negotiate changes in how the groups interface.

Example:
This is practiced in Product Development Companies and most of the IT and ITES Companies.
- Focused group discussion are encouraged by the management, for generating better ideas and concepts

9. Management/leadership training

Many OD professionals come from a training background. They understand that organizations cannot succeed long term without well-trained leaders. The OD contribution there can be to ensure that the development curriculum emphasizes practical, current situations that need attention within the organization and to monitor the degree to which training delivery is sufficiently participative as to promise adequate transfer of learnings to the job.

Example:
Most of the organizations today are focusing at Leadership Management for their employees. Earlier, this was targeted to the Top Management alone, but now, organizations are seeing its relevance to inculcate the leadership skills in their middle management and junior management as well.
- Business Organization Retreat (BOD) is being the most common practice, is a part of this

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initiative.

10. Setting up measurement systems

The total-quality movement emphasizes that all work is a part of a process and that measurement is essential for process improvement. The OD professional is equipped with tools and techniques to assist leaders and others to create measurement methods and systems to monitor key success indicators.

Example:
- The concepts like Six Sigma, TQM etc act as Measurements tools for the process followed in the organization.

Meaning of Change Agent:

Though change is a continuous process involving managers at all levels, who should initiate change and how has to be deliberately decided in planned change. Planned change can be introduced through change agents. Change agent is the person who initiates change in the organisation to increase organisational effectiveness.

Planned change may be change in people, structure or technology. Any resistance in introducing change is overcome by the change agent who motivates the employees to accept the change. Internal management takes help of external consultants in introducing planned change.

Change agents can, thus, be:

1. External Change Agents and

2. Internal Change Agents.

1. External change agents:

They are generally the behavioural scientists who specialise in human behaviour. They work as consultants for the company and devise its change strategy.

2. Internal change agents:

They are continuously involved in the change process. They belong to the organisation only and depending on the need where the change is required, they are selected from different levels and departments. Internal change agents are usually the managers who are trained by the consultants (external change agents) to implement change as on ongoing process.

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They introduce change within the broad framework of change strategy devised by the external change agents.

They also lead the members to implement the change process. Internal change agents may also be change advisors appointed from specific departments for specific periods. After the change programme is completed, they go to their original departments.

They convince organisational members to accept and implement the change. What they learn from the consultants, they communicate to the managers and promote behavioural skills to smoothen the change process.

Change advisors should have the following qualities for making change programme successful:

1. Diagnostic skills.

2. Behavioural skill.

3. Attitudes of acceptance.

4. Personal qualities to provide emotional support and reassurance. — Watton

External Change Agents:

1. They take total view of the organization as a system.

2. They are not much affected by norms of the organization.

3. They do not view change as an on-going process as they are appointed by the organization for specific tasks.

4. They use diagnostic skills to diagnose the problem and plan the overall strategy for change.

5. Their role is comprehensive in nature.

6. Their role is primarily that of process consultation,that is, deciding the process of introducing change.

7. They help the organisation move towards self-renewal and growth

Internal Change Agents:

1. They accept the system as given

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2. They apply change practices suitable to the needs of the organization within the organisational norms.

3. They view change as an on-going process with minor or major changes in the components of the organization

4. They use problem-solving skills to deal with problems related to change.

5. Their role is secondary to that of external agents.

6. Their role is primarily of implementing the change process. They work as trained by the consultants. Their role is primarily educational as they educate people about the need for accepting and implementing the change.

7. They sustain the organisation to maintain their competitive position.

Though, external and internal change agents have different roles, the difference is only in the perspective. Their focus is the same; to move the organisation to a new state of equilibrium with better competitive advantage.

While external change agents are specialised in their work, internal change agents work under their guidance to deal with people internal to the organisation and implement the change process smoothly with no or minimum resistance.

At the initial stages of change, both internal and external change agents work together to understand the need for change, areas where change can be most beneficial for the organisation and behavioural problems of people who will be affected by change. Working of internal and external change agents together develops mutual trust, smoothens the process of change and makes it move as an ongoing process.

Change process is effective when external change agent acts as a process consultant and actual implementation is done by the internal change agents. Internal change agent is more conversant with the problems in the organisation and can, therefore, manage the change process better. Various diagnostic and problem-solving skills can, however, be taught by the external change agent.

Role of a Change Agent:

Though role of a change agent varies with the nature of organisation, problem and management, change agent usually performs the following tasks:

1. He announces the need for change in the organisation. Members usually want to maintain status quo which is resistant to change. Change agents help to overcome this resistance.

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2. He diagnoses the present situation in the organisation, foresees changes in the environment and helps the client company in adapting to the changing environment.

3. He helps in smoothly carrying out the change process. People accept change naturally without feeling that they are forced to accept it.

4. He formulates strategies for change. These are known as change interventions or OD (organisation Development) interventions.

5. He trains the internal change agents to implement the change process and introduce it further in the organisation. Change, thus, becomes an on-going process in the light of ever-changing dynamic external environment.

6. He uses behavioural skills to deal with emotional and social problems of employees in accepting and implementing change.

A change agent, thus, acts as a:

1. Facilitator:

He facilitates change by developing awareness about the importance of change.

2. Consultant:

He draws major plan for change based on his diagnostic skills.

3. Counselor:

He studies the attitudes, personality, perception, beliefs and expectations of organisational members to the change process and motivates them to accept change and continue in the changed environment till a change is introduced again.

Change is inevitable, a part of doing business in a world influenced by technology, globalization, and evolving customer demands. **Change management** has in recent years shifted from a specialty to be more of a leadership quality that affects how companies and teams adapt to shifting marketplaces and continue daily operations.

Whereas change management used to primarily focus on operational and/or process improvements and cost-effectiveness, it is now something that managers are using to think about how things get done regardless of institutional hierarchy. Organizations are looking to change agents to **execute new processes** and help employees adjust to new ways of doing things.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

Change agents can be managers or employees, or external consultants hired to facilitate initiatives. Internal change agents have the advantage of being familiar with an organization's history, operations, and people, while external change agents can provide a fresh perspective without the influence of a firm's traditions and culture, according to an article in the *International Journal of Management, Business, and Administration*.

Whether an organization appoints internal change agents, hires outside consultants or does a combination of both scenarios, "the success of any change effort depends heavily on the quality and workability of the relationship between the change agent and the key decision makers within the organization," the article stated.

Today, playing the role of a change agent has never been more important. Failing to do so has never been more costly. If changes are not conducted smoothly and regularly, what would be milestones in a company's growth could become morale disasters full of missed objectives and a lack of commitment from the people necessary to make change happen? With this in mind, here are some tips for those looking to become a better change agent.

Change Agent Qualities

- **Flexibility**. Being open to change requires an entrepreneurial attitude. Leaders have to tap into creative instincts to find non-traditional ways for a business to grow and exploit opportunities. This includes connecting with people of different generations and backgrounds to gain a deeper understanding of perspectives, experiences, and personalities.
- **Diversified Knowledge**. Successful leaders avoid getting stuck in the confines of their industry. By looking at what is going on in other sectors, and seeing what is working and applicable to their own industries, leaders can gain valuable insights and spot new opportunities for growth.
- **Priority and Results Focus**. In creating change, it's often helpful to tie specific priorities to the overall business goals. These are must-win battles that determine success or failure and are focused on improving the company's performance in the marketplace. Doing this will streamline decision making and create a clear picture of how the company is measuring up to expectations.
- **Ownership and Responsibility**. People respect courage and accountability. In order to lead effectively, executives and managers need to ultimately hold themselves responsible for their team's performance. They may have to make decisions that go against dissenting opinions and can cause conflicts, but doing so with conviction and ready to handle the consequences will ultimately demonstrate that their intentions are motivated by the best interests of the company, thus gaining the trust of their people.
- **Effective Listening Skills**. Effective change agents are able to explore perspectives and take them into account when looking for solutions. This will help in getting buy-in to a change; people want to feel that others are listening to their ideas. Those who do will develop stronger relationships with their people by gaining trust.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

Why People Resist Change

In practice, there are 8 common reasons why people resist change:

(1) Loss of status or job security in the organization

It is not our nature to make changes that we view as harmful to our current situation. In an organizational setting, this means employees, peers, and managers will resist administrative and technological changes that result in their role being eliminated or reduced. From their perspective, your change is harmful to their place in the organization!

Forcing a change on others has its place. Over time, however, when this is the only approach that you use to make change, you'll find that your change results suffer. If you overuse this approach, you will harm your effectiveness over the long term as others will find direct and indirect ways to resist you. Without a thoughtful change strategy to address resistance to change, you will trigger strong resistance and organizational turnover.

(2) Poorly aligned (non-reinforcing) reward systems

Confused ManagerThere is a common business saying that managers get what they reward. Organizational stakeholders will resist change when they do not see any rewards.

When working with managers, I will ask them, Where is the reward to employees for implementing your change?

Without a reward, there is no motivation for your team to support your change over the long term. This often means that organizational reward systems must be altered in some way to support the change that you want to implement. The change does not have to always be major or costly. Intrinsic rewards are very powerful motivators in the workplace that are non-monetary.

(3) Surprise and fear of the unknown

The less your team members know about the change and its impact on them, the more fearful they will become. Leading change also requires not springing surprises on the organization! Your organization needs to be prepared for the change.

In the absence of continuing two-way communication with you, grapevine rumors fill the void and sabotage the change effort. In fact, ongoing communication is one of your most critical tools for handling resistance to change. But, it's not just telling! The neglected part of two-way communication — listening — is just as powerful.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

Change that is poorly communicated will only stir up organizational resistance

(4) Peer pressure.

Whether we are introverted or extroverted, we are still social creatures. Organizational stakeholders will resist change to protect the interests of a group.

You might see this among some of your team members who feel compelled to resist your change to protect their co-workers. If you're a senior executive or middle manager, your managers who report to you may will resist your change effort to protect their work groups.

As the psychologist Abraham Maslow discussed, the need to belong to a group is a powerful need in the workplace. If your change effort threatens these workplace social bonds, some of your team members may resist your change effort.

(5) Climate of mistrust

Skeptical Suspicious Doubting WomanMeaningful organizational change does not occur in a climate of mistrust. Trust, involves faith in the intentions and behavior of others. Mutual mistrust will doom an otherwise well-conceived change initiative to failure.

If you are trying to implement your change effort in an environment where most of the people working with you mistrust each other, you'll have limited success. You'll need to spend some time rebuilding trust if you want better results from your change effort.

Trust is a fragile asset that is easily harmed.

It's hard to get employees to support the changes that leadership wants to make when all that the employees see for themselves are negative consequences.

(6) Organizational politics

Some resist change as a political strategy to “prove” that the decision is wrong. They may also resist to show that the person leading the change is not up to the task. Others may resist because they will lose some power in the organizational. In these instances, these individuals are committed to seeing the change effort fail.

Sometimes when I work with managers they become frustrated with the political resistance that they encounter from others. Political obstacles are frustrating when you are trying to implement needed change. My advice to you is to acknowledge what you are feeling and then take positive steps to counter the organizational resistance you are facing.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

Politics in organizations are a fact of life!

(7) Fear of failure

Sweeping changes on the job can cause your team members to doubt their capabilities to perform their duties. What is known is comfortable! Your team members may be resisting these changes because they are worried that they cannot adapt to new work requirements.

Fear is a powerful motivator that can harden people's intent to resist your efforts to implement change. If you want your change effort to be successful, you'll need to help your team members move beyond these fears.

(8) Faulty Implementation Approach (Lack of tact or poor timing)

Sometimes it is not what a leader does, but it is how s/he does it that creates resistance to change! Undue resistance can occur because changes are introduced in an insensitive manner or at an awkward time.

In other words, people may agree with the change that you want to implement but they may not agree with how you are going about making the change.

For any significant organizational change effort to be effective, you'll need a thoughtful strategy and a thoughtful implementation approach to address these barriers.

So, the next time you hear someone say that people naturally resist change explain to them that this is a myth. We change all of the time.

These tips are taken from Prosci's change management best practices research, conducted over the last two decades:

- Do change management right the first time
- Expect resistance to change
- Address resistance formally
- Identify the root causes of resistance
- Engage the "right" resistance managers

1. Do Change Management Right the First Time
Much resistance to change can be avoided if effective change management is applied on the project from the very beginning. While resistance is the normal human reaction in times of change, good change management can mitigate much of this resistance. Change management is not just a tool for managing resistance when it occurs; it is most effective as a tool

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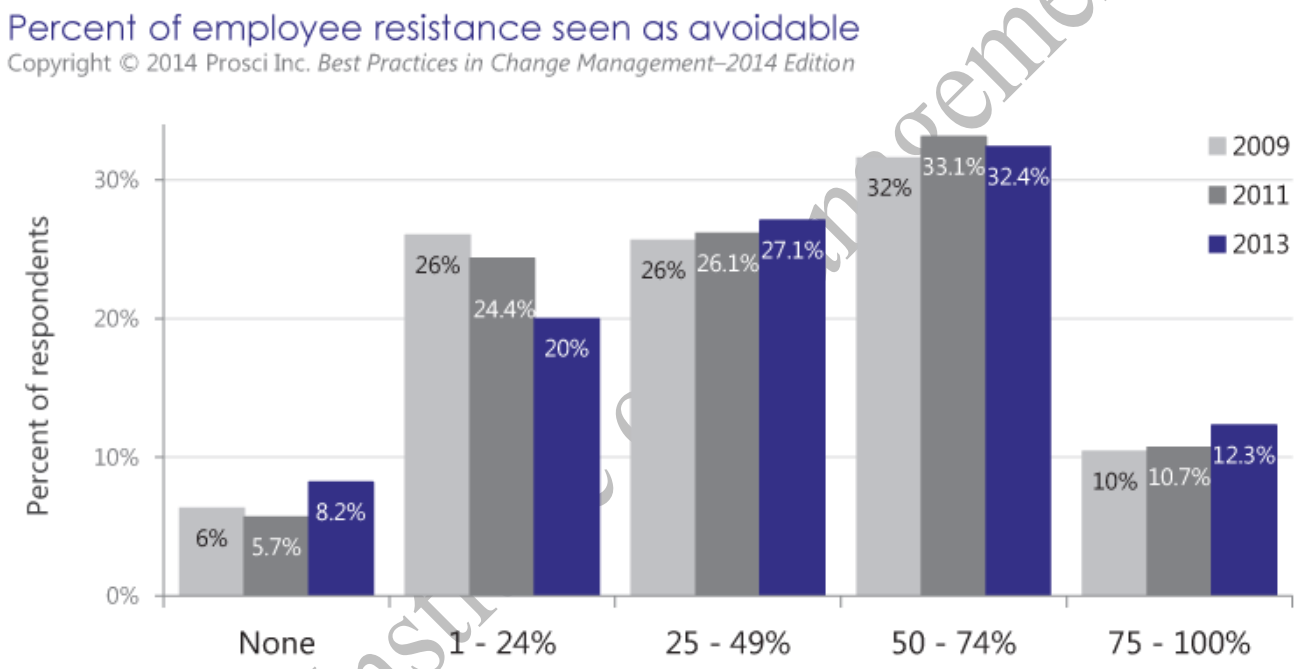
for activating and engaging employees in a change. Capturing and leveraging the passion and positive emotion surrounding a change can many times prevent resistance from occurring—this is the power of utilizing structured change management from the initiation of a project. Participants in Prosci's 2013 benchmarking study commented on the fraction of resistance they experienced from employees and managers that they felt could have been avoided with effective change management (see below). Participants cited that much of the resistance they encountered could have been avoided if they applied solid change management practices and principles. The moral here is: if you do change management right the first time, you can prevent much of the resistance from ever occurring.



Consider the following change management activities:

- Utilize a structured change management approach from the initiation of the project
- Engage senior leaders as active and visible sponsors of the change
- Recruit the support of management, including middle managers and frontline supervisors, as advocates of the change
- Communicate the need for change, the impact on employees and the benefits to the employee (answering "What's in it for me?" or WIIFM)

Each of these tactics, all of which are part of a structured change management approach, directly address some of the main sources of resistance and can actually prevent resistance from happening if they happen early in the project lifecycle. Frontline employees will understand the "why" behind the change and see the commitment from leaders throughout the organization. In many cases, this will prevent resistance from occurring later in the project when it can adversely impact benefit realization, project schedules and budget.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

2. Expect Resistance to Change

Do not be surprised by resistance! Even if the solution a project presents is a wonderful improvement to a problem that has been plaguing employees, there will still be resistance to change. Comfort with the status quo is extraordinarily powerful. Fear of moving into an unknown future state creates anxiety and stress, even if the current state is painful. Project teams and change management teams should work to address resistance and mitigate it, but they should never be surprised by it.

Research on the function of the brain shows that resistance is not only a psychological reaction to change but actually a physiological reaction (see the "The Neuroscience of Leadership" by David Rock and Jeffrey Schwartz for more information). To act in a new way requires more power from the brain. The physiological reaction when presented with a new way of doing something is to revert back to what the brain already knows. Human beings can adapt their behavior, but it is a difficult and painful process—even for the brain itself.

When preparing for resistance, spend time before the project launches to look at likely sources of resistance. All too often, a project team will reflect back on resistance and say, "We knew that group was going to resist the change," but nothing was done to address this upfront in the project. When the project is getting started, be proactive and specific about where resistance is likely to come from and the likely objections that drive this resistance. Then, act on this knowledge ahead of time before the resistance impacts the project. These are some likely sources of resistance for most any project:

- Employees who are highly invested in the current way of doing work
- People who created the current way of doing work that will be changed
- Employees who expect more work as a result of the change
- Those who advocated a particular alternative, say Option B, when Option A was ultimately selected
- People who have been very successful and rewarded in the current way of doing work

These groups are likely sources of resistance and should be addressed proactively in the project lifecycle with targeted tactics for mitigating these objections.

3. Formally Manage Resistance to Change

Managing resistance to change should not be solely a reactive tactic for change management practitioners. There are many proactive steps that can be used to address and mitigate resistance that should be part of the change management approach on a project.

Resistance is addressed in all three phases of

Phase 1: Preparing for Change

During the creation of the change management strategy, generate anticipated points of resistance and special tactics to manage them based on readiness assessments.

Phase 2: Managing Change

The resistance management plan is one of the five change management plans you create in this phase, along with the communication plan, sponsorship roadmap, coaching plan and

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training plan. These change management plans all focus on moving individuals through their own change process and addressing the likely barriers for making the change successful. The resistance management plan provides specific action steps for understanding and addressing resistance.

Phase 3: Reinforcing Change

In the final phase of the process, you collect feedback to understand employee adoption and compliance with the new workflows and processes prescribed by the change. Evaluating this feedback allows you to identify gaps and manage the resistance that may still be occurring. This phase also includes the top ten steps for dealing with resistance to change, which can be a powerful tool for managers and supervisors in the organization.

Formally addressing resistance ensures that it is understood and dealt with throughout the lifecycle of the project. It moves managing resistance to change from simply a reactive mechanism to a proactive and ultimately more effective tool for mobilizing support and addressing objections.

4. Identify the Root Causes of Resistance to Change

Managing resistance is ineffective when it simply focuses on the symptoms. The symptoms of resistance are observable and often overt, such as complaining, not attending key meetings, not providing requested information or resources, or simply not adopting a change to process or behavior. While they are more evident, focusing on these symptoms will not yield results. To be effective at managing resistance, you must look deeper into what is ultimately causing the resistance. Effective resistance management requires identification of the root causes of resistance—understanding why someone is resistant, not simply how that resistance is manifesting itself.

Change management best practices research provides a nice starting point for understanding the root causes of resistance. Results from the 2013 benchmarking study showed some important themes in the top reasons for resistance (reaffirming the results from previous studies). When asked to identify the primary reasons employees resisted change, study participants identified the following root causes:

- Lack of awareness of why the change was being made
- Impact on current job role
- Organization's past performance with change
- Lack of visible support and commitment from managers
- Fear of job loss

With the knowledge of these primary root causes, change management teams can adequately prepare a compelling case for the need for change that is communicated by senior leaders in the organization. This simple activity targets the top cause for resistance (lack of awareness) and can ultimately prevent much of the resistance a project experiences. You can use

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additional benchmarking findings and your own experience with change in your organization to craft a list of likely root causes with activities to address and mitigate each one.

A final note on resistance to change: resistance is ultimately an individual phenomenon. While research and analysis can identify broadly the root causes for resistance, it is important to ultimately address resistance by individuals at the individual level. The best way to identify the root cause of resistance is through a personal conversation between a resistant employee and their supervisor, which leads us to the final tip for managing resistance.

5. Engage the "Right" Resistance Managers

The "right" resistance managers in an organization are the senior leaders, middle managers and frontline supervisors. The change management team is not an effective resistance manager. Project team members, Human Resources or Organization Development specialists are not effective resistance managers either. Ultimately, it takes action by leadership in an organization to manage resistance.

Senior Leaders

At a high level, senior leaders can help mitigate resistance by making a compelling case for the need for change and by demonstrating their commitment to a change. Employees look to and listen to senior leaders when they are deciding if a change is important, and they will judge what they hear and what they see from this group. If senior leaders are not committed to a change or waver in their support, employees will judge the change as unimportant and resist the change.

Managers and Supervisors

Managers and supervisors are the other key group in terms of managing resistance. They are the closest to the frontline employees who ultimately adopt a change. If they are neutral to or resistant to a change, chances are that their employees will follow suit. However, if they are openly supportive of and advocating for a particular change, these behaviors will also show up in how employees react to the change. Benchmarking data shows five key roles of managers and supervisors in times of change, and two of these roles are directly connected to managing resistance to change: demonstrating support for the change and identifying and managing resistance.

Remember, though, you must address resistance from managers first before asking them to manage resistance.

The change management team or resource can do much of the leg work in understanding and addressing resistance, but the face of resistance management to the organization is ultimately senior leaders, managers and supervisors. The change management resource can help to enable the "right" resistance managers by providing data about where resistance is coming from, likely root causes of resistance, potential tactics for addressing resistance and tools to identify and manage resistance, but the "right" resistance managers must take action to address objections and move employees forward in the change process

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

How to Manage Resistance

So, what can you do in order to manage this unavoidable resistance to change? Below are 9 effective tactics and strategies from the *Accelerating Implementation Methodology (AIM)*; a structured, practical change management process for the human side of organizational change that Reinforcing Sponsors and Change Agents can use to manage resistance while it is occurring.

1. **Create personal rapport -** Talk directly with the Targets of the change by asking questions to better understand their personal Frame of Reference.
2. **Ask open-ended questions -** It's the best way for Change Agents to really understand where the resistance is coming from.
3. **Occupy less than 25% of the air time -** Managing resistance is more about *listening* than it is about *talking*. Limit your own speaking time to no more than 25% of the conversation**.**You will learn much more if you spend the bulk of the time in listening rather than in talking mode.

4. **Establish and communicate the expectations -** People want to know what is expected of them, and how they will be evaluated.

5. **Realize you are dealing with resistance -** After two "good faith" attempts to explain the change, make sure you realize where the resistance is coming from and acknowledge it.

6. **Explain the change from the Target's Frame of Reference -** What is a small change in the eyes of one person may be very big from another's perspective. Make sure you are communicating from each Target's Frame of Reference, and that you answer the two "me" questions: What's in it for me, and what does it mean to me?

7. **After the "why's" are agreed on, focus on "what we can do to work it out" -** After both parties have a mutual understanding of each other's Frame of Reference, and the "why's" of the change are clearly established, focus on "what" we can do to work it out.

8. **Identify non-supporters and involve them in key roles -** Recognize your Target has a lot of energy invested in their resistance. If you can re-direct this energy to helping to work it out,you will be using one of the most effective resistance-management techniques-- involvement.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

9. **Create "win-win" situations -** When possible, make it easy for the Target to back down from his current position without losing face.

Lewin's Change Management Model

Understanding the Three Stages of Change

Change is a common thread that runs through all businesses regardless of size, industry and age. Our world is changing fast and organizations must change quickly, too. Organizations that handle change well thrive, whilst those that do not may struggle to survive.

The concept of "change management" is a familiar one in most businesses today. But how businesses manage change (and how successful they are at it) varies enormously depending on the nature of the business, the change and the people involved. And a key part of this depends on how well people within it understand the change process.

One of the cornerstone models for understanding organizational change was developed by Kurt Lewin back in the 1940s, and still holds true today. His model is known as Unfreeze – Change – Refreeze, which refers to the three-stage process of change that he describes. Lewin, a physicist as well as a social scientist, explained organizational change using the analogy of changing the shape of a block of ice.

Understanding Lewin's Change Management Model

If you have a large cube of ice but realize that what you want is a cone of ice, what do you do? First you must melt the ice to make it amenable to change (unfreeze). Then you must mold the iced water into the shape you want (change). Finally, you must solidify the new shape (refreeze).

By looking at change as a process with distinct stages, you can prepare yourself for what is coming and make a plan to manage the transition – looking before you leap, so to speak. All too often, people go into change blindly, causing much unnecessary turmoil and chaos.

Ms. Nishath Parveen

Assistant Professor

Institute of Management

To begin any successful change process, you must first start by understanding why the change must take place. As Lewin put it, "Motivation for change must be generated before change can occur. One must be helped to re-examine many cherished assumptions about oneself and one's relations to others." This is the unfreezing stage from which change begins.

Unfreeze

This first stage of change involves preparing the organization to accept that change is necessary, which involves breaking down the existing status quo before you can build up a new way of operating.

Key to this is developing a compelling message showing why the existing way of doing things cannot continue. This is easiest to frame when you can point to declining sales figures, poor financial results, worrying customer satisfaction surveys, or suchlike. These show that things have to change in a way that everyone can understand.

To prepare the organization successfully, you need to start at its core – you need to challenge the beliefs, values, attitudes, and behaviors that currently define it. Using the analogy of a building, you must examine and be prepared to change the existing foundations as they might not support add-on storeys. Unless this is done, the whole building may risk collapse.

This first part of the change process is usually the most difficult and stressful. When you start cutting down the "way things are done," you put everyone and everything off balance. You may evoke strong reactions in people, and that's exactly what needs to be done.

By forcing the organization to re-examine its core, you effectively create a (controlled) crisis, which in turn can build a strong motivation to seek out a new equilibrium. Without this motivation, you won't get the buy-in and participation necessary to effect any meaningful change.

Change

After the uncertainty created in the unfreeze stage, the change stage is where people begin to resolve their uncertainty and look for new ways to do things. People start to believe and act in ways that support the new direction.

The transition from unfreeze to change does not happen overnight: people take time to embrace the new direction and participate proactively in the change. A related change model, the Change Curve , focuses on the specific issue of personal transitions in a changing environment and is useful for understanding this aspect in more detail.

In order to accept the change and contribute to making it successful, people need to understand how it will benefit them. Not everyone will fall in line just because the change is

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necessary and will benefit the company. This is a common assumption and a pitfall that should be avoided.

Tip:

Unfortunately, some people will genuinely be harmed by change, particularly those who benefit strongly from the status quo. Others may take a long time to recognize the benefits that change brings. You need to foresee and manage these situations.

Time and communication are the two keys to the changes occurring successfully. People need time to understand the changes, and they also need to feel highly connected to the organization throughout the transition period. When you are managing change , this can require a great deal of time and effort, and hands-on management is usually the best approach.

Refreeze

When the changes are taking shape and people have embraced the new ways of working, the organization is ready to refreeze. The outward signs of the refreeze are a stable organization chart, consistent job descriptions, and so on. The refreeze stage also needs to help people and the organization internalize or institutionalize the changes. This means making sure that the changes are used all the time, and that they are incorporated into everyday business. With a new sense of stability, employees feel confident and comfortable with the new ways of working.

The rationale for creating a new sense of stability in our ever-changing world is often questioned. Even though change is a constant in many organizations, this refreezing stage is still important. Without it, employees get caught in a transition trap where they aren't sure how things should be done, so nothing ever gets done to full capacity. In the absence of a new frozen state, it is very difficult to tackle the next change initiative effectively. How do you go about convincing people that something needs changing if you haven't allowed the most recent changes to sink in? Change will be perceived as change for change's sake, and the motivation required to implement new changes simply won't be there.

As part of the refreezing process, make sure that you celebrate the success of the change – this helps people to find closure, thanks them for enduring a painful time, and helps them believe that future change will be successful.

Practical Steps for Using the Framework

Unfreeze

1. Determine what needs to change.

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- Survey the organization to understand the current state.
- Understand why change has to take place.

2. Ensure there is strong support from senior management.

- Use Stakeholder Analysis and Stakeholder Management to identify and win the support of key people within the organization.
- Frame the issue as one of organization-wide importance.

3. Create the need for change.

- Create a compelling message about why change has to occur.
- Use your vision and strategy as supporting evidence.
- Communicate the vision in terms of the change required.
- Emphasize the "why."

4. Manage and understand the doubts and concerns.

- Remain open to employee concerns and address them in terms of the need to change.

Change

1. Communicate often.

- Do so throughout the planning and implementation of the changes.
- Describe the benefits.
- Explain exactly how the changes will affect everyone.
- Prepare everyone for what is coming.

2. Dispel rumors.

- Answer questions openly and honestly.
- Deal with problems immediately.
- Relate the need for change back to operational necessities.

3. Empower action.

- Provide lots of opportunity for employee involvement.
- Have line managers provide day-to-day direction.

4. Involve people in the process.

- Generate short-term wins to reinforce the change.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

- Negotiate with external stakeholders as necessary (such as employee organizations).

Refreeze

1. Anchor the changes into the culture.

- Identity what supports the change.
- Identify barriers to sustaining change.

2. Develop ways to sustain the change.

- Ensure leadership support.
- Create a reward system.
- Establish feedback systems.
- Adapt the organizational structure as necessary.

3. Provide support and training.

- Keep everyone informed and supported.

4. Celebrate success!

Key Points

Lewin's Change Management Model is a simple and easy-to-understand framework for managing change.

By recognizing these three distinct stages of change, you can plan to implement the change required. You start by creating the motivation to change (unfreeze). You move through the change process by promoting effective communications and empowering people to embrace new ways of working (change). And the process ends when you return the organization to a sense of stability (refreeze), which is so necessary for creating the confidence from which to embark on the next, inevitable change.

Change management is the systematic approach and application of knowledge, tools and resources to deal with change. It involves defining and adopting corporate strategies, structures, procedures and technologies to handle changes in external conditions and the business environment. Effective change management goes beyond project management and technical tasks undertaken to enact organizational changes and involves leading the "people side" of major change within an organization. The primary goal of change management is to successfully implement new processes, products and business strategies while minimizing negative outcomes.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

This article discusses the management of large organizational changes that may have far-reaching impacts on the organization and its workforce, including the following topics:

- The nature and extent of organizational change.
- The business case for a systematic approach to change management.
- The roles of management and HR during major change initiatives.
- Steps to take in managing organizational change.
- How to overcome common obstacles encountered during organizational change.
- Legal and global considerations in managing change.

This article also highlights some of the special issues and challenges in implementing certain types of major organizational change, including mergers and acquisitions, downsizing, bankruptcy, business closure, outsourcing, and changes within the HR function.

Background

To keep pace in a constantly evolving business world, organizations often need to implement enterprisewide changes affecting their processes, products and people. Change is a fact of life in businesses today. It can be difficult, and people often resist it. But to develop an agile workplace culture, organizations should follow a systematic approach to managing major change. Organizational development experts have established approaches for successfully navigating through change.

Organizational leaders must identify and respond quickly to market changes and unexpected challenges, but most are not in a position to create an agile culture. Yet agile leadership—from CEOs down to line-level managers—separates high-performing from lower-performing organizations. Companies that consistently outperform competitors in profitability, market share, revenue growth and customer satisfaction reported much greater agility than lower performers.

Business Case

The rate of major organizational change has accelerated dramatically in this decade. Global research and advisory company Gartner reports that the average organization has undergone five enterprise changes in the past three years and 73% of organizations expect more change initiatives in the next few years.[1]

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

As change initiatives have become more frequent and widespread, the importance of managing individuals through change has gained credence. Major changes can affect organizations across all levels. Many corporate leaders have concluded that failing to manage employees through change can be costly: Employees who are dissatisfied with or upset by change are generally less productive.

An employer that is serious about change management should develop a communication plan, a road map for change sponsors, integrated training programs and a plan for dealing with resistance. HR should be involved in major organizational changes from the beginning and can assist by influencing the following:

- Improving employees' understanding of change.
- Increasing communication between management and employees.
- Identifying and mitigating risks.
- Enhancing employee satisfaction.
- Boosting trust between management and employees.
- Improving employee skills and proficiency through change-related training initiatives.

The Roles of Management and HR

Business managers who want to undertake major transformation to stay competitive must work with HR staff to gain employee acceptance and support.

Management's role

Having the right leadership and buy-in from the executive team is critical to unifying the organization behind a common strategic direction.

Another key is making sure all managers are equipped to coach their direct reports toward commitment. One-on-one conversations help individual team members analyze how the change will affect them, determine their level of commitment and choose how they will act. Questions managers should address with employees include:

- What is changing?
- Why is it changing?
- How will it affect your area?

Ms. Nishath Parveen

Assistant Professor

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- How will it affect you directly?

Unfortunately, many managers are not adept at change management. The lack of change management skills among managers can make change initiatives difficult to achieve. A Towers Watson Change and Communication ROI Survey found that 87 percent of employers train managers on effective change management; however, only one-quarter of those employers found the training to be effective.[2] To increase managers' skills, HR should provide training that is tailored to the specific change initiative and the competencies necessary to lead successful change.

HR's role

HR can play a dual role in change management by initiating and leading the change and by serving as a facilitator for changes that other leaders and departments initiated.

The HR department performs a variety of functions associated with the communication, implementation and tracking of major changes. Most commonly, HR professionals assist employees by serving as a point of contact for questions and concerns and by explaining any impact on staffing. In addition, HR often coordinates meetings and communications about the change and related initiatives. Other common HR roles and responsibilities include:

- Providing initial employee communications about changes.
- Developing training programs.
- Preparing informational documents.
- Assessing readiness before the change.
- Analyzing potential impact.

HR can also play a strategic role in change management by calculating the post-implementation return on investment by identifying key performance indicators (KPIs) to be measured and by tracking and communicating these results.

By championing change, HR can help the organization increase buy-in, comfort and support for change across departments, thereby increasing the success of change initiatives. **Steps in the Change Management Process**

Organizations should systematically prepare for and implement major organizational change. John Kotter, a Harvard Business School professor, developed a well-known and widely

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adopted approach for managing organizational change. This approach, updated in Kotter's book *Accelerate*, involves the following eight stages:[3]

1. **"Create a sense of urgency."** Successful transformation efforts usually begin when leaders examine the market for changes that may lead to new competitive realities for the organization. These changes can stem from demographic shifts, social trends, new technology, market or competitor changes, or new government regulations. The leaders should explain that a potential crisis or major opportunity is imminent, and they should encourage frank discussion throughout the organization. Creating a sense of urgency that the status quo is no longer acceptable is essential to gain the workforce's energetic cooperation.

2. **"Build a guiding coalition."** Once employees feel a sense of urgency, leaders should establish a group with enough power to lead the change. Members need substantial authority based on position, expertise, credibility and leadership, as well as effective management skills and proven leadership abilities. This coalition must learn to work together based on trust and set a common goal. Many guiding coalitions build trust through offsite meetings, joint activities and conversation.

3. **"Form a strategic vision and initiatives."** The guiding coalition should craft a clear vision for the future, motivate people to take appropriate actions and coordinate their actions. An effective vision is imaginable, desirable, feasible, focused, flexible and communicable, according to Kotter. Creating an effective vision takes time and can be a challenging process, but the end product provides a clear direction for the future.

4. **"Enlist a volunteer army."** Once the guiding coalition has developed the vision, its members should provide extensive communications about how the change will improve the business and how those improvements will benefit employees. Key elements in effective communications include simplicity, use of examples, multiple forums, repetition, explanation of apparent inconsistencies and two-way communication. The group should model the behavior expected of employees.

5. **"Enable action by removing barriers."** To empower workers to support change and act on the vision, change leaders should identify and remove obstacles. Four categories of important obstacles are:

    1. Formal structures that make it difficult for employees to act.
    2. A lack of needed skills.
    3. Personnel or information systems.

Ms. Nishath Parveen

Assistant Professor

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4. Supervisors who discourage actions toward implementing the new vision.

6. **"Generate short-term wins."** Successful and enduring change takes time, which can be discouraging to employees at all levels of the organization. To maintain urgency, leaders should create conditions that support early successes and visible improvements. The key is to actively search for opportunities to score early achievements and to recognize and reward those who made these accomplishments possible. Good short-term wins have unambiguous results, are visible to many people and are clearly related to the change effort.

7. **"Sustain acceleration."** Until major changes are embedded in an organization's culture (which could take up to a decade), they remain vulnerable to resistance and regression. It is important to use the early successes as a foundation for larger challenges and to revise all systems, structures and policies that do not fit the change vision. HR can consolidate gains by hiring, promoting and developing employees who can implement the transformation vision. Additionally, the change process can be reinvigorated with new project themes and change agents.

8. **"Institute change."** The final stage in Kotter's model for successful change is linking the changes to two key components of corporate culture—norms of group behavior and shared values.

Another model for organizational change includes a four-phase change management process:

1. **Define**—Align expectations regarding the scope of the change as well as timing and business impact.
2. **Plan**—Understand how the change will impact stakeholders and design a strategy to help them navigate it.
3. **Implement**—Engage with leaders and associates to execute the change.
4. **Sustain**—Work with leaders and employees to track adoption and drive lasting change.

A large global retailer uses this model to increase the speed and impact of change initiatives while reducing the downturn of performance, thereby achieving desired outcomes quicker.

Overcoming Common Obstacles Encountered in Implementing Change

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Ms. Nishath Parveen

Assistant Professor

Organizations can have a clear vision for changes and a technically and structurally sound foundation for making changes, but the initiatives can still flounder due to obstacles that arise. Employee resistance and communication breakdown are common obstacles faced during major organizational change.

Employee resistance

Successful change starts with individuals, and failure often occurs because of human nature and reluctance to change. Employees may also lack the specific behavioral traits needed to adapt easily to changing circumstances, which could decrease employee engagement and effectiveness and put organizational productivity at risk. How organizations treat workers during a change initiative determines how successful the change—and the organization—will be.

There are six states of change readiness: indifference, rejection, doubt, neutrality, experimentation and commitment. Organizations about to embark on a transformation should evaluate workforce readiness with assessment instruments and leader self-evaluations to identify the areas in which the most work is needed.

Leaders should have a solid strategy for dealing with change resistance. Some actions to build employee change readiness include:

- Developing and cascading strong senior sponsorship for people-focused work. In the absence of visible sponsorship, leaders should build alliances, meet business needs and promote wins.
- Developing tools and information for front-line supervisors and managers. Organizations should involve them early—train them, prepare them and communicate regularly.
- Coaching employees to help them adapt and thrive during change.
- Rewarding desired behaviors and outcomes with both tangible and intangible rewards.
- Relying on insights from both those in the field and subject-matter experts.

Communication breakdown

Sometimes decisions about major organizational changes are made at the top management level and then trickle down to employees. As a result, why and how the company is changing may be unclear. According to a Robert Half Management Resources survey, poor

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communication commonly hinders organizational change-management efforts, with 65 percent of managers surveyed indicating that clear and frequent communication is the most important aspect when leading through change.

To avoid this problem, HR should be involved in change planning early to help motivate employees to participate. Effective communication promotes awareness and understanding of why the changes are necessary. Employers should communicate change-related information to employees in multiple forms (e.g., e-mails, meetings, training sessions and press releases) and from multiple sources (e.g., executive management, HR and other departments).

To avoid communication breakdowns, change leaders and HR professionals should be aware of five change communication methodologies—from those that provide the greatest amount of information to those that provide the least:

- **"Spray and pray."** Managers shower employees with information, hoping they can sort significant from insignificant. The theory is that more information equates to better communication and decision-making.
- **"Tell and sell."** Managers communicate a more limited set of messages, starting with key issues, and then sell employees on the wisdom of their approach. Employees are passive receivers, and feedback is not necessary.
- **"Underscore and explore."** Managers develop a few core messages clearly linked to organizational success, and employees explore implications in a disciplined way. Managers listen for potential misunderstandings and obstacles. This strategy is generally the most effective.
- **"Identify and reply."** Executives identify and reply to key employee concerns. This strategy emphasizes listening to employees; they set the agenda, while executives respond to rumors and innuendoes.
- **"Withhold and uphold."** Executives withhold information until necessary; when confronted by rumors, they uphold the party line. Secrecy and control are implicit. The assumption is that employees are not sophisticated enough to grasp the big picture.

Experts estimate that effective communication strategies can double employees' acceptance of change. However, often companies focus solely on tactics such as channels, messages and timing while failing to do a contextual analysis and consider the audience. Some of the specific communication pitfalls and possible remedies for them are the following:

Ms. Nishath Parveen

Assistant Professor

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- **The wrong messengers are used.** Studies have found that employees tend to trust information from managers. Understanding the organization's culture will dictate who is the best messenger for change—the manager, the senior executive team or HR.
- **The change is too sudden.** Leaders and managers need to prepare employees for change, allow time for the message to sink in and give them an opportunity to provide feedback before a change is initiated.
- **Communication is not aligned with business realities.** Messages should be honest and include the reasons behind the change and the projected outcomes.
- **Communication is too narrow.** If the communication focuses too much on detail and technicalities and does not link change to the organization's goals, it will not resonate with employees.

Executive leaders and HR professionals must be great communicators during change. They should roll out a clear, universal, consistent message to everyone in the organization at the same time, even across multiple sites and locations. Managers should then meet both with their teams and one on one with each team member.

Leaders should explain the change and why it is needed, be truthful about its benefits and challenges, listen and respond to employees' reactions and implications, and then ask for and work to achieve individuals' commitment.

Other obstacles

Employee resistance and communication breakdowns are not the only barriers that stand in the way of successful change efforts. Other common obstacles include:

- Insufficient time devoted to training about the change.
- Staff turnover during the transition.
- Excessive change costs.
- An unrealistic change implementation timeline.
- Insufficient employee participation in voluntary training.
- Software/hardware malfunctions.
- Downturn in the market or the economy.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

Change management experts have suggested that unsuccessful change initiatives are often characterized by the following:

- **Being too top-down.** Executives relate their vision of what the end result of the change initiative should be, but do not give direction or communication on how the managers should make the change happen.
- **Being too "big picture."** The organization's leaders have a vision of the change but no idea of how that change will affect the individuals who work there.
- **Being too linear.** Managers work the project plan from start to finish without making even necessary adjustments.
- **Being too insular.** Most organizations do not seek outside help with change initiatives, but businesses may need objective external input or assistance to accomplish major changes.

Successful change management must be well-planned, well-timed and well-integrated. Other critical success factors include a structured, proactive approach that encompasses communication, a road map for the sponsors of the change, training programs that go along with the overall project and a plan for dealing with resistance. Change leaders need to be active and visible in sponsoring the change, not only at the beginning but also throughout the process. Turning their attention to something else can send employees the wrong message—that leaders are no longer interested.

Managing Varied Types of Major Organizational Change

Organizational change comes in many forms. It may focus on creating new systems and procedures; introducing new technologies; or adding, eliminating or rebranding products and services. Other transformations stem from the appointment of a new leader or major staffing changes. Still other changes, such as downsizing or layoffs, bankruptcy, mergers and acquisitions, or closing a business operation, affect business units or the entire organization. Some changes are internal to the HR function.

In addition to the general framework for managing change, change leaders and HR professionals should also be aware of considerations relating to the particular type of change being made. The subsections below highlight some of the special issues and HR challenges.

Mergers and acquisitions

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A merger is generally defined as the joining of two or more organizations under one common ownership and management structure. An acquisition is the process of one corporate entity acquiring control of another by purchase, stock swap or some other method. Nearly two-thirds of all mergers and acquisitions (M&As) fail to achieve their anticipated strategic and financial objectives. This rate of failure is often attributed to HR-related factors, such as incompatible cultures, management styles, poor motivation, loss of key talent, lack of communication, diminished trust and uncertainty of long-term goals.

HR professionals face several challenges during M&As, including the following:

- Attempting to maintain an internal status quo or to effect change—either to facilitate or thwart (in the case of a hostile takeover) a possible merger or acquisition, as instructed by upper management.
- Communicating with employees at every step in the M&A process with appropriate levels of disclosure and secrecy.
- Devising ways to meld the two organizations most effectively, efficiently and humanely for the various stakeholders.
- Dealing with the reality that M&As usually result in layoffs of superfluous employees. This process entails coordinating separation and severance pay issues between the combining organizations.
- Addressing the ethical dilemmas involved, such as when an HR professional may be required to eliminate his or her own position or that of a co-worker or an HR counterpart in the combined organization.

Downsizing

Successfully implementing a layoff or reduction in force (RIF) is one of the more difficult change initiatives an HR professional may face. Tasks HR professionals will need to undertake include:

- **Planning thoroughly.** Each step in the process requires careful planning, considering alternatives, selecting employees to be laid off, communicating the layoff decision, handling layoff documentation and dealing with post-layoff considerations.
- **Applying diversity concepts.** HR should form a diverse team to define layoff criteria and make layoff selections.

Ms. Nishath Parveen

Assistant Professor

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- **Addressing the needs of the laid-off.** This step involves reviewing severance policies, outplacement benefits, unemployment eligibility and reference policies.
- **Dealing with the emotional impact.** HR professionals should understand and prepare for the emotional impact of layoffs on the downsized employees and their families, on the managers making layoff decisions, on other HR professionals involved, and on remaining employees and managers working with the post-layoff workforce. In some situations, an HR professional may even be responsible for implementing his or her own layoff, a case calling for the utmost in professional behavior.
- **Managing the post-layoff workforce.**

Bankruptcy

Filing for a business bankruptcy and successfully emerging from the process is generally a complex and difficult time for all parties. HR may have to cut staff, reduce benefits, change work rules or employ a combination of such actions. A major strategic concern during a Chapter 11 bankruptcy is retaining key personnel.

Compassion, frequent communication and expeditious decision-making will help reduce the stress an organization's employees are likely to experience during this difficult organizational change. Showing genuine respect for people and treating them with honesty, dignity and fairness—even as difficult decisions are being made about pay, benefits and job reductions—will drive the success or failure of an organization post-bankruptcy.

Closing a business operation

Businesses make the difficult decision to close all or part of their operations for many reasons, including economic recession, market decline, bankruptcy, sale, a realignment of operations, downsizing, reorganization, outsourcing or loss of contracts.

HR professionals will play an integral role during such business closures, from developing the plan for the closure through the final stages of shutdown. Some of HR's major responsibilities during this type of organizational change are listed below:

- **Following facility-closing notification laws.** HR must determine whether and to what extent the business must comply with notification requirements under federal or state laws for mass layoff and facility closings. HR will also lead the announcement process and participate in all aspects of employee communications, which may include all-employee meetings, written announcements and media interviews.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

- **Announcing the closure news.** HR has an important role to play in anticipating and responding to workforce reactions by having as much information and resources on hand as possible. To avoid hostilities or other destructive behavior, HR should consider using an employee assistance program or an outplacement firm.

- **Providing employee benefits information.** After the shock of the announcement subsides, the most frequently asked questions involve benefits, including unemployment compensation, health care continuation, pension plan issues, and retirement plan distributions and rollovers.

- **Coordinating outplacement services.** Offering outplacement services for departing employees may enable business owners and managers to provide much-needed support and protect the organization's reputation. If financially feasible, the organization may offer departing employees outplacement services from a private outplacement consulting firm or, in some states, a state agency.

- **Negotiating with unions.** In unionized facilities, employers have a duty to bargain about the effects of a business closure decision. These negotiations typically involve assistance benefits, seniority issues, pension plan issues and employment opportunities at facilities not affected by the closure.

- **Costing the closure.** Anticipating the costs of a business closure is critical from an early stage of the process and will fall heavily on HR. This procedure involves assessing the cost of winding down employee benefits, assistance benefits, payroll and administrative costs, severance payments, union demands, unresolved employee claims or charges, security precautions, and any closing notification penalties.

- **Disposing of company property.** HR should know the organization's policy for disposal of company property and respond to employees' requests for office furniture, equipment, machinery and other tangible business assets. If the business does not sell or transfer assets or is not in debt to creditors, HR may help determine whether to give items to employees, community groups, schools or other potential recipients.

- **Complying with legal requirements.** Numerous legal issues surround the closing of a business. Depending on the number of employees and the employer's commitments to employee benefits programs, legal compliance may require following closing-notification requirements, sending out COBRA notices and termination letters, issuing final paychecks, making any required severance payments and communicating unemployment compensation. HR must know how to comply with the laws and avoid litigation risks.

Ms. Nishath Parveen

Assistant Professor

MEASI Institute of Management

Outsourcing

For several reasons, including cost savings and freeing staff to focus on more strategic efforts, an organization may decide to outsource HR or other business functions. Outsourcing is a contractual agreement between an employer and a third-party provider whereby the employer transfers the management of and responsibility for certain organizational functions to the external provider. Many types of outsourcing options are available to employers, from outsourcing one aspect of a single function to outsourcing an entire functional department. This change can have a similar impact on employees as downsizing or closing a department.

When deciding whether to outsource, an organization should carefully consider questions about its needs in a particular functional area, current processes, business plan and outsourcing options, including:

- Does the situation merit outsourcing?
- Is the department providing excellent service with existing staff and processes? Is it meeting the organization's needs?
- Can the affected department handle outsourcing without disrupting operations?
- Will the CEO and top management team support and pay for an outside vendor?
- How might an outsourcing arrangement fall short of expectations? How can such risks be mitigated?

During an HR outsourcing process, HR professionals may be asked to identify solutions to guide organizations through vendor selection and management of the outsourcing relationship.

Changes within HR

HR professionals frequently help other parts of the organization respond to change, but what happens when the HR department becomes the epicenter of change? These kinds of transformations, such as moving to a shared services model, integrating with another HR function following a merger or delivering new services to new clients, can be more difficult for HR professionals to manage than other types of organizational changes.

During major changes within the HR function, HR should do the following:

- **Lead by example.** Do exactly what HR asks other leaders and managers to do during major change initiatives.

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- **Remember that HR professionals' responsibilities never cease.** The HR department must continue to serve employees while contending with the discomfort, confusion and demands that department-specific change creates.
- **Keep in mind that few organizational changes occur in isolation.** If senior leaders decide to implement an HR shared services model, for instance, the information technology, finance and procurement functions also could move to a similar model or initiating efficiency projects.
- **Measure the degree to which HR staff is prepared to change before plunging into the change.** HR leaders should assess staff readiness and engagement through interviews and surveys. After evaluating the results, they should make necessary adjustments in staff readiness and engagement levels before proceeding.
- **Realize that most HR transformations require fresh, or refreshed, talent.** HR leaders can fire and hire, or they can retrain and develop.

Legal Issues

In addition to managing the "people side" of organizational change initiatives, HR professionals should keep leadership informed of any applicable employment laws and the potential legal implications of various types of change. Typically, HR will be responsible, in consultation with legal counsel, for ensuring compliance with pertinent federal, state, local and international employment laws and regulations.

Legal compliance requirements may vary considerably based on the nature of the change initiative, the location(s) and size of the organization, whether the employer is unionized, and other factors. Federal laws that may apply to particular organizational change initiatives include:

- Title VII of the Civil Rights Act of 1964.
- Age Discrimination in Employment Act (ADEA).
- Americans with Disabilities Act (ADA).
- National Labor Relations Act (NLRA).
- Worker Adjustment and Retraining Notification Act (WARN) of 1988.
- Employee Retirement Income Security Act (ERISA).

Ms. Nishath Parveen

Assistant Professor

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- Health Insurance Portability and Accountability Act (HIPAA) of 1996.
- Consolidated Omnibus Budget Reconciliation Act (COBRA).

HR professionals may also be responsible for negotiating contracts with unions, service providers or vendors. In such cases, they need to be familiar with key contract terms and issues and be able to represent the organization's interests effectively in contract negotiations and management.

Global Issues

Significant organizational changes can create ongoing conflict between two locations in the same country. But conflict is more likely to occur, and is harder to address, when differences in language, time zones, institutions and business practices exist. According to research conducted by the Economist Intelligence Unit, companies will continue to become larger and more global, handling operations in more countries than they do today.[4]

Culturally based assumptions about customer needs, infrastructure, competitive threats and other factors make it more difficult to find common ground during a cross-cultural change initiative. What differentiates an organization's products or services in one country may not be the same elsewhere, and the strengths that it has in its home market may not be easily replicated in other countries.

Common problems in cross-cultural change initiatives include:

- **Lack of a partnership approach.** It is natural for an organization to consider its home market and its largest customers when planning change efforts. However, those voices can easily drown out the needs of employees or clients in distant markets, including those that could have high growth potential. By partnering with all employees and clients from the beginning and considering future potential for revenue, profit and growth, an organization can build an approach to change that integrates the patterns of past successes with future directions.
- **Misreading similarities and differences in markets.** Multinational organizations might project solutions suitable for one country onto another country or assume that customers abroad want to behave "more like us." To make matters more complicated, foreign products may have considerable appeal in some markets but often for reasons that only make sense in the local context. Companies may expect the same competitive landscape, yet the largest competitive threats may come from companies that are unknown back at headquarters.

Ms. Nishath Parveen

Assistant Professor

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- **Not enough accountability.** Establishing accountability at the local level is difficult when employees lack a sense of ownership for a new initiative. This situation can be exacerbated by the typical matrix organizational structure at many global companies. Employees who report into both a global business unit and a local management structure frequently pay the closest attention to the managers they encounter every day who are most likely to affect their futures.

Leaders of global change initiatives should consider these potential problems and plan to address them in advance. They will be far more likely to avoid change-related pitfalls; achieve their objectives; and build business partnerships characterized by mutual learning and superior business results.

MEASI Institute of Management

Ms. Nishath Parveen

Assistant Professor