



# Organizational Renewal: The Challenge of Change

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## Chapter 2



# Objectives

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



# The Challenges of Change

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- Organizations
- Downsizing
- Reengineering
- Flattening structures
- Going global
- Initiating more sophisticated technologies



# Renewal

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- Organizational renewal requires that top managers make adaptive changes to the environment.
- Manager must analyze the organization, its departmental system interrelationships, and the possible effects on the internal environment.
  - This approach, termed the ***system approach*** provides a way of observing, analyzing, and solving problems in organizations.



# Constant Change

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- Organizations exist in constant changing environment and therefore must have the capacity to adopt.
- Managers must do more than react; they must be able to anticipate the changing patterns of people, markets, product, and technology.



# Six areas of Organizational Development

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- 1. Organizational renewal
- 2. The system approach
- 3. The sociotechnical system
- 4. Future shock
- 5. Organizational transformation and development
- 6. Organizational development and planned change.



# Organizational Renewal: Adapting to Change

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



# Approach to Change

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

# A Model of Adaptive Orientation

Renewing  
Transformational  
(Hyperturbulent  
Environment, High  
Adaptation)

Satisficing (Stable  
Environment, High  
Adaptation)

Reactive  
(Hyperturbulent  
Environment)

Sluggish  
Thermostat (Stable  
Environment, Low  
Adaptation)



## The System Approach: Finding New Ways to Work Together

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

# The Organizational as an Open System

<b>Resource Inputs</b>	<b>Transformation Process</b>	<b>Outputs</b>
Information Equipment Facilities Materials Money People Technology	Organization Human Resources Workplace Actions Physical Resources	Products Goods Services
← - - - - -	Feedback from Environment Employees Departments and Managers Customers Investors Government Regulations	← - - - - -



# The Sociotechnical System

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- Sociotechnical Systems- organization is viewed as an open system which coordinate human and technical activities.
- The sociotechnical system uses the following approaches:
  - Organized around process – not tasks
  - Flatten the hierarchy
  - Use of teams to manage everything
  - Let customers drive performance
  - Reward team performance



# The Sociotechnical System

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1. Goals and Values
  2. The Technical Subsystem
  3. The Structure Subsystem
  4. The psychosocial Subsystem (Culture)
  5. The Managerial Subsystem
1. Basic Mission and Vision of the organization.
  2. Activities; operations; techniques and equipment
  3. Formal design; policies; procedures; organizational chart; division of work; patterns of authorities
  4. Social relationship; behavioral patterns of members; norms; roles; communications
  5. Directing; organizing and coordinating



# Future Shock of Change

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



# Organization Transformation and Development

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- Organization transformation and organizational development are both approaches to managing change in organization.
- Organization transformation may be defined as the action of changing an organization's form, shape, or appearance, or changing the organization's energy from one to another.



# OD: The Planned Change Process

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

# Individual Effectiveness

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





# Team Effectiveness

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- Change efforts may also focus on the fundamental unit of an organization, team or work group, as means for improving the organization's effectiveness.
- These activities are designed to improve work teams



# Team Effectiveness

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



# Team Effectiveness

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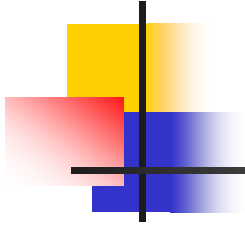
- OD practitioners need to develop skills and observation to learn to be a participant-observer, that is to actively participate and at the same time be aware of group process.



# Organization Effectiveness

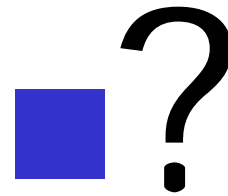
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- OD change efforts is the organizational system.
- The total organization may be examined by use of climate survey.
- Planned change programs are then designed to deal with the specific problems areas identified in the survey.



# Questions

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# Reference

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- Brown, D.R. & Harvey, D. (2006). *An experiential approach to Organizational development*, (7<sup>th</sup> ed.). Upper Saddle River, NJ: Prentice Hall.