

## Organizational Change And Development

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### Abstract

This paper discusses the importance of organizational change and development. Passed literature suggests how companies have used adaptation to promote their companies. The research supports the ideas of workers personal desire for changes in the workplace. Without willingness to adapt to changes in technology, society, and worker needs an organization will miss major opportunities. Individual's acceptance of workplace changes were also shown to changes based on comfort at present time. Our research revealed that successful organizations and those that accept and adapt to the change process.

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**Keywords:** Organizational Change, Organizational Development, Organizational Leadership, Emotional Intelligence, Communication, Employees, and Innovation

### Introduction

Organizational change and development are essential to make an organization grow and adapt with its given market. When organizations fall behind they need to adapt their plan to make the company more efficient. Companies who are open to change will also be more effective in reaching the goals they have set. It's almost an inevitable cycle that cannot be avoided because no company or anyone for that matter is perfect. In this essay we will be discussing the benefits of organizational change and development, the how it impacts the employees, its significance and how leaders play a role in a phase such as this.

## **Data Collection**

The data for this research was collected utilizing survey method, interview, and literature review.

## **Literature and Results**

### **What is Organizational Change and Development?**

Organizational change can be defined as changes caused by an “environmental shift that, once sensed by the organization, leads to an intentionally generated response” (Porras, Silver 1999). What Porras and Silver are explaining to the reader that for an organization to experience change, it first needs a reason to change due to outside factors. Organizational change is a simple cause and effect scenario, where a cause of some sort, either internal or external, ultimately creates an effect of the organization needing to change. According to some researchers, organizational change is an extremely complex dynamic of time, processes, and contexts that are incorporated into an organization (Cameron, Pettigrew, Woodman 2001).

Organizational development is different than organizational change. Change is related to the response of outside environments, while development pertains to the values, strategies, and techniques that organizations use to manage change. Development also promotes change that helps the organization fit the surrounding environment better (Porras, Silver 1999). The changes that an organization is faced with are what directly causes organizational development to occur.

### **Five Key Benefits of Organizational Development**

1. Organizational Development is the practice of planned, systemic change in the beliefs, attitudes and values of employees for individual and company growth. The purpose of OD is to enable an organization to better respond and adapt to industry/market changes and technological advances (Hadi, 2014). So these five benefits list of a company experiencing organizational development is: 1) Continuous Improvement 2) Increased Communication 3) Employee Development 4) Product & Service Enhancement and 5) Increased Profit. The first we are going to discuss is continuous improvement and in this it creates a continuous cycle of improvement whereby strategies are planned, implemented, evaluated, improved and monitored. Organizational development is a proactive approach that embraces change (internal and external) and leverages it for renewal (Hadi, 2014).

2. Next is increased communication and it is a goal of improving communication to align all employees with shared company goals and values. Candid communication also leads to increased understanding of the

need for change within the organization. Communication is open across all levels of the organization and relevant feedback is recurrently shared for improvement (Hadi, 2014). Following that is employee development. The need for employee development stems from constant industry and market changes. This causes an organization to regularly enhance employee skills to meet evolving market requirements. This is achieved through a program of learning, training, skills/competency enhancement and work process improvements (Hadi, 2014).

A major benefit of OD is innovation, which leads to product and service enhancement. Innovation is achieved through employee development, which focuses on rewarding successes and boosting motivation and morale. In this scenario, employee engagement is high leading to increased creativity and innovation. Organizational development also increases product innovation by using competitive analysis, market research and consumer expectations and preferences (Hadi, 2014). Finally, through raised innovation and productivity, efficiency and profits are increased. Costs are also reduced by minimizing employee turnover and absenteeism. As OD aligns objectives and focuses on development, product/service quality and employee satisfaction are increased. The culture shift to one of continuous improvement gives the company a distinct advantage in the competitive marketplace (Hadi,2014)

### **Employees' Reactions to Organizational Change**

Organizational change and development affects all aspects of a company and employees are a major aspect. They impact the company as much as the company impacts the employees. So, if the company must go through a change to improve then the employees will experience a change as well. Whether this process of change is done correctly or not, the impact organizational change and development has on employees has a great significance. One of the most key things one must prepare for are the employees' emotions, but first the leader or leaders must deal the employees' reactions.

Employees' reactions to change are influenced by a number of factors. It is reasonable to expect employees to react since the process of change involves going from the known to the unknown, and when employees react, it is important to distinguish between the symptoms of their reactions and the causes behind them (Bovey & Hede, 2001b). Three factors that research strongly identifies as influencing employees' reactions to change: employees' emotions and cognitions, communication, and employees' participation in decision making (Wittig, 2012, pg. 23). Of these three factors, we are going to mainly focus on employee's emotions and cognitions. Separate yet interrelated aspects of emotions and cognitions

impact employees' reactions to organizational change: emotional intelligence, irrational thoughts, defense mechanisms, and employee attitudes (Wittig, 2012, pg. 23).

Emotional intelligence (EI) is “the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships” (Vakola, Tsaousis, & Nikolaou, 2004). The role of EI in employees' reactions to change is important because individuals with high levels of EI experience more career success, feel less job insecurity, are more effective in team leadership and performance, are more adaptable to stressful events, and exhibit better coping strategies than those with low EI levels (Vakola, Tsaousis, & Nikolaou, 2004). Irrational ideas are significantly and positively correlated with employees' resistance to change. Individuals tend to have automatic thoughts that incorporate what has been described as faulty, irrational or “crooked thinking” (Bovey & Hede, 2001a).

During change, employees create their own interpretations of what is going to happen, how others perceive them, and what others are thinking or intending (Bovey & Hede, 2001a). So they establish a defense mechanism. Defense mechanisms arise involuntarily in response to perceptions of danger and are adopted to alleviate anxiety (Bovey & Hede, 2001b). Employees who are unconsciously inclined to use maladaptive defenses are more likely to resist change. Employees with a tendency to unconsciously adopt adaptive defenses are less likely to resist change (Bovey and Hede 2001b). Employees' positive attitudes toward change were vital in achieving successful organizational change initiatives. Several factors impact employees' attitudes toward change, specifically gender, tenure, educational attainment, and social systems identified that a relationship exists between employees' cynical attitudes and resistance (Vakola, Tsaousis, & Nikolaou, 2004; Oreg, 2006).

To enable change agents to identify employees' acceptance and resistance, it is important to operationalize definitions of reactions to change. Resistance is a multidimensional attitude toward change, comprising affective (feelings toward the change), cognitive (evaluations of worth and benefit of the change), and behavioral (intention to act against the change) components (Oreg, 2006).

### **Importance of Change in an Organization**

Change is important for any organization because, without change, businesses would likely lose their competitive edge and fail to meet the needs of what most hope to be a growing base of loyal customers (Richards, 2006). Technology, customer needs, the economy, growth opportunities and challenging the status quo are five factors as to why and how change can

affect an organization; but I will concentrate on the economy, growth opportunities, growth opportunities and challenging the status quo. The economy can impact organizations in both positive and negative ways and both can be stressful (Richards, 2006). A strong economy and increasing demand for products and services will mean that companies must consider expansion that might involve the addition of staff and new facilities. These changes offer opportunities for staff, but also represent new challenges.

A weak economy can create even more problems as companies find themselves needing to make difficult decisions that can impact employees' salaries and benefits and even threaten their jobs. The ability to manage both ends of the spectrum is critical for organizations that want to maintain a strong brand and strong relationships with customers as well as employees (Richards, 2006). Change is important in organizations to allow employees to learn new skills, explore new opportunities and exercise their creativity in ways that ultimately benefit the organization through new ideas and increased commitment. Preparing employees to deal with these changes involves an analysis of the tools and training required to help them learn new skills (Richards, 2006). Training can be provided through traditional classroom settings or, increasingly, through online learning opportunities.

Importantly, organizations need to do a good job of evaluating employees' capabilities and then taking steps to fill the gaps between current skills and the skills required to respond to growth. Asking the question "Why?" can lead to new ideas and new innovations that can directly impact the bottom line. Organizations benefit from change that results in new ways of looking at customer needs, new ways of delivering customer service, new ways of strengthening customer interactions and new products that might attract new markets (Richards, 2006).

### **The Role of Leadership in Organizational Change. Relating the Successful Organizational change to Visionary and Innovative Leadership**

Leadership and its role are the most concerning issue for the business and organizations now days (Abbas and Asghar, 2010, pg. 9). The “Leaders are individuals who establish direction for a working group of individuals and who gain commitment from this group of members to established direction and who then motivate members to achieve the direction’s outcomes” (Conger, 1992, p18). The term leadership can be viewed through multiple angles and concepts.

Organizational leadership is not a magic that one person have and other don't have. It is also not all about the ordered by boss and then observed by him that how much these ordered are obeyed (Abbas and Asghar, 2010, pg. 9). The leadership of an organization is instead, an ability

of management to get and protect the company benefits by realizing employees need and company targets and bringing them together to work in a better environment to achieve the common goals (Sansom 1998). Organizational leadership has a central role in evolution and cultivating an organization. It can help the member 10 of an organization and working teams to face the challenges and to work for organizational goal in a worthy way (Abbas and Asghar, 2010, pg. 10).

Kotter states that the vision is the ability of a leader to look in to future while aligning the team with that vision, and then make them inspire to get the desired goals concerning that future: “Vision is a picture of the future with some implicit or explicit commentary on why people should strive to create that future” (Kotter, 1996, p 68) “Vision plays a key role in producing useful change by helping to direct, align and inspire actions on the part of large numbers of people. Without an appropriate vision, a transformation effort can easily dissolve into a list of confusing, incompatible and time consuming projects that go in the wrong direction or nowhere at all” (Kotter 1996, p7).

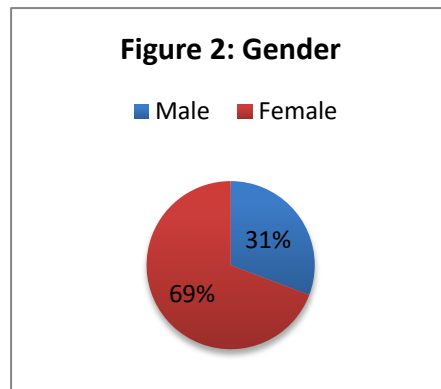
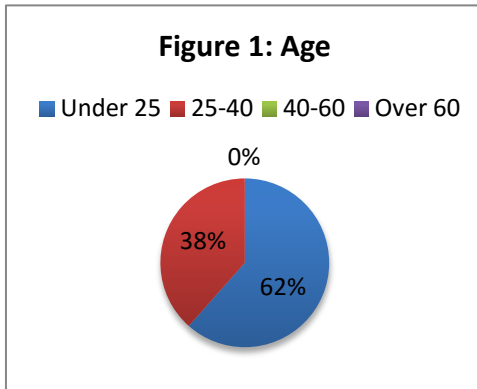
Organizational changes mean that organizations are undergoing / and or undergone transformation. It may be define their success story or any type of experience or failure (Hage, 1999). The need for organizational change starts when organizational management feels dissatisfaction from the current situation. Organizational changes may be planned or unplanned but in both cases the organizational changes are very important and sometimes become crucial to handle the changes (Abbas and Asghar, 2010, pg. 17). Leadership planning and vision is most important. There are further three phases of organizational change which organizations usually adopt. These are unfreezing, moving and refreezing. (Senior & Fleming, 2006) Unfreezing is about changing the attitudes and behavior of the employees and working environment. This is very important type of change because while going through any type of change it is important to create a need of change among all the participants (Abbas and Asghar, 2010, pg. 17).

The leader’s role is also very important in unfreezing because it requires a well-structured way of implementation the change by managing the behavior and attitudes of people working together (Abbas and Asghar, 2010, pg. 17). It also requires strong commitment of all the people to work together for a stated common vision. Moving is the next phase in which organizational top management identifies, plan, and implement the appropriate strategies (Abbas and Asghar, 2010, pg.18). In this phase it is also decided that either organization has to go for incremental or radical changes. The vision of the leader is also very important for 18 planning and implementing the strategies (Abbas and Asghar, 2010, pg. 18). All the strategies are shaped in the moving phase.

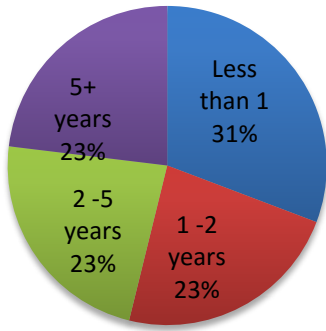
The next step is to refreeze the change situation in which leader assists in stabilizing the changes so that it becomes integrated into status quo (Abbas and Asghar, 2010, pg. 18). This is most important to understand for the leaders that how to refreeze the changes because if refreezing is incomplete or not manage properly the change will be ineffective and the pre-change behaviors will be resumed. Refreezing always encourages the possibilities of the further changes (Abbas and Asghar, 2010, pg. 19). The leadership qualities are very important for organizational changes because it is most important to handle the resistance, confusion, exploration and commitment of management. There are some predictable behaviors associated with the change stages and the effective leader always perceive these changes in efficient manner and respond appropriately to get the teams commitment. Change leader is always associated with the planned change and constructively deals with the human emotions (Senior & Fleming, 2006).

The organizational change in brief, is an intentional effort made by organization leader/leadership/manager to take the organization towards betterment (Abbas and Asghar, 2010, pg. 20) There could be many reasons or motivations behind the change process, including external or internal pressures for change, technological, social or economic factors. Moreover the vision of an organizational leader/leadership and its innovative ideas can also be reason behind the organizational change process (Abbas and Asghar, 2010, pg. 20).

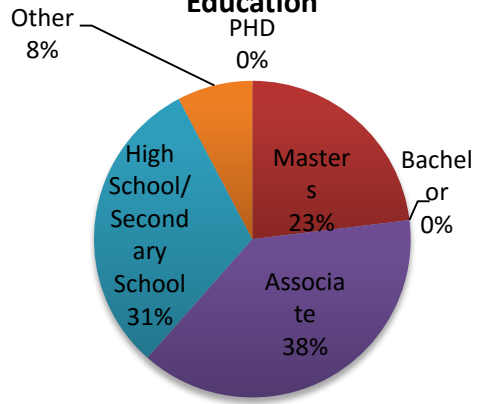
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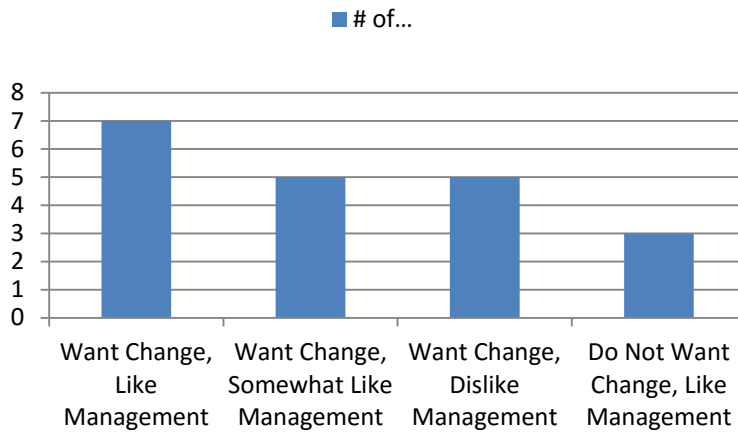
**Figure 3: Years Spent at Current Job**



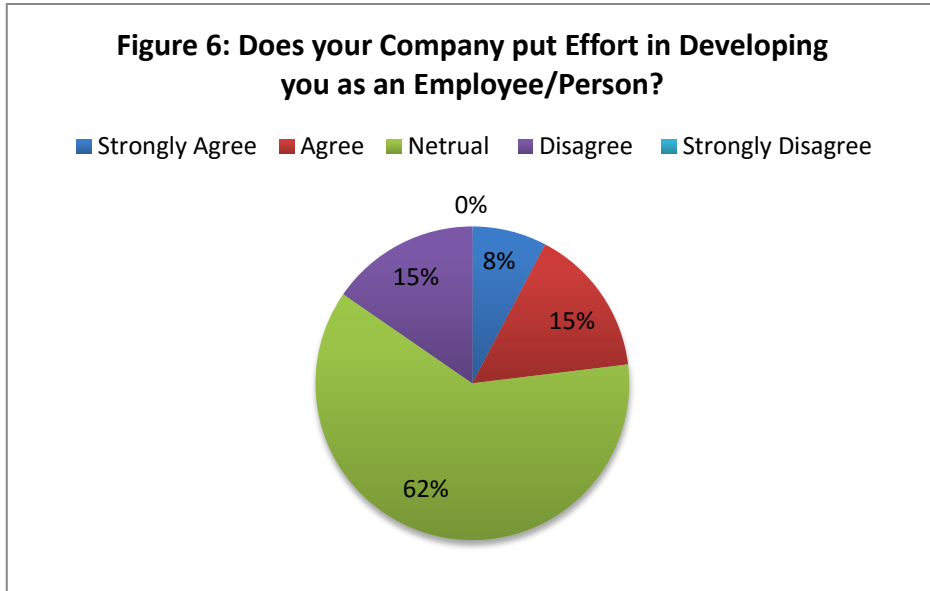
**Figure 4: Highest level of Education**



**Figure 5: Correlation Between Wanting Change Within the Organization and the Like or Dislike of Management Team**







### Discussion

The results from our questionnaire varied. Some questions yielded similar responses from each worker, others had a large variance. Figure 1 show our survey demographic consists of people under the age of 40, with 62% of people being under the age of 25 and 38% being between the ages of 25 and 40. Out of the twenty people surveyed, 69% were female and 31% were male, as seen in Figure 2. When asked for the amount of years spent at their current job, 31% of people answered that they have been at their current job for less than a year, while 23% have spent one to two years, 23% have spent two to five, and 23% have spent over five years. This information is shown in Figure 3. Overall, the data concludes that for our survey, the diversity in the amount of time spent working at the current job is evenly spread out, even though a majority of the participants were under the age of 25.

Another question asked was the highest level of education completed. 31% of participants completed high school as the highest level, 38% responded with Associate’s degrees, 23% with Master’s degrees, and 8% of participants answered other without explanation, as seen in Figure 4. The responses did not consist of answers from workers with masters or doctorate degrees. A conclusion from the data given is that many people are in progress of completing their Bachelor’s degrees, since the question only stated the highest level of completed education. Another conclusion made would be that since an Associate’s degree is only offered at community colleges, people who started their higher education careers at a four-year university rather than a community college may have enough credits and experience to have an Associate’s degree but do not formally have a degree

due to technicalities. This correlates directly with 62% of respondents being under the age of 25, where many people are in the process of obtaining a Bachelor's degree or Master's degree.

Some insightful results were the comparison between participants wanting change within their organization and how much they liked or disliked their management team. 83% of participants wanted to see change in their organization but how people felt about their management was much different. 50% of people said they like their management team in place, while 25% responded that they somewhat like the management and 25% stated that they did not like their management. When comparing the results from both of these questions per person the conclusions were interesting, as shown in Figure 5. Participants who did not want change enjoyed the management, which could be directly related. If the management is enjoyed, people feel as if there is no need to change. But many people who like their management team still wanted change within the organization. This could mean that even though the management is pleasant and likeable, there may be other things about the organization that employees do not like. 50% of participants were somewhat dissatisfied or completely dissatisfied with their management team and wanted change within the organization. None of the participants answered stating that they did not want change and that they did not like their management team.

In our questionnaire, we asked participants what three qualities they thought a leader should demonstrate. The top three answers that were repeated throughout the survey were responsibility, communication, and motivation. People want to have leaders that have these three qualities at hand, and many other choices were similar to these three, such as having perseverance and being trusting. We also asked participants what they felt was their greatest accomplishment within their company. 50% of people answered that their greatest accomplishment was gaining a promotion through the company. Whether or not the promotion was caused by intrinsic or external motivational forces is inconclusive.

The last question our survey asked participants was whether or not they felt as if their company was helping them change and develop as an employee or person. As shown in Figure 6, 62% of people felt neutral towards this question. 15% of people disagree and 23% of people agree to some degree. According to the results, most people feel as if they are not developing yet they are still cared about by the company. Otherwise, 23% of people feel as if their work as an employee is having a positive effect on them because the company cares about them.

## Conclusion

Organizational change and development is never at a halt. There is a constant expansion of knowledge on the topic. Changes in organizations are due to technological changes and other outside factors such as social issues and political standings at a given time. In modern business nothing stays constant because the environment around an organization is constantly growing and moving forward; therefore organizations have to keep up. However, a company that stays stagnant for too long can miss opportunities to develop that can lead to a positive change for everyone involved in the organization. If organizations never embraced change the way business is done today would not be as fast moving or beneficial as it is today. Change may be intimidating but the risk is worth taking. Finally, we must view change as an opportunity for growth and development.

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