

## Some Approaches to Organisational Change: India & Abroad

Change has to become part of the normal way of life of an organisation. In Japan, USA, and partially in Europe, changes are induced on account of rapid obsolescence of the old, and availability of new technology severe competition, the mammoth size of corporations, and a considerable increase of college graduates and specialists now entering business firms. In Europe and UK, these same reasons are causing family-owned businesses to seek professional managers, a phenomenon which is beginning to appear in India also, though in a small way.

In Europe and USA, I found that three beliefs about organisational change were shared. Briefly, these are as follows:

- Organisations will be required continually to cope with changes in all aspects of their work; the rate of change in the next few decades will be greater and more varied in nature than during the last twenty years.
- Newer learning in behavioural sciences about human behaviour and how organisations function (i e, cliques, power, politics, group, inter-group conflict, harmony, etc) helps managements in foreseeing the social consequences of change. The growing knowledge about organisational behaviour suggests that it is not enough to change organisational structure by, say, creating extra supervisory levels or hierarchy, or adding more specialist departments. Rather, management should concern itself with more basic factors such as how people perceive issues, their value systems, relationships with other people in their immediate and extended work environment, and how they deal with group and inter-group problems of power and authority.

- For the success of a change programme, people affected by the change should be involved as deeply as possible. In bringing about a change the management has to be concerned with the particular change; but more importantly, with developing the strength, or sustaining capacity, for uninterrupted change. It is thought that the continued prosperity of the firm would depend upon the ability of its management to cope with change.

Generally a strong trend is noticeable toward planning of change in terms of its social dynamics. It is believed that technological change brings about in its wake, changes in the existing social systems, e.g. ways of doing work, relationships with peers and superiors, fear of losing power and authority, anxiety about redundancy of one's own skills, and factors of this kind. Apart from technical aspects of change, planning must include the inter-personal, inter-group and other organisational issues. Successful implementation would require resolution of fears and anxieties of individuals and groups involved in the change programmes.

## **Change Strategies**

Let me describe change strategies in two organisations which are typical of many other companies. The first is a programme of decentralisation of a chain of hotels and the other is a programme in a multi-division corporation in New York.

In the first case, Richard Beckard was consulting with a hotel which operates 26 hotel properties in United States, Canada, the Caribbean, and Great Britain. The hotel was growing in size and diversifying the nature of its business. The chief executive of the hotel invited Beckard to help him resolve what he perceived as a serious managerial problem of communication difficulties between corporate or central staff and top-line managers. He also felt that communication from the top group to second level line managers in the hotels was not so effective as it should be.

Beckard interviewed the people concerned individually. The material from all these interviews was organised into appropriate headings and presented to the group in a three-day meeting at an off-site location. The group discussed the data and examined the implications. In a subsequent meeting the group decided upon priorities of action and how they would proceed to solve their problems.

The success of this phase of work led to similar meetings at unit levels where the consultants obtained data and presented it to the concerned groups. The entire programme developed through different stages and the

groups worked through many problems, technical and emotional, which had earlier been a handicap to developing team-work, inter-unit and inter-departmental cooperation, integration of new units within the company or facilitating new units with existing knowledge and experience, and so on. The strategy at all stages involved information-collection, feedback, and action planning by the people concerned with change. The consultants helped the group in all the three aspects.

The second strategy, similar but organisationally different, is followed by a large multi-divisional corporation in New York. The corporation has created a management services group of specialists as internal consultants to the corporation. Each division which needs their help requests them for assistance on payment of regular fees. The consulting group studies the problem of the division and works closely with the divisional head to diagnose, determine courses of action, and help the division implement the agreed programme. The consulting team often collects the data it needs and not infrequently suggests that the initial diagnosis may not be right. The division personnel are closely associated with the consulting group at all stages of the project.

Similar change strategies are used in mammoth as well as medium and small size corporations, such as Union Carbide, Polaroid, TRW systems, Bell Telephone Systems, ESSO Hotels, Harwood and many others, and government departments such as the US Navy, State Department in Washington, DC, and a number of schools and social service systems in New York, Michigan and other places.

## Steps

The rationale for using the change strategy described here is that a change programme make demands on executives involved in it to give up old ways of behaviour and learn new ones; that they develop understanding of the implications of change; and experience an emotional acceptance of it. A typical strategy of a change programme would generally cover the following steps:

- Interviewing of the persons concerned by a consultant to generally determine (a) how they feel about the issues at hand, (b) what are the intra-and inter-personal relationships between the key people involved in the situation, and (c) other data as applicable to the issues at hand.
- The data are so classified that the group can indentify the key problems and; having done so, choose a course of action that can be followed. The action steps are determined in considerable detail. The groups often set specific goals for themselves and decide upon review meetings.

- The key people are involved in all stages of the programme. The action programme may involve one or many work-groups or it may require the consultant to do further analysis or it may require a combination of many action steps.

This strategy, and variations thereof, are common for change programmes both for departmental or organisational changes. The consultant plays a key role in diagnosing and defining the problems, and choice of strategy. He would also play other roles in change programmes as might seem fit.

Assumptions underlying the strategy described above have their roots in the findings of behavioural science and organisational researches. Many scholars in the field of management believe that breakthrough for higher organisational effectiveness and for higher levels of mental health would lie in application of behaviour research findings in the conduct of business by its executives. And therefore the executives must acquire knowledge about the research findings and gain insights into how these findings apply to their situation of work. Another important area of understanding is the impact they themselves have on their superiors, peers and subordinates. The executive functions through the authority vested in his position and through aspects of his own personality such as his attitudes, values, prejudices, beliefs and the like. All these factors inhere in his behaviour and influence his own actions and the responses of those with whom he interacts. An understanding of these dynamic processes is critical to his appreciation of the feelings and sentiments of other people around him and his sensitivity to those who relate to him at work. The executives, then, need to understand the dynamic processes of their work environment and through this understanding, they could facilitate acceptance of change or indeed success of the change programme.

In UK and Europe, similar strategies as in USA are gaining acceptance. But the number of organisations that accept this strategy are fewer compared to USA. Among the behavioural scientists working in the field of management, the acceptance of strategies similar to what I have described is great. A variety of change programmes in Sweden, Holland, France and Switzerland has been reported in literature and many more are under way.

## **Japan**

In Japan two types of strategies are common. The first and the more important is introducing new techniques or methods to achieve higher efficiency and lower work costs. These changes cover the entire range of

business activities – production marketing, inventory control, production planning, information systems, and the like. The second strategy, now assuming importance, is change in management practices, supervisory styles, or administrative aspects of the business.

The second strategy is relatively new to organisations in Japan and applies only to large firms which are primarily influenced by closer association with USA. In this respect, management education, managerial planning and growth are increasingly developed by Japanese businesses. I do not think, however, that many large-scale change programmes are presently under way: approach is cautious and slow.

In the first aspect of introducing newer cost-saving methods in Japanese industry, the success is amazing. And this applies to large, medium and small size firms alike. One reason for success of this kind of change is that relationships between labour and management in Japanese industry are cordial. There seems to be basic faith and trust between the two. The need for improving techniques of work is perceived by employees and improvements of this kind are seen to be the commonly accepted thing.

For introducing new techniques, Japanese industry uses consultants extensively. Large organisations employ specialists for their own requirements and use them well to improve their managerial systems and for increasing productivity. Many medium and small-scale enterprises use consultants from outside, but extensively. One accepted pattern for consultants is that they work with the company through various stages of planning and implementation, and invariably train employees from within the organisation to carry on the work. Thus Japan has established large consulting firms and facilities for training of consultants.

### **Social Changes**

In recent years, there has been growing evidence that suggests that Japanese industry may have to bring about basic social changes in their management systems. These are becoming necessary for more or less the same reasons as in USA – rapidly changing technology, larger markets, intake of highly qualified younger employees with college education, etc. Traditional practices do not adequately cope with the needs of these aspects and many scholars share the view that the next few years in Japanese industry would pose different problems for them than they did in the past.

In Singapore, Hong Kong and Egypt the struggle for growth is similar to the Indian experience. Managerial know-how is limited and though a serious attempt to cope with the problem of growth is evident, the results are yet too new to assess.

In these countries there is a mixture of new technology and old. The growth in size has made the task of management more complex and difficult. Predominantly, one person runs the show either as owner-manager or as employee. Very little use is made of specialists and service functions in running the business and competent people are often frustrated to the level that they withdraw from active personal involvement in management. Union and management discord hinders the primary task of the firm. These might well be a characteristic of a society that seeks to set up new industry.

In these countries, stray efforts have been made to improve upon the methods of working, employing methods to reduce costs of production, etc. Management associations and educational centres have been established to help management improve its efficiency. I have the impression that, as in India, these efforts have been marginally successful.

## **Indian Organisations**

In the remaining part of this Chapter I shall draw upon the strategies described above and make certain generalisations for India. While doing so, let me describe two experiences as consultant and researcher in Indian organisations. The experiences are described to illustrate the kinds of critical problems confronted in introducing change and in developing a viable organisation.

- (a) The first is a multi-unit engineering organisation employing about 15,000 workers in four factories and sales offices. It is a well-established organisation managed mainly by professional managers. The top management consists of the managing director and six functional directors each responsible for engineering, commercial, finance, planning, personnel, sales and corporate secretarial functions. The managing director joined the company two years ago, three of the directors came within the last three years and the other three directors have served the company for 20–25 years.

The company has been progressively losing money each year and it is apparent to the management that something drastic has to be done to pull the company up from its present level. The 'new' directors and the managing directors agree between them on the specific changes to be made and they meet among themselves more frequently than with the "older" directors.

Each executive is competent in his own field and has ideas about what the company needs. All the changes that the company has introduced

so far have not been as successful as the management expected. This was mainly the reason for seeking help from a consultant who was asked to suggest an organisation structure for the company.

As I talked to executives at all levels, it became apparent that within the company key executives had developed 'political' relationships with one director or the other. They did favours to their 'godfathers' and gave such information from their own work as could be exploited by the director concerned in his relationships with other directors. These relationships were crisscross between departments. Each group suspected the motives of other groups and felt the need to safeguard its own position by doing favours to people belonging to its group. The groups were, by and large, known to everyone in the company but no one ever talked about their existence openly.

The directors at the top also seemed to be divided, especially between the 'new' and the 'old'. These differences did not, however, come to surface and the managing director did not think that there were such groups or even resentments between the six directors.

I found that change programmes introduced by the management often became infructuous because of the 'political' climate in the company. I was persuaded that unless an understanding of the patterns of relationships was developed by the top management, and unless their personal impact in developing the system was clearly understood by them, change would be ineffective. Thus the task for the management and the consultant was one of understanding the social and organisational processes, collectively resolving these tangled relationships (and resentments) in order that technological change could be successfully introduced.

- (b) Another example is from a large family organisation which had a number of traditional and non-traditional businesses. The present experience relates to the chemical plant belonging to the group. This plant employed about 5,000 workers. The general manager was appointed two years ago. He was successful as works manager elsewhere and had the reputation of being a successful manager.

The family was headed by two cousins, sons of the founding brothers. In some family matters like marriage, observance of traditions, competition between sons and daughters of the two cousins and other matters of this kind, the relations between the two had become strained. The strain of differences in relationships over time had begun to reflect also in the work situation and each became suspicious of the other. Each began to support certain key-men in the plant and did

favours to them; these people became informants to the two cousins. The new general managers found that anything he did was duly reported to the cousins usually with spices added to the main dish and he received annoying telephone calls from either one cousin or the other. The subordinates ignored the general manager and either one group or the other managed work in such a way that the general manager's policies were negated. Almost all major changes attempted by the general manager met with failure. At the same time the cousins expected better performance from the general manager. No innovation or change was possible in the plant. No procedures of cost accounting, work improvement, work simplification and the like worked well. At the time of the study the general manager was busy developing his own informants and a group loyal to him. He wanted to counteract the other two groups.

### **Social Dynamics**

In both the organisations we have found that introduction of any change was dependent upon the social dynamics of the situation. There are unrecognised and often unstated problems of poor inter-personal and inter-group relationships. These issues impede growth of the firm and make it difficult to introduce changes that might improve the performance.

In both the examples above, understanding and knowledge about organisational behaviour became crucial to the success of a change programme. We can also see how the US strategies of organisational change help us here in developing or adapting change strategies in both the situations. I will briefly suggest the strategies that might be suitable in the two situations.

In the first instance the analysis of the situation suggested to me that

- the change must occur in the top management group and it should perceive that this is so;
- the top management group should understand why factions have developed within its own group and the consequences of this on relationships at all levels in the company;
- the chief executive must understand what patterns of his behaviour or methods of dealing with his senior colleagues have perpetuated the factions;
- the chief executive and the directors must develop sensitivity to know when unanimous agreements are really so and when they are a facade to avoid open disagreement;

- the top management should develop sufficient understanding of the processes and skills of dealing with subordinates so that it can, in turn, develop better understanding of the organisational processes conducive to working better.

The top management had to understand that there was need for change at its level and is successfully resolve the interpersonal problems between its members. The desired change at lower levels could come about after the problems were worked out at the top levels; it could not precede it.

A change strategy for the first Indian organisation dealt with above would require working with members of the top management team collectively. They would have to gain an understanding of their own behaviour and through this understanding, develop teamwork. They would also need a consultant to help them to gain the insights needed to remove the blocks that exist in their behaviour at work. I also believe that the consultant would have to employ a strategy similar to Richard Beckards, in the programme described earlier, e.g., data collection, diagnosis, determining priorities of action, and so on. Other change strategies such as giving a consulting report and reorganising the company activity into new departments or the like would make no more than a marginal change in the situation.

The second instance of the family organisation may require an understanding of their own behaviour by the cousins more critically; they need to define clearly what they expect of the general manager and having done so, give him the authority and resources to get on with the job. The change strategy would be different from the first situation insofar as: (a) the cousins must agree to exercise self-discipline and not interfere in the work assigned to the general manager (b) define what they expect of the general manager, and (c) give him the authority needed to do the job. The dynamics of bringing about the change here would be different: in the first case the resolution of behavioural barriers is essential; in the second case it may be sufficient to resolve the problem through organisational means. It is of course necessary that the cousins understand the reasons why they should not impose their personal fears and anxieties on the general manager and his staff. And the general manager, in turn, would have to deal with his own staff in such a manner that they work for the organisational good and not the individuals.

These are not isolated examples. Similar things as described here are found in a number of companies whether managed by professional managers or by family members. I believe that change strategies would have to cope with these issues if change has to become meaningful in the organisation.

## Generalisations

The strategies in US, Europe and Japan lend themselves to two generalisations as applicable to the Indian context. These are:

- (a) Technical change is possible mainly through better understanding of social and organisational processes. Change will not come about only by issuing instructions; the emotional and relationship issues are the key to a successful change. The change programme should deal with human problems well in order to gain acceptance of those who are affected by change.

An illustration of this point is the instruction that the union government has sent out to public sector enterprises saying that they should now incorporate a performance budgeting system. I suggest that the implications of performance budgets are wide and complex. On the technical side, the corporation has to work out standards of measurement, forecasting procedures, skills in developing sectional and divisional plans, and so on. On the human side, the implications are that budgets are control mechanisms and are tied up with rewards and punishments. On the organisational side the implications relate to the authority and control given to a manager; they must be consistent with requirements of the budgets and so on.

The corporations would have to carefully work out technical, human and organisational problems before performance budgets are applied meaningfully to the corporation. The instruction of the union government merely allows the system to be used but much more active work is needed to realise its meaning at the corporate level. And the success of introducing performance budgetary system will depend upon how sensitive the unit management is to these problems.

- (b) The Japanese experience of using consultants to improve upon the techniques of doing work is useful. There are many people who have said that we should learn more from Japan about industrialisation than from other countries. I think a note of caution is necessary here. Japan has ensured that labour-management relations are cordial: by and large, basic trust exists between the two. This is an important condition for Japanese industry's success in introducing change. Another condition is nearly full employment which is at best a distant ideal for India. A third condition is that Japanese patterns were established in an era when changes either in technology or society were less frequent than they are today. The relative isolation of Japan during the earlier phases of its growth also helped in establishing its

typical patterns. India, on the other hand, has taken to industrialisation at a time when all kinds of changes are rapid and industrial society is subject to many external influences. One such influence, for example, is that a manager is typically brought up in a university environment and a society (or social environment) which is vastly different from that of either the workers or the trade unions. They have to strive to understand each other far more than a manager would have to in a more homogenous social group. I think conditions in India are substantially different from those prevailing in Japan.

In terms of change strategies, however, I feel that the effective use of specialists or consultants that Japanese industry makes is most meaningful for the Indian scene.

I am personally satisfied that the change strategies in most cases in India would have to be as comprehensive in nature as the US experience suggests. Successful strategies would have to achieve better relationships at all levels between managers and their subordinates and involve in the programme as large a group as required by the specific situations.

In conclusion I believe that the following two points about change strategies of the western experience may be useful for a manager in India:

- (a) Consultants can only help the management to examine and effect changes which they feel are important. They should be actively involved in diagnosis, setting up of priorities, and action to be taken to achieve new goals for the organisation. The goals of the change programme would be hard to accomplish if the consultants were merely to study the problems and submit a report. To repeat, the reason is that a successful change programme requires changes in many directions such as new ways of doing things by even the top management personnel, establishing new types of relationships at all levels and very importantly, recognition by the manager, the impact of his own attitudes, biases and prejudices, etc. No change can be accomplished by instructions alone, issued from the desk of the chief executive.

In my experience as a consultant, managements in India differ markedly in this respect. There is almost universal attachment to a report by the consultant. In one company after a report had been given, the management went over it section by section and indicated against each their agreement, partial agreement and disagreement. After this, extracts of the report were circulated to the heads of departments. This action completed the programme of change for this organisation.

In another company, when I brought out the key relationships issues involved in changing the pattern of organisation (this company is incidentally known to be highly progressive in its approach), the management felt uncomfortable about the issues. There is strong reluctance on the part of top management to change itself.

Let me add a qualification to what I have said above. I am not saying that reports are unnecessary. In fact a record of what is studied is extremely useful. I am suggesting that programmes that require change in behaviour need more than just written reports.

- (b) Change programmes must be internalised. By this I mean that the new ways of behaving should become 'second nature', automatic or spontaneous responses. This is possible only when a person is convinced about the need for change and accepts the change himself. In this way alone change would become part of the normal way of life in the organisation.

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