This chapter will apprise the reader with the background information of the organisation on which the research is conducted. It also provides theoretical background on the topic under discussion with a view to inform the purpose, major contributions of the study along with future perspective of the study.

1.1 BACKGROUND

1.1.1 Introduction to Tata Power Delhi Distribution Limited: Historical Development from DSEB to DVB to NDPL/TPDDL

Tata Power Delhi Distribution Limited (TPDDL) an arm of Tata Power is a joint venture between Tata Power and the Delhi Government on Public-Private-Partnership (PPP) basis with the majority stake being held by Tata Power (51%). TPDDL has started its operations on July 1, 2002 after the unbundling of erstwhile Delhi Vidyut Board (DVB) into TPDDL under public private partnership arrangement for distribution of electricity to North and North-West Delhi (Tata Power Delhi Distribution Ltd., 2015a).

Since 2002 TPDDL has tremendously reduced its Average Technical and Commercial (AT&C) losses from a whopping 53% in July 2002 to just 9.87% at the end of financial year 2014-15. It serves a population of 6 million consumers with an additional facility of providing online information on billing and payment to its 1.44 million consumers (Tata Power Delhi Distribution Limited, 2015b).

The company has implemented several high-tech automated systems for effective distribution of power to the end consumer such as:

- Supervisory Control and Data Acquisition (SCADA),
- Geographical Information System (GIS),
- Outage Management System (OMS),
- Distribution Management System (DMS), and
- Operations Training Solutions (OTS).
One of the most crucial steps taken by the company to curb power theft is implementation of modern technologies like High Voltage Distribution (HVDS) System and LT Arial Bunch Conductor. TPDDL is considered to be a pioneer on various fronts that adopted SCADA controlled grid stations, automated meter reading, Global System for Mobile Communication (GSM) based street lighting and Short Message Services (SMS) based fault management system.

1.1.2 Background of Power Sector

The history of power sector in Delhi dates back to 1905 when M/s. John Fleming a private English firm was responsible for generation and distribution of electricity under the provisions of the Indian Electricity Act 1903. After some time the company M/s. John Fleming was converted into Delhi Electricity Supply and Traction Company.

The year 1939 marked the formation of Delhi Central Electricity Power Authority (DCEPA) which was accountable for supply of power to areas covered by Local Bodies, the notified area committees of RedFort, Civil Lines, Mehrauli, Najafgarh, and the District Board of Delhi (“Electricity Sector in India”, 2013).

1951: In this year formation of Delhi State Electricity Board (DSEB) came into existence and the responsibility of generation and distribution of electricity was taken over by DSEB from DCEPA.

1958: Delhi Electric Supply Undertaking (DESU) was formed acting as a an arm of Municipal Corporation of Delhi after the promulgation of Delhi Municipal Corporation Act 1957 which led to the dissolution of DSEB. All the tasks and responsibilities of DSEB were transferred to DESU that covered all the areas of Delhi. During that period “the demand for power in Delhi was growing at an annual rate varying between 15-20 percent” (Prasad, 2006, p.203). DESU was not able to meet the demand due to high transmission and distribution losses, theft year after year.

1997: The year 1997 marked the formation of DVB under Electricity (Supply) Act 1948, vide notification no. F.11 (10)/92-LSG /PF (II) dated 24.02.1997. DVB was responsible for generation and distribution of power to the entire area of NCT of Delhi except the areas falling within the jurisdiction of NDMC and Delhi Cantonment Board (“Delhi Vidyut Board”, 2013). But unfortunately DVB had been incurring
losses year after year due to high transmission and distribution losses, power theft, imbalance between billed amount and recovered amount, delinquency in income management and poor work culture. All of this necessitated establishment of feasible and reliable reforms in the power sector which led to the setting up of Delhi Electricity Regulatory Commission in May, 1999. Delhi Electricity Act came into existence in 2000 to facilitate power sector reforms. Thus, on approval of state government DVB was converted into six separate fully functional entities:

- **GENCO:** One generation company known as Delhi Generation Company Ltd. owned by Delhi Government.

- **TRANSCO:** It is responsible for transmission and bulk supply of power to distribution companies and is known as Delhi Transco Ltd. owned by Delhi Government.

- **Three Distribution Companies** which holds 51 percent shares and rest of the shares were with the **Delhi Power Company Ltd.**
  
  i. **DISCOM I:** BSES Yamuna Power Ltd. is responsible for supplying power to east Delhi.
  
  ii. **DISCOM II:** BSES Rajdhani Power Ltd. is responsible for supplying power to central, south and west Delhi.
  
  iii. **DISCOM III:** TPDDL formerly North Delhi Power Ltd. (NDPL) is responsible for supplying power to north and north-west Delhi (Saini & Bhatnagar, 2005).

A tripartite agreement between the Government of Delhi, DVB and representatives of DVB employees, was effected on October 28, 2000 “whereby the parties mutually agreed to accept the conditions laid down in the agreement to achieve the goal of smooth implementation of the policy for reorganisation and restructuring of DVB” (Delhi Transco Ltd., n.d).

**1.2 STATEMENT OF THE PROBLEM**

Whenever a research is to be done it is necessary to define the problem carefully and clearly. Here in this study the main work is to analyse the impact of organisational
transformation of a public utility into public-private-partnership (PPP) arrangement on the attitude of employees. Thus, the proposed study can be defined as: “IMPACT OF ORGANISATIONAL TRANSFORMATION OF DVB INTO TATA POWER ON PPP BASIS: ASSESSMENT OF EMPLOYEES’ ATTITUDE”.

1.3 DEFINITION OF THE TERMS

1.3.1 Organisational Transformation

It denotes the process of reengineering, redefining, refurbishing, reconversion of entire business and takes it to a position that is totally different from the earlier one. Burke and Litwin (1997) stated Transformational change occurs as a response to the external environment and directly affects organisational mission and strategy, the organisation’s leadership and culture. In turn, the transactional factors are affected – structure, systems, management practices, and climate. These transformational and transactional factors together affect motivation, which, in turn, affects performance (p. 523).

1.3.2 Public-Private-Partnership (PPP)

According to Department of Economic Affairs, Ministry of Finance, Govt. of India, (2010-11a) “Public Private Partnership means an arrangement between a government / statutory entity / government owned entity on one side and a private sector entity on the other, for the provision of public assets and/or public services, through investments being made and/or management being undertaken by the private sector entity, for a specified period of time, where there is well defined allocation of risk between the private sector and the public entity and the private entity receives performance linked payments that conform (or are benchmarked) to specified and pre-determined performance standards, measurable by the public entity or its representative”. In other words it is a kind of business venture or contract between the Government owned enterprise and private sector firm or firms to either provide financial or technical assistance or deliver the services that were earlier provided by the public sector. A company is called a private entity in PPP model when it holds 51 percent or more non-governmental ownership. For example, construction of modern airports, bridges, flyovers and roads etc. are done through public-private-partnership arrangement.
1.3.2.1 PPP Models

In practice several types of PPP models exists at present that could be adopted depending upon objectives of the government, type of project, allocation of risk between public and private sector, number of stakeholders involved etc. These are described as under:

- **Build-and-Transfer (BT):** It is a contractual arrangement whereby the concessionaire undertakes the financing and construction of a given infrastructure or development facility and after its completion turns it over to the Government agency or local Government unit concerned, which shall pay the proponent on an agreed schedule its total investments expended on the project, plus a reasonable rate of return thereon. This arrangement may be employed in the construction of any infrastructure or development project, including critical facilities which, for security or strategic reasons, must be operated directly by the Government (“PPP models in practice”, 2009).

- **Build-Lease-and-Transfer (BLT):** In this kind of arrangement the private entity or the concessionaire finance, builds and operates the facility on a leased land. At the end of the lease period the private entity transfer the ownership to the public enterprise or organisation.

- **Build Operate and Transfer (BOT):** It is regarded as a contractual arrangement in which the government or public sector enterprise delegates the responsibility of construction, financing, operations and maintenance of the infrastructure facility to the concessionaire (a private entity formed for special purpose) for a fixed period. The concessionaire is allowed to raise the funds for the project in a manner agreed upon or negotiated in the contract in order to cover its maintenance and operating expenses. After completion of the predetermined period the ownership is transferred back to the government or public sector undertaking (“PPP models in practice”, 2009).

- **Build-Own-and-Operate (BOO):** In this model the ownership of the facility remains with the concessionaire or private party for life time along with the responsibility of financing, construction, operation and maintenance of the project.
“This framework is used when physical life of the project coincides with the concession period” (“Build-Operate-Transfer”, 2013).

- **Build-Own-Operate-and-Transfer (BOOT):** A type of project funding model wherein the concessionaire constructs, operate and manage the facility along with the risk associated with it for a certain period. It is different from BOT in a sense that the concessionaire owns the facility for a fixed period with the chief objective of earning a higher margin of profit on its investment either by charging the customers who are the final user of the facility e.g. toll tax or through other kind of taxes or fees in case of airports or seaports etc. At the end of the concession period the concessionaire transfers the fully operational facility to the government or public sector enterprise either at no cost or at a cost that is agreed upon in the contract.

1.3.2.2 Areas where PPP Models has been Implemented

1. **Highways:** India is the second largest country which has a broad road network of 3.3 million kilometers. An investment of Rs. 2,20,000 (Two lacs twenty thousand) has been established under National Highway Development Programme till 2012 (Department of Economic Affairs, Ministry of Finance, Govt. of India, 2010-11b). Few of the projects initiated in this sector includes:

- **Golden Quadrilateral:** An ambitious six lane project launched by former Prime Minister Atal Bihari Vajpayee in 2001 connecting Delhi, Mumbai, Kolkatta and Chennai

- **NS-EW Corridors:** According to (“North-South and East-West Corridor”, 2013) North-South corridor connecting Srinagar to Kanyakumari including the Kochi-Salem spur and the East-West Corridor connecting Silchar to Porbandar besides port connectivity and some other projects on national highways.

2. **Airport:** Development of modern high-class airports was possible through mutual agreement between Government of India and private entities called Joint Venture Company (JVC) on PPP basis. The JVC is formed for a special purpose with the prime responsibility of designing, development, construction, maintenance and management of the facility i.e., airport. Major projects undertaken in this field includes:
• Indira Gandhi International Airport, Delhi: Operation, Management and Development Agreement between Airports Authority of India and Delhi International Airport, 2006.


3. **Ports:** Ports play a pivotal role in transferring people and cargo to and from cities, states and countries. It has a huge role in boosting international trade with approximate 12 major and 187 minor ports in India. With the rise in traffic at ports Government has taken initiative to build more ports through public private partnership arrangement to deal with the rise in maritime transport effectively. Major projects undertaken under PPP include:

• Gangavaram Port one of the India’s deepest ports has commenced its operations in July 2009 and is located at Vishakhapatnam, Andhra Pradesh. The port is managed by a special purpose company called Gangavaram Port Ltd. under PPP basis where 59 percent stake is owned by DVS Raju who is the Chairman and Managing Director, 30 percent stake is owned by global private equity firm Warburg Pincus and 11 percent is owned by Andhra Pradesh Government (“Gangavaram Port”, 2013).

• Krishnapatnam port is an all weather port situated in the Nellore district of Andhra Pradesh. The port commenced its operations on 17th July, 2008 and is developed on PPP basis under BOST (Built-operate-share-transfer) agreement between Government of Andhra Pradesh and KPCL (Krishnapatnam port Company Ltd.) Hyderabad based CVR group owns 92 percent equity in KPCL and remaining 8 percent is owned by London based equity firm 3i Group plc (Krishnapatnam Port Company Ltd., 2013).
4. **Railways:** According to (Ernst & Young, 2012) some of the projects undertaken by the railways on PPP basis includes:

- **Container Corporation of India Ltd. (CONCOR):** It is incorporated in March 1988 and with the prime objective of promoting Inland Container Depots and Container Freight stations to enable effective management of rail, port and air cargo (CONCOR, 2012).

- **Pipavav Railway Corporation Limited (PRCL):** PRCL is an amalgamation of Indian Railways and Gujrat Pipavav Port Ltd. having 50:50 equity stake in the company. It was established to “construct, maintain and operate 271 kilometer long broad gauge railway line connecting Port of Pipavav to Surendranagar Junction of Western Railway, in the state of Gujarat” (Pipavav Railway, n.d.)

- **Indian Railway Catering and Tourism Corporation (IRCTC):** It is a subsidiary of Indian Railways and was incorporated on September 27th, 1999 with the aim to professionalize and manage catering, tourism and ticketing services through public private participation in all the streams (Indian Railway Catering & Tourism Corporation Ltd., 2008).

5. **Power:** Indian power sector has been ranked as the fifth largest electricity producer with an installed capacity of 229.251 GW. Non Renewable Power Plants constitute 87.55% of the installed capacity, and Renewable Power Plants constitute the remaining 12.45% of total installed Capacity (“Electricity Sector in India”, 2013). Majority of power generation, distribution and transmission are either with public sector companies or with state electricity boards (SEBs) however from past few years India has witnessed participation of private players in power sector. Major PPP projects in the field of power sector include:

- **Delhi:** Unbundling of DVB on PPP basis in July 2002 into six entities viz., TPDDL, BSES Rajdhani Power Ltd., BSES Yamuna Power Ltd, Delhi Transco Ltd., Delhi Power Company Ltd., Delhi Generation Company Ltd.

- **Jammu & Kashmir:** Being located in the Himalayan region the state has significant potential of producing around 20,000 to 25,000 MW of hydro power out of which only 1,576.43 2327 has been exploited so far (India Brand Equity Foundation, 2013). Thus Jammu and Kashmir Government has undertaken seven
hydel power projects in the state with combined installed capacity of 1,036 MW on PPP basis in the engineering, procurement and construction (EPC) mode (Greater Kashmir, 2013).

1.3.2.3 Relevance of PPP model

“The surge in the growth of PPP in India lies in its rewards that come across with it. Till 2013 public and private companies joined hands in hands and undertaken around 100 projects worth Rs. 24,726 crores across various sectors of economy viz., airports, ports, railways, power, healthcare, education, waste disposal etc. Among all the projects 26 PPP projects of Rs 13025 crore are under implementation, 40 projects worth Rs 5445 crore are operational and 34 projects worth Rs 6256 crore are in the pipeline respectively” (“PPP projects”, 2013). “PPPs have gained significance as it allows tapping the potential, expertise and knowledge of both private and public sector entities which encourages innovation, timely accomplishment of tasks, critical assessment of feasibility and viability of project, risk sharing, access to better and improved services to the civilians, etc. But the benefits offered by PPPs can only be secured if the whole process is well planned and allows flexibility if required. There are various reasons that make it a complex model which includes high transaction costs, larger number of parties involved in the project, long-term nature of the contract” (Kumar & Takkar, 2016, p.2). There are few projects that have become lessons of warning for public and private players viz., pullout of Reliance – Infrastructure from Delhi Airport Express line from June 30, 2013 has been regarded as one of the most ill treated project that bags its responsibility for failure on government arm DMRC (Delhi Metro Rail Corporation). Major reasons for the failure of contract were inflated projection of the daily ridership, inability of DMRC to rectify the construction defects within 90 days which earned bad reputation for Reliance Infra and absence of joint inspection of the express line before its operations (“Delhi Metro”, 2013). Hence, the above line indisputably suggests better understanding, teamwork, technical accessibility of records and flexibility for renegotiation of the contract is necessary for sustainable and successful PPP project.
1.4 PURPOSE OF THE STUDY

The purpose underlying the present research is to know why the employees of a government owned public utility viz., Delhi Vidyut Board (DVB) has shown a non-resistant or positive attitude at the time of transformational change. Moreover, it also assesses the after effects of the transformational change on employees’ attitude.

1.4.1 Objective of the Study

The study is initiated to fulfill the following objectives:

1. To study the extent of employees’ awareness towards organisational transformation.
2. To study the extent of employees’ favour for organisational transformation.
3. To study the role of independent variables such as age, gender, qualification, experience, origin of employee (i.e., originally an employee of DVB or TPDDL), annual income and category of employee (i.e., executive or non-executive) with regard to their responsiveness towards organisational transformation.
4. To examine the extent of favour for various reasons of positive attitude of employees.
5. To determine the ultimate response of employees towards organisational transformation.
6. To examine the impact of organisational transformation on decreasing job dissatisfaction (hygiene factors).
7. To examine the impact of organisational transformation on increasing job satisfaction (motivating factors).
8. To examine the instrumentality of organisational transformation in enhancing the various parameters of productivity.
9. To investigate the applicability of motivation hygiene model of Frederick, Herzberg on TPDDL in the presence of organisational transformation.
1.4.2 Research Hypotheses

In the light of the proposed objectives the following hypotheses have been made to be tested.

1. Employees are not aware about the organisational transformation.

2. Employees are not in favour of the organisational transformation.

3. The independent variables relating to age, gender, qualification, experience, origin of employee, annual income and category of employee does not have impact on their awareness level of organisational transformation.

4. The independent variables relating to age, gender, qualification, experience, origin of employee, annual income and category of employee does not affect their degree of favour for organisational transformation.

5. The independent variables relating to age, gender, qualification, experience, origin of employee, annual income and category of employee does not affect the employees’ extent of favour for various reasons of positive attitude of employees towards organisational transformation.

6. Organisational transformation is not instrumental in decreasing job dissatisfaction (hygiene factors).

7. Organisational transformation is not instrumental in increasing job satisfaction (motivating factors).

8. Organisational transformation is not instrumental in enhancing various parameters of productivity.

9. The independent variables relating to age, gender, qualification, experience, origin of employee, annual income and category of employee does not affect perception of employees towards instrumentality of organisational transformation on hygiene factors and motivating factors.

10. The independent variables relating to age, gender, qualification, experience, origin of employee, annual income and category of employee does not affect perception
of employees towards instrumentality of organisational transformation in enhancing the various parameters of productivity.

11. Motivation theory of Frederick, Herzberg is not applicable on TPDDL in the backdrop of organisational transformation.

In this era of intense business competition at global level, efficient change management is sine qua non for development. Organisations must adapt themselves to deal smartly with the constant pressure of change rather than averting it. Thus, to remain competitive organizations goes through various phases of change some are evolutionary and other could be revolutionary. One of the revolutionary changes adopted in the power sector in Delhi includes transformation of fully owned government entity into private entity on PPP basis. The purpose of this study is to investigate employees’ attitude towards organisational transformation. At this juncture it would be quite realistic to understand the term organisational transformation. It denotes the process of reengineering, redefining, refurbishing, reconversion of entire business and takes it to a position that is totally different from the earlier one. Here efforts are made to understand the reasons for such a high magnitude organisational change and its impact on human side of the organisation.

Let us throw some light on the actual position of erstwhile DVB in which change was inevitable. The following points elucidates erstwhile DVB’s situation at the time of takeover:-

- Bureaucratic structure leading to red-tapism thereby restraining accountability and innovation.
- Widespread corruption resulting into power theft, increase in account receivables as well as losses.
- Ignorance of new technology plays a pivotal role in generating manual errors and slow decision making process.
- There were no HRM related activities, untrained workforce since there were no training and development programs.
- No reward for good performance.
Seniority, the sole criteria for promotion.

Consumers were facing trouble due to erratic power supply, long power cuts.

DVB employees have shown apathetic attitude towards consumer complaints and a backlog of one lakh complaints of different types were pending with DVB at the time of takeover.

Transmission and distribution losses were close to 53%.

It had accumulated receivables of US $ 400 million.

Thus, the above said condition necessitated the decision for organisational change which leads to transformation of DVB into TPDDL on PPP basis.

As we all know any change in the organisation would have significant impact on its employees. In this research we will try to examine how individuals perceive organisational changes, how such perceptions are affected by the specifics of the change itself and the factors that determine their ultimate response to change.

1.5 THEORETICAL BASIS

Change in some way is an essential aspect of our life. It is the key to development. It could be in context of economy, government rules and regulations, organisations, groups, individuals. There are various changes in the economic policies of the nation which in turn effect changes in government rules and regulations that may necessitates changes in the organisation composed of different individuals. For the sake of development every organisation undertakes change which inturn require changes in every segment, group and even individuals.

Thus, according to Prasad (1984) whole society is changing in some form or the other, either for better or for worse, though objective of change is for better (p.610).

1.5.1 Meaning of Organisational Change

Change is natural and the law of life. It is a consistent and constant process of life. According to Singh (2010) Organisational change is the coping process of moving from the present state to a desired state that individuals, groups and organisations undertake in response to dynamic internal and external factors that alter current
realities (p. 421). In context of an organisation as said by Griffin (1997) Organisation change is any substantive modification to some parts of the organisation (p. 352). Thus, it may be concluded that change is a worldwide fact. It is omnipresent therefore every organisation whether big or small undertakes change for varied reasons, only the type and pace of change differs from organisation to organisation depending upon its strengths, weaknesses and external opportunities and threats.

1.5.1.1 Characteristics of Organisational Change

✓ Change is a continuous phenomenon.

✓ Change is a result of several forces that are internal and external to the organisation.

✓ Change is of different types such as: Visionary or Proactive, Reactive or Responsive, Progressive, Intermediary or Transitional, Paradigm, Transformational.

✓ Organisation is composed of several elements: people, structure, task, technology. Any change in the organisation may affect its elements. In other words, an organisation introduces change through changes in one or all of its elements depending upon the nature of change.

✓ Several models of change have been given by different management thinkers which enlighten the process of managing change in the organisation.

1.5.2 Forces of Organisational Change

Before moving further it is necessary to discuss various forces that stimulate change in the organisation.

The various kinds of change can be depicted by table no. 1.

ANTICIPATORY INTERNAL CHANGES

- **Diversification**

It is one of the dimensions of anticipatory internal change. It refers to adding a new product or service that is altogether different from existing products that the company is presently offering. For example; A major advancement in the education industry includes setting up of *virtual classroom* by Delhi University for its undergraduate programme which will be an online teacher-led training session programme where teachers and learners can interact, using computers linked to a network (Gohain, 2013). According to Barner (1996) rapid growth of knowledge workers will require organisations to rethink their traditional approaches to directing, coaching and motivating employees. Instead managers will be expected to continue technical expertise to their job and to be willing to roll up their sleeves and contribute when necessary (p.16).

- **Technological Impetus**

Growth in technological advancements has paved the way for introduction of new technology that affects the way a firm operates. Hence, the organisation has to adapt itself in order to utilize the new technology along with its consequential benefits. But it also costs as it require changes in the current system which affects everyone involved in the functioning of organisation. For example; in education industry there is wide spread growth in the use of ICT (Information and Communication Technologies) at present in many schools, students are supposed to submit their vacation assignments online at different educational websites. This in turn would require change in the mindset of teachers as well as students who are supposed to get assimilated to the new way of teaching and learning. Thus, technological growth is a big reason for changes in the functioning of the different sectors of economy.

- **Information and Communication Technology**

After the culmination of industrial revolution, information and communication has gained importance in the present era of globalised economy. Globalisation, recession and emergence of social networking sites have altered the medium of communication to consumers. Nowadays companies advertise their products on different websites including social networking sites like Facebook, Twitter, Orkut, LinkedIn etc. that are economical as well as wider in coverage. Another area where ICT plays a dominant role
for bringing change is mobile phones, companies like Samsung, Apple has revolutionized the telecom industry with introduction of vast range of smart phones, apart from calling, these phone allows user to access internet, video chat, multimedia messages, games, high quality pictures and videos, music downloading and at the heart of all these one can download various applications ranging from regular news, weather conditions, whatsapp, navigator etc. These phones use modern operating systems such as Google’s Android, Apple’s iOS, Nokia’s Symbian etc. (“Smartphone”, 2013). Another example that deserves special mention is the introduction of IP CCTV (Internet protocol closed circuit television) cameras for surveillance that is an improvement over the former CCTV (Closed circuit television) cameras, through this control technique one can monitor what is happening in one’s place from anywhere in the world. To put it another way if someone goes abroad and he/she wants to know what is happening in his office one can view it through a PC or a Smartphone using internet explorer provided the camera is installed at that place. Thus advancements in information and communication technology are major drivers for bringing change in the organisation.

**REACTIVE INTERNAL CHANGES**

- **Performance Gaps**

This is another source of reactive change. It refers to a gap between the expected performance (goals, objectives, standards) and the real performance (of a product, production process, employee performance). The effect of performance gap may lead to declining sales, vanishing profit margins or a level of sales that is not up to corporate expectations (Singh, 2010, p.427).
In such cases organisations are forced to find the various reasons responsible for such a gap which could be:

- Inadequate training on the part of organisation to utilise the new technology,
- Changes in taste and preferences of the consumer,
- Inefficient policies that hinder the timely completion of a task etc.

Thus, the organisation has to adopt various strategies to fill this gap. It may result in innovation for the new product which requires an organisation to impart focused training to employees to utilize the modern technology or changes in the existing policies depending on the situation.

For example, a company maintains a policy of getting the approval of respective departmental heads in order to issue any stationary from administration department. Another policy may require an employee to submit signed out of office slip by the departmental head to the human resource department whenever one wants to go out for an official meeting. In many cases it may happen that the departmental head may not be available all the time in the office and in this way the organisation work suffer which leads to delay in services. Thus in such cases organisation has to look for changes in the existing policies which facilitates transparency as well as free flow of services.

- **Diversity of Employees**

The composition of workforce is never stable it keeps on changing from time to time in terms of age, gender, marital status, taste, needs etc. For example, if there is a growth of married women in varied industries then human resource department has to provide creche facilities and make female – friendly policies with respect to maternity benefit, leaves, compensation accordingly in order to manage and retain the women employee. Another aspect to be considered is ethnicity, if an organisation employs people from different ethnic groups who have different tastes then it is always desirable to offer food in the cafeteria to accommodate the varied tastes of people. Similarly organisations have to consider all the aspects of the changing demographic profile of its employees in order to remain competitive and productive.
• **Scarcity of Resources**

According to Singh (2010) Limited resources put obstacle in the functioning of the organisation. If an organisation does not have sufficient money, machinery, personnel, information, technology to carry on its operations then it has to adopt different strategies in order to sustain in the environment which will require change on the part of organisation (p.428).

**REACTIVE EXTERNAL CHANGES**

• **Government Regulations**

Government can directly or indirectly influence changes in the organisation through variety of laws. According to Robbins (2003) “the passage of new laws creates the need to establish new departments and changes the power of current departments” (p.387). A few examples of government regulated changes are:

- **Direct Regulation:** It is exercised through enactment of various laws such as delicensing, environmental laws, labour laws, VAT (Value Added Tax), import export, proposed GST (Goods and Service Tax) etc., and the establishment of various agencies for implementation of such laws. For example, Revised Schedule VI of the Companies Act 1956 has altered the format and the disclosure requirements of balance sheet and profit and loss account. It has a significant impact on the organisations as well as education sector. As companies are bound to roll up their sleeves to provide knowledge and training to its employees, similarly it has brought changes in the current education system. Another example of employment regulation says that if an organisation employs children below the age of 14 years in its factories then it will be punished accordingly. Thus, an organisation has to work according to the rules and regulations established by the government.

- **Deregulation:** It means reducing the overall control of the government laws on the essential products and services to be provided to the common man that may lead to decentralization. For example, Deregulation of power generation and distribution by government i.e., DVB has been transformed into Tata Power and Reliance power on PPP basis for uninterrupted supply of power.
Foreign-exchange: Increasing globalisation has led to a massive increase in the number of foreign exchange transactions in recent decades. Thus MNC’s (Multi-National Companies) are greatly affected by fluctuations in the currency rates.

- **Natural or Physical Environment Change**

  It states that nature and environment plays an important role in influencing change in the organisation. For example, with the rising pollution in the cities companies were ordered to shift their factories out of the city. Moreover introduction of CNG (Compressed natural gas) came as an alternative to petrol driven vehicles and apart from being nature friendly they are available at low cost. Another change that took place is in the use of refrigerants that are ozone friendly. Now companies use HFC (Hydrofluorocarbons) in cooling appliances such as: motor vehicle air conditioners, refrigerators, window air conditioners, water coolers, ice makers, vending machines instead of CFC (Chlorofluorocarbons) which is the main catalyst for ozone layer depletion and HCFC (Hydrochlorofluorocarbons) that emits green house gases which is responsible for global warming. Thus, changes in the environment are a major cause for changes in technology and product of the organisation.

- **Economic Changes**

  Uncertainty about future trends in the economy is a major cause of change. There are various causes for changes in the economy such as liberalisation, inflation, privatisation, WTO (World Trade Organisation), recession that inturn necessitates changes in the organisation. For example, September 2008 was the phase of global financial crisis when several US based financial institutions collapsed. Many companies have announced large scale retrenchments for the sake of survival. Many Americans become NINJA (Non income non job Americans) and it has greatly impacted the world economy. The recent changes in visa rules by Saudi Arabia and Unites States would affect the functioning and employability of expatriates working in these countries. At present Saudi Arabia has stipulated tough conditions and standards for outsiders to qualify for employment. Moreover America is also in a process of preparing tough guidelines for the organisations who hire employees holding H-1B visa. All these changes would affect changes in the organisations which inturn hinder economic condition of the country.
• **Priorities or Demands of Customers**

Organisations have to react actively on the changing needs of consumers. The most profitable ventures can run into losses if it fails to change according to the needs and wants of its customers or stop innovating. In a recent example of Apple the most remarkable winning streaks in business has shown a drop in its market share from 700 $ last year 2012 to 400 $ in 2013 second quarter. In a reaction to the falling sales of Apple products due to change in demand the company might look for alternative strategies i.e., innovating new products, entering into new domain etc. (“Apple Profits fall”, 2013).

1.5.2 **Kinds of Change**

![Fig. 1: Kinds of Change](image)

• VISIONARY CHANGE
• REACTIVE OR RESPONSIVE CHANGE
• PROGRESSIVE CHANGE
• INTERMEDIARY CHANGE
• PARADIGM CHANGE
• TRANSFORMATIONAL

• **Visionary Change**

Visionary change involves predicting the future opportunities and accordingly making alteration in the present system to take advantage of the opportunities and at the same time preventing possible threats. Smart companies do not wait for outside forces that make change compulsory rather they would espouse a proactive approach to change by foreseeing the future requirements or expectations, such steps would keep companies one step ahead among its competitors. Even the most successful organisations need to constantly analyse upcoming opportunities and threats in order to gain competitive edge over its competitors. One of the strategies is to make visionary changes by constantly innovating new products or make changes in the
existing products, or by identification of new markets for the products. Organisations may undertake several changes in its management style, structure, processes, human resource practices, etc. that are viewed by it desirable.

- **Reactive or Responsive Change**

  Organisations undertake change in reaction to changing consumer needs, economic instability, technological changes, government regulations and natural and physical environmental conditions etc. Thus, it is an umbrella term that includes all the external as well as internal forces of unplanned change. In other words a reactive change is implemented in a response to an opportunity or threat that has already taken place. For example, (“Infosys board raises”, 2013) Infosys has reappointed its co-founder Mr. NR Narayan Murthy as executive chairman and Additional Director in a reaction to shrinking market share of the country’s second largest IT firm. In order to facilitate this move Infosys board has raised the age limit for holding chairman post to 75 years. This step is no doubt has been taken in order to regain its position and struggling market share. Thus a firm that does not identify change will not be able to sustain in the present scenario of stiff competition.

- **Progressive Change**

  As the term suggests progressive change is undertaken to seek improvement in the current system. It refers to improving what already exist in the organisation for the purpose of greater satisfaction, improved performance and continuity. According to Anderson and Anderson (2001) progressive change does not require any major alteration in the organisation in terms of introduction of new product and services or diversification or structural changes, technological advancements. Thus it envisages an enhancement in terms of knowledge, skills, methods employed, processes etc. having a mild impact on the employees (p. 31). For example, Cadbury has well established its brand Dairy Milk Choclate but still it conducts customer satisfaction surveys in order to improve further. Progressive change is also known as developental or incremental change.
Intermediary change or what is commonly called as transitional change refers to the movement from current state to a desirable new state. It is different from progressive change in a sense that it does not involve improving what already exist but altering or dropping the current state to an entirely new state while retaining some of its old aspects. Various forces that involve intermediary or transitional change are Mergers and acquisitions, diversification, introduction of new products or processes, restructuring etc.

Paradigm refers to the rules and regulations to be followed, the established ways of performing tasks and accepted standards of behaviour in an organisation. Unfortunately it is not possible for an organisation to maintain the status quo forever due to the rapid growth of information technology, presence of innovative solutions to a problem and globalisation of the economy etc. Thus, organisations have to match themselves with the changing needs of the market which results into a paradigm shift. To put it another way such advancements would require changes in the accepted standards of behaviour, removing boundaries of business organisations and inculcating change in the mindset of people.

Transformational change as the term suggests refers to change in the entire picture of the organisation, it may require change in organisation’s mission, purpose, formation, management, technology, human resource practices, market, policies etc. Thus in transformational change any one of these areas or all or in any combination may be
changed. It denotes the process of reengineering, redefining, refurbishing, reconversion of entire business and takes it to a position that is totally different from the earlier one. According to Hammer & Champy (1993) Reengineering involves the fundamental rethinking and radical redesign of business processes to achieve dramatic improvement in critical, contemporary measures of performance such as cost, quality, service, and speed (p.32). Many times transformational change takes the form of revolutionary change that an organisation is forced to adopt caused by its incapability to sustain in the market. “The fundamental reason behind transformational change is that the organisation’s present structure, approaches, strategies, policies, practices, products and leadership is no longer viable to save the sinking ship which results into perennial losses, customer dissatisfaction, shrinking market share, declining sales, profit etc” (Kumar & Takkar, 2014, p. 160). In such a case low magnitude change i.e., progressive or an intermediary change will not help the organisation rather it would require a combination of both low and high magnitude changes with major emphasis on creating mind share. For example, in the field of watches HMT was the dominant player in manufacturing mechanical watches, but it did not respond to the threat that has been coming from other competitors who started manufacturing quartz analog watches. Though HMT also manufactured quartz analog watches lately, but it focused its attention only on automatic watches. Soon it lost its market share due to poor organisational culture, ignorance of consumer tastes and preferences, slow decision-making due to bureaucratic culture etc. Thus, other players like Titan, Swatch, Tag Heuer has kept pace with the market requirements and remain competitive. A recent example of Kodak who was the market leader in film based photography has tried its best to sustain in the photography business but failed to do so due to lack of innovation and ignorance of new technology. The major reason behind this is heavy margin in film based photography than digital imaging and so it remain unresponsive to the modern requirement of the user therefore other players like Sony, Minolta, Nikon, Canon, Samsung took the advantage and grab the market share in photography business.
1.5.3 Models of Organisational Change

1.5.3.1 H.J. Leavitt’s Model of Change

Harold Leavitt has given a diamond shaped model for implementing change successfully in an organisation. He viewed organisation as an open multivariable systems that consist of four subsystems or interacting variables; people, structure, task, and technology. These variables are interrelated in a sense that change in one variable would necessitate change in other or all variables.

![Diagram of Leavitt's Model of Change]

**Fig. 3: System Model of Change**


- **People:** It refers to individuals working in an organisation who may be different in terms of attitude, behaviour, personality, skills, physical strength, perception, needs and motives.

- **Task:** It describes the nature of job which may range from simple to complex, unique or standardized, novel or repetitive. It determines the job description and job specification of an individual and becomes a major criterion in case of reengineering and job redesigning.

- **Technology:** It is a wide phenomenon that entails application of various techniques, tools and equipments, knowledge, science for the purpose of simplification of tasks or processes, innovation, automation, development of global economy, etc.
• **Structure:** It determines authority - responsibility relationship, flow of policies and procedure, nature of communication: formal or informal and control.

The above variables represent an interrelated and interdependent relationship with each other which implies change in one variable would affect or necessitate change in other. For example, if an organisation decides to sell its products online apart from dealers then it may lead to increased sales volume. This would necessitate more efficient production staff and inturn may affect changes in the manufacturing processes, structure and technology. Thus, if a management or the change agent decides to implement change in an organisation then this model would help them envisage all the variables that deserve to be considered before any change is implemented.

1.5.3.2 Kotter’s Eight Step Change Model

(Kotter, 1996) Dr. John Kotter professor at Harvard business school has given his eight step model of implementing change in the organisation. According to him this model will help organisations to execute change successfully without missing any important aspect. It is the best possible solution available to the organisations going through phase of major changes such as transformation. Following are the eight steps (Takkar & Kumar, October-December, 2015, p. 9-10):

**STEP 1 Create a sense of urgency**

It denotes creating an urge or necessity for change by involving every individual in the task of organisational change. In this stage the leader or the change agent must thoroughly understand the nature of the organisational problem and identify the opportunities available outside the organisation. After this the change agent must present the same situation before every employee and the available solution to meet the challenge. It also involves discussion of potential threats if an organisation resists or averts change. Thus it entails generating knowledge or awareness among employees about the importance of change and ignites the urgency for change.

**STEP 2 Building Guiding Coalition**

Major change initiatives cannot be managed by a single person thus this stage calls for mobilising a group of people to direct or lead the change plan. It requires selection of
appropriate individuals who have knowledge, expertise, power, desirable skills to head the change initiative. Through this, key individuals are brought together as a team or coalition which strengthens the spark for change.

STEP 3   **Establish a Change Vision**

Vision refers to the future image of the organisation i.e., it reflects the future intention of the organisation. This also directs the present course of action of the organisation to accomplish its short term and long term vision. Thus, the guiding coalition must create its vision that would clear the purpose of the proposed change and helps everyone in developing strategy to implement that vision.

STEP 4   **Communicate the Change Vision**

Creating a vision does not entail its implementation or execution thus it has to be communicated well to all the employees. One can make use of various channels of communication such as:

- Formal and informal meetings,
- Pamphlets,
- Discussions,
- Brief speech by the guiding coalition or
- Interpersonal communication.

Not only this one must endeavour to inculcate the new behaviour or method of performing task which is congruent with the vision that has been formed. The new behaviour can also be learned by examples of the guiding coalition. So, the vision must be administered to all the functions of organisation whether it is recruitment, advertising, financing, production etc.

STEP 5   **Empowering Action**

It is apparent that any change is likely to be resisted since it demands great amount of commitment, alteration and risk taking ability. To be successful in implementing change the change agent or the guiding coalition must remove all the hindrances that come in its way.
The change agent or the guiding coalition must address all the apprehensions and anxieties of various employees regarding the new vision and how to achieve it.

They should continually look for changes in structure, task, roles and profiles assigned, present salary structure, working environment in order to align them with the new vision.

Those who help in bringing change should be rewarded.

People should be motivated and encouraged to undertake audacious and innovative ideas, behaviour and actions to bring in new principles.

Adequate training should be imparted to workforce to enhance their skill.

**STEP 6   Creating Short Term Wins**

No doubt major change initiatives requires a long term effort but smart individuals lays down achievable short-term goals in addition to long term goals to keep the pace and spirit of change undying. These short – term wins are essential to ensure that the change drivers are not deviating from their vision. Moreover it will elevate the morale of employees who come forward and shown trust in the change exercise.

On the other side it will lock the mouth of opponents and resistors who are against the change initiative. As a result supporters will work more hard, dormant individuals involve themselves actively and the opponents will not get any opportunity to prove their point of view.

**STEP 7   Never Letting-up**

In this phase the change agent or the guiding coalition must strive towards producing as much change as possible. This calls for:

- Adding new projects that are relevant to the change.
- Removing barriers that restrain the change process.
- Imparting knowledge and training to facilitate change progress.
- Analysing the recent wins and look for any flaws or pitfalls to improve the current process.
✓ Securing the positive attitude of the senior management by constantly proving that the new way is working.

✓ Acknowledge the effort of those who contribute their best towards change.

STEP 8    Incorporating Change into the Culture

A change programme will be a real success if the employees are motivated to cement the new habits and behaviour into the corporate culture i.e., it should become a permanent element of the organisation. The new behaviour which is the outcome of training, education, communication, socialisation and motivation must be firmly embedded into the culture of the organisation. The guiding coalition must make every possible effort to convert the newly learned behaviour into a regular routine for everyone (Kotter & Schlesinger, 1979).

1.5.4 Responses to Organisational Change

All changes are likely to generate a pattern of responses which may present a challenge, if the response is negative or an opportunity, if response is positive. Individual response to change depends upon the personality, attitude and work environment.

Fig. 4: Responses to Organisational Change
✓ **Personality** may be defined as an exclusive and comparatively stable pattern of behaviour, thoughts and emotions that together forms traits or characteristics of an individual. Later these unique traits or characteristics of a person distinguish them from one another.

✓ **Attitude** towards change is a byproduct of three components Affective, Behavioural and Cognitive. In lieu of change affective component represents the feelings or emotions about the thing. For example, a person may feel that change is likely to result in downsizing. Behavioural component is influenced by the affective component i.e., one will resist change whenever it is likely to be implemented. Cognitive component represents the beliefs or knowledge of an individual. For example, an individual past experiences or knowledge have always shown negative impact of change then one would develop a negative attitude towards change.

✓ **Situation** plays a major role in manipulating individual responses to change, it possess the ability to alter the responses that are contradictory to their personality and attitude. For example, while introducing four year degree course in Delhi University the core group who were made agent to the change were nominated from among the teaching faculties belonging to different political groups and inspite of strong resistance by different group of teachers it was implemented smoothly.

Thus, the individual response to change is a result of his personality, attitude and situation which when merge with the other group members, takes the form of group response. According to Arnold Judson (1996) there is a range of attitude usually representative of employees reacting to change that runs from open, complete acceptance of change to active resistance to it (p.41-43). Figure 5 represents the pattern of responses that may be generated when change is introduced in any organisation and its final impact.
Acceptance
It is exceptional that employees willingly accept change that is communicated to them. However if it requires mild adjustment on the part of employees and the end result is largely beneficial for the employees as well as organisation then employees would enthusiastically accept change. Another form of acceptance includes cooperation, when resistance to change affect the status quo and group cohesiveness of a group then they start cooperating with the change as cooperation seems more easier than resistance.

Indifference
Indifference is another form of ignorance which could be a serious threat for those implementing change. It results into protective or defensive behaviour against change and can be expressed by not learning new things, doing what is asked, possessing
dormant attitude. It hampers the implementation of the change programme and requires more effort on the part of change agent in order to secure positive response.

- **Resistance**

Resistance to change is usually seen in massive or high magnitude changes that exerts pressure on the change agent. For example, if an organisation changes its structure from departmental to team or project based organisation then it would face huge resistance since such a change would affect their status quo and also can place question mark on their employability. Moreover it can lead to downsizing, hiring of new personnel and fear of unknown. Employees may counter attack such changes by doing as little as possible, argues with the boss, taking unnecessary leaves from the company, always complain about the company and management. It may lead to rejection if they would not be properly educated and communicated about the future benefits.

- **Total Rejection**

It is a most serious form of resistance it means total disapproval towards change. But if the change is enforced upon the employees who are the main facilitators of change programme, then they may vent out their feelings of anger by deliberately committing errors, decreased productivity, spoilage or sabotage. For example, if the Government of Delhi decides privatisation of water distribution in Delhi in the absence of proper education and communication then employees may feel frustrated and irritated which may lead to slowdown, strikes, non – listening attitude of the employees, disagreement with the change agent as well as those advocating change.

1.6 **CAUSES OF RESISTANCE TO CHANGE**

It is true that resistance to change occurs as a counter attack against its implementation. It may take the form of a serious threat for an organisation if left unobserved. Thus, it is imperative for an organisation to spot it and fix it as soon as possible. It is easier to detect or spot resistance to change which is overtly visible through strikes, decreased productivity, regressive behaviour than covert resistance to change that is manifested by loss of interest, indifference, absenteeism.
So it is essential to understand various reasons for resistance to change before employing suitable strategy to manage it. Change could be resisted by individual, group as well as by organisation (Takkar & Kumar, October-December, 2015, p. 6-9).

1.6.1 Individual Resistance to Change

It is a natural tendency that individuals or employees will resist change as it is likely to affect them in one way or the other, until they recognise that its benefits outweighs its costs. Following are the reasons for individual resistance to change:

- **Loss of Job**

  This is one of the most fundamental reasons of resistance behind every change programme. If an organisation undertakes any kind of change such as structural, technological, mergers and acquisitions it is apparent that it may lead to job loss for an unsuitable employee who does not fit or could not adapt to the changed scenario. For example, if the workers were asked to work on the new machinery which can manufacture products 10 times faster than the old one and requires less labour as compared to the old one. This step may lead to redeployment or in some cases job loss for those whose skills become obsolete and cannot be utilized further.

- **Fear of the Unknown**

  Change is likely to create apprehension in the minds of employees if they are not educated well about the change programme and how it will proceed. It creates ambiguity and generates a feeling of insecurity towards future since the change agent may not address the interest of each and every individual during the change process. So it increases their anxiety or fears which become a reason for resisting change.

- **Maintenance of Status quo**

  It refers to the ease and comfort that an individual is enjoying in the present state of affairs. An individual, who has developed his/her own ways of working, learned how to deal with day-to-day problems and is quite comfortable with the existing structure, task, relationship, power. In this situation any kind of change would definitely going to affect the status quo and therefore individuals strive their best towards resisting change.
• **Old Habit**

It is human nature to avoid changes since it challenges habit and behaviour. Individuals try their best to postpone changes as it would demand change in their behaviour which has become their habit. For example, an individual reaches office at 9:10 a.m, though office starts at 9:00 a.m in the morning. 10 minutes grace is provided by the company so that everyone get to their work comfortably by 9:10 a.m, but an individual makes it a routine to always punch at 9:10 a.m i.e., it has become his/her habit which has been facilitated by the situation. Thus, if the company wants to alter its policy and provide no grace period of 10 minutes, then it would be resisted by the employees as they have become habitual of coming at 9:10 a.m and such a change would result into salary cut.

• **Social Dislocation**

Individuals’ reaction to change is influenced by their sociological needs as well. It refers to the need for belongingness, love, friendship, acceptance in the social group which fulfills their psychological needs. Thus, when organisation introduces change it may disturb the social relationship, e.g. mergers and acquisitions may lead to transfers, creation of new departments, assignment of different roles and responsibilities which in turn affect social structure of an organisation and may lead to social dislocation for an individual. Therefore people resist changes that would hamper their social relationship.

• **Incorrect Timing**

If an organisation introduces change without concerning the best time for its implementation, then all the efforts may go waste. For instance, during recession if an organisation increase the target of the sales department as a consequence of innovation of new products. Then it would be severely resisted by everyone involved in increasing sales because changes are introduced at an inappropriate time.

• **Lack of Communication**

Change should never be imposed upon human beings it should be acceptable to everyone or be made acceptable. Here comes the role of communication i.e., people should be well versed with the reasons for change, how it is going to be implemented,
what are its pros and cons before actually executing it. Thus, failure to communicate well with the employees at any point of time during the change process may increase employees’ anxiety and fear which will lead to resistance.

1.6.2 Group Resistance to Change

Sometimes change may be accepted at an individual level but may not be accepted by the group which may include formal and informal group, this in turn takes the shape of major barrier to change. Following are the reasons for group resistance:-

- **Group Cohesiveness**

  According to Griffin (1997) “it is the extent to which members are loyal and committed to the group; the degree of mutual attractiveness within the group” (p.578). Sometimes an individual accept change but if it is not accepted by his group members then he/she is forced to resist change in order to remain in the group. It is a major source of confrontation and places the change agent into a difficult situation to overcome this barrier to change.

- **Organisation Structure**

  Every organisation has its own structure that forms the basis of authority - responsibility relationship, flow of policies, work processes, information etc. According to Rao & Narayana (1987) some organisations follows bureaucratic structure where jobs are narrowly defined, lines of authority are clearly spelled out, the flow of information is stressed from top to bottom (p. 579). In this type of structure any change would disturb its equilibrium and would not be entertained at the cost of structure. Even if an organisation does not follow a bureaucratic system it still avoid changes if it can, since any change would challenge the present state of equilibrium of an organisation and challenge its structure. It could again pose a challenge in front of managers to set up a structure that is congruent with a change, but may not be acceptable to employees.

- **Cultural Shock**

  Changes often high magnitude, such as transitional and transformational often necessitates changing the mindset of individual. They demand inculcating new habits, beliefs, ideas, norms, values, ways of performing task i.e., reshaping the culture of the
organisation. This gives cultural shock to everyone in the organisation and therefore has become a reason for resistance to change.

- **Power Maintenance**

Change is not only resisted for valid reasons but even for invalid or void reasons, like maintenance of power. Change is mostly introduced for advancement, fostering new ideas and behaviour that has global advantages. It rules out traditional behaviour and approaches of accomplishing task which is a big reason for spread of terms like women empowerment, participative decision-making, human resource development, 360 degree feedback etc. Thus, change poses a big threat to some people or managers who are the only decisive authorities, as it may result into distribution of power or authority on the basis of skill and targets achieved rather than on seniority and experience. Thus, those attaining higher ranks and perceived to be the main sponsor of change, resist change which results into a major barrier to change.

- **Departmental Conflict**

An organisation is composed of different departments or functional units who have different needs, goals and resource constraints. It is the moral responsibility of every department or team to work in harmony with other units operating in the organisation for accomplishment of organisational objective. But in reality every team or functional unit thinks about themselves rather than the whole organisation, therefore changes which are perceived as beneficial to one department may be viewed as threat to others which again poses resistance to change.

**1.6.3 Organisation Resistance to Change**

Organisations are the main sources through which change that is mandatory is initiated. External and internal factors make it necessary for an organisation to take steps in order to bring change. But sometimes change is being resisted due to a couple of reasons which have been summarised below:

- **Resource Constraints**

Limited resources put a question mark on organisation’s decision to commence change. In order to implement change an organisation require adequate financial resources for varied reasons which may include appointing a change agent,
conducting various surveys, training and development, rewarding those who support the change initiative. Thus, if an organisation does not have sufficient resources to execute change then it resists.

- **Sunk Costs**

Sunk cost refers to the investment that has been made earlier and cannot be retrieved back or recovered. In context of organisation it denotes the huge capital that is blocked either in fixed assets such as plant and machinery, building, material etc., or intangible assets such as employees. For example, after receiving overwhelming response of HMT (Hindustan Machine Tools) automatic watches in India, the company has made heavy investment by setting up its plant and machinery for producing automatic and some quartz watches, though the main focus was on automatic watches only. Later on other players like Titan and Allwyn give more focus on quartz technology and began producing stylish, light weight quartz watches and distributed it through boutiques and jewellery shops by providing higher margins to retailers. Thus, HMT could not respond to the market threat as well as changing tastes of consumers due to the fear of sunk cost and soon it lost its leadership position as well as market share.

- **Inter-organisational Agreement**

An organisation sustain in the environment with the help of certain other organisations that may include either suppliers or major clients and some agencies that provide financial assistance etc. It is natural that organisation make several agreements or commitment with them as part of agreement policy. Therefore, a change programme which is necessary for organisation but is in opposition to the desires of other organisation or agencies has to be dropped or postponed by the organisation.

1.7 HOW TO OVERCOME RESISTANCE TO CHANGE

Several psychologists and management thinkers have given their model of implementing change successfully in the organisation. It tells the whole process from
scratch till the final stage. Here in this section efforts are made to through some more light on the various strategies that could be used as a tool to overcome resistance.

- **Inculcating the Spirit of Change through Education and Communication**

In order to gain acceptance for change the change agent must make every possible effort to spread the message throughout the organisation. It should be done with great care, people should be well informed about the reasons for change, perceived benefits, expectations from employees, and how they can help in implementing the change programme. In order to communicate the message effectively, both the channels of communication must be utilized i.e., formal and informal (grapevine).

- **Participation and Involvement**

One key to successful implementation is involvement of those who will be affected by the change programme. Managers and leaders must put their best foot forward to convince their subordinates to be a part of the change programme. This would further engage mangers in some form of conversation with the subordinates about the change programme, benefits, importance of their support and as a result would provide opportunity to address the employees’ anxiety, fear and frustration. Moreover a change agent may recognize and encourage the influential people or leaders of several informal groups to take part in the change initiative, this step would bring acceptance to change quickly and easily by the members of informal group. This is so, because members react positively to informal group decisions as compared to formal orders.

- **Moving Towards Flat Organisation Structure**

According to Greenberg and Baron (2008) present organisations are becoming flat, cross-sectional, team based organisations, in which people from varied disciplines work together to achieve a specific target. It would inturn eliminate the formal boundaries between people (p. 646). Adoption of such structure would create readiness for change as it allows free flow of ideas, innovation, and information since people are not tied to just one department and one informal group infact they are linked to the whole organisation. This would bring an added advantage to organisation among its competitors and thereby increase the pace of change programme without much pain.
• **Create an Open Organisational Culture**

Schein (1985) has defined organisation culture as a “set of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problem to external adaptation 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” (p.9). Thus, every organisation develops its own norms, values, beliefs, ways of performing tasks and behaviour that is adopted to deal with every situation. But today’s environment is fast changing and challenging whatever is new today may become old within a short – span of time, similarly what works best today may not work well in the future and thus organisations must learn to adapt and adjust with the changing scenario by fostering open and advanced culture. A culture that is always open to challenges, ready to take risks, and dedicated towards growth of the organisation.

• **Bargaining and Negotiation**

Sometimes management has to bargain with the employees by giving rewards, incentives, higher salary and promotions for accepting change. This tactics often practiced in case the organisation is facing severe resistance from groups or production units. It is an expensive approach as it may stimulate others to insist on such “deals” (Dwivedi, 2011, p. 733).

• **Emotional and Technical Assistance**

Change may create fear, anxiety, frustration, technical obsolescence, social displacement etc. which act as the main barriers to change. A lot much of resistance can be handled by managers if they provide emotional assistance by changing the mindset of employees towards change. This includes empathetic listening to employees’ concern and providing support by addressing their queries calmly. If an organisation decides to change its structure then it should communicate the benefits of change such as the new structure provides the opportunity for individual growth and advancement, job enrichment, participative decision making.
Another kind of assistance includes technical; that is provided through imparting training and development, material, machinery, appropriate tools etc. For example, introduction of new machinery creates the need for technical guidance to its users or increasing demand of firms’ products creates urgency in the production units, delivery mechanism that require more material, labour, and money which is the responsibility of the firm so that employees may adjust to needed change smoothly.

- **Rewarding Optimistic Behaviour**

This calls for rewarding employees who helps in bringing change and exhibit newly learned behaviour and practices. For example, an organisation pays its factory workers on the basis of time spent by them in producing goods. But after realizing that its average daily production is decreasing, the firm decides to pay worker on the basis of number of pieces produced by them. Definitely this move would be resisted by many as it would affect their wages and comfort. But those who cooperate with the new norm and work towards producing more pieces should be motivated by giving extra benefits and perks, which would inturn induce others to accept change and thereby helps to overcome resistance to change.

- **Compulsion or Coercion**

Managers use implicit or explicit coercion (i.e., forcing people to accept change) as a last resort to overcome resistance. Management may proclaim that if change is not accepted by employees then it may result into job loss, salary cut, shutdown of unit, downsizing, transfers etc. This technique is generally espoused in cases where speed is essential. For example, if a group of individuals is resisting change due to skill obsolescence then management may use coercion after using the above stated approaches to make the change.

**1.8 MANAGEMENT OF ORGANISATIONAL CHANGE**

Organisational change is an outcome of several factors; the most dominant among them are globalisation and technological innovations such as Smartphones, Social networking sites that have revolutionized the business. These all developments necessitate structured approach to change and therefore change management. Change
should not be implemented in a haphazard or chaotic manner rather it should follow a sequence of well planned steps which are described as under:

**Fig. 6: Steps of Organisational Change**

1. **Identify the Forces of Change “WHY”**

An organisation is composed of internal and external environment which greatly affects its functioning, growth and survival. It is not an isolated entity it has to interact within and outside the organisation to accomplish its mission or objectives. There are several forces that exist internal and external to the organisation which causes imbalance and demands change.

**Force Field Analysis Model of Change by Kurt Lewin**

This model is developed by social psychologist Kurt Lewin in 1940s and is still considered a prominent and effective model of managing change in the organisation. Lewin suggested that any change in the organisation is effected by the two simultaneous forces.

- ✔ Driving forces which facilitates change in the organisation.
- ✔ Restraining or resisting forces which oppose change in the organisation.
The driving forces are those which are responsible for pushing the organisation towards change. These forces may include external environmental changes such as: technological advancements, competition, liberalisation, shifting demographics, economical changes, changes in government regulations, natural or physical environment changes, political instability etc. and internal forces that include performance gap, perennial losses, interpersonal conflict etc.

Restraining or resisting forces are those that would avert any kind of change therefore maintaining the status quo. These forces may include economic loss, fear of unknown, technical unemployment, social dislocation etc.

If both the driving forces and the restraining forces are of same potency i.e., of same strength or resisting forces are more powerful, then organisation may quit the change initiative or attempt to convert resisting forces into driving forces. Conversely if the driving forces are more dominant than the restraining force then it will lead to organisational change.

There are several forces operating in an organisation’s internal and external environment, but an organisation should recognize only those forces which actually
deserve attention and needs to be assessed. For example, Nokia a well known brand in telecommunication industry has lost its no.1 position to Apple and Samsung as it ignored the threat that was coming its way from other brands that have started manufacturing Smartphones since 2007. It responded very late and today several brands such as Apple, Samsung, HTC, Spice, Micromax and others took away its market share. Thus, an organisation must make every possible effort to recognize the environmental threat or opportunity and internal strength and weaknesses in order to initiate change that is beneficial for the organisation.

2. Selection of Change Initiator or “WHO”

Once the organisation has identified the potential threat or opportunity and strength or weaknesses, it must strive towards determining those individuals through which change is initiated i.e., change agent. The organisation may involve key managers or look for a consultant who will guide the change process. Several management consulting organisations such as Mckinsey & Company, Bain & Company, The Boston Consulting Group, Booz & Company, Deloitte Consulting, Accenture, Capegemini etc. are there that have helped organisations to come out from such crisis. Thus, selection of change agent depends upon the ability of manager, situation and the kind of change i.e., major or minor.

3. Problem Diagnosis “WHY Change?”

It refers to finding out the root cause of problem that is prevailing inside or outside the organisation. In other words after identification of the problem the organisation must endeavour to determine the underlying reason for the problem. For example, if an organisation is continuously running into losses it should not blindly adopt strategies like downsizing, lay off, reduction in benefits, salary cut etc. rather it must strive to know the truth behind losses which could be changes in taste and preferences of consumers, increased cost of the product due to non-availability of raw material etc., government deregulation which leads to entry of private players in the market (Wadell, Cummings & Worley, 2004). In order to diagnose the problem areas one must choose a model which addresses the organisation’s problems as well as ensures comprehensiveness.
Following are the instruments which are used to gather the data on the problem:

- **Secondary sources** of data are those which have already been gathered or collected by someone else that is other than the user. These include census surveys, organisational records, qualitative research records etc. These may be used to get a clear picture of the problem and coming out with possible solutions as consulted by others.

- **Direct observation**: It implies observing individuals in their original settings directly by the change agent or the managers. This method is adopted in order to collect information about the behaviour of people. This method is no doubt an expensive method and the information provided by this method is also very limited. As such this method is not suitable in inquiries where large sample is concerned (Kothari, 1978, p. 96).

- **Interview**: It refers to face-to-face interaction between the change agent and the interviewee. It facilitates collection of data on varied subjects as well as provides an opportunity to build rapport with the interviewee. This method is carried out in a structured, semi-structured or informal manner where output depends upon the talent of the interviewer.

- **Questionnaires**: It is the most widely used technique when the information is required to be collected from a large population or sample. In this technique the change agent and the respondents do not come in direct contact with each other and the questionnaire is mailed to the respondents with a request to return after completing the same.

4. **Task Analysis**: It involves examining or scrutinizing the procedure for completing a task. It entails determination of manual and mental actions involved, tools and equipment required, number of people to be involved, duration of the whole task, with which frequency the task is conducted, and suitable environment for conduction of task etc. Thus, from HR perspective one can generate information regarding the procedure to be followed for recruitment of particular type of individuals, time involved, tools to be used, number of people involved.
5. “What” and “How” of Change?

After gathering information on the causes of problem, the next step is to plan for change in the areas in which change is essential. An organisation is composed of four elements people, structure, tasks, technology which are inter-related i.e., change in one element would necessitate change in other.

- Change in people

An organisation introduces change through individuals who are the biggest asset for any organisation. Changing individuals is the biggest challenge for an organisation which calls for change in the attitude. An attitude is "a relatively enduring organisation of beliefs, feelings, and behavioral tendencies towards socially significant objects, groups, events or symbols" (Hogg & Vaughan, 2005, p.150). Thus, an individual attitude is a function of beliefs or knowledge, feelings or emotions and behaviour. It is difficult to change the attitude of a person but not impossible. Inculcating positive attitude towards change would require skill development, communicating benefits of change, leading by example as well as creating harmonious atmosphere by acknowledging and rewarding individuals who support change. Apart from this, the following techniques can be used to foster people-focused changes:

i. Sensitivity training

ii. Grid OD

iii. Team building

iv. Survey Feedback

v. Management by Objective

- Change in Organisation Structure

Structural change lays emphasis on modifying the existing organisation structure that facilitates smooth functioning of the organisation as well as increase organisational effectiveness. Structure focused changes may include:

i. Change in the reporting-relationship.
ii. Altering the number of organisation level.

iii. Moving from functional to team based organisation: This would allow employees from different streams or functions to work together thereby making cross-functional teams and enhance the speed of work as well as communication. In this structure individuals are grouped together as team to work on a specific project and after completion they are allocated to another project. It inculcates better relationship among team members as everyone shares the equal responsibility to complete the task. For example, if one member is unable to do his task for some reason then another would complete the task which fosters better relationship. Moreover this structure would boost the motivation level of employees as well as enhances productivity.

iv. Decentralizing the organisation to reduce the cost of coordination, increase the controllability of sub-units, increase motivation and gain greater flexibility (Certo, 2002, p. 285).

It is apparent that these changes should be done taking into account people, technology and tasks. An organisation should adopt a structure that would generate motivation, free flow of ideas, innovation, increased productivity and improved interpersonal relations.

- Change In Technology

Technological changes are among the most common reasons for bringing change in the organisation. Companies introduce new technology for varied reasons such as: to gain competitive edge over others, cost reduction, enhance production, innovation, managing overseas business, to remain up to date etc. In today’s era of cut throat competition IT (Information Technology) is entering into every field where no one can think of working without the use of IT, so how can big organisations work profitably without harnessing new technology. Increasing global competition has necessitated investments in technologies that include:

i. Implementation of softwares such as ERP (Entrepreneurship Resource Planning) or SAP (Strategic Advantage Profile).
ii. Adoption of modern machines and equipment to produce goods and services, in order to gain global acceptance of products.

iii. Implementation of O&M (Organisation and Methods) which aims at improving organisational efficiency and control through systematic analysis of an organisation structure, procedure, methods followed from top to bottom and may recommend introduction of new methods, procedures, manpower training etc. to take organisation to a desired level of performance.

iv. Use of information and communication technologies for geographically dispersed units of an organisation such as IPCCTV (Internet protocol closed circuit television) cameras for surveillance and control, use of applications such as skype, video conferencing, google talk, ichtat etc. that enable geographically dispersed users to share information, ideas instantly through messaging, voice calls, group videos. Thus, IT has transformed the traditional barriers to business and aid businesses to make global presence and cherish the benefits that come to its way.

On the other hand these technological changes greatly impact the organisational stability. One has to persistently look up for opportunities and threats that are coming from outside and learn to adapt quickly with the technological changes.

- **Change in Tasks**

Change in tasks can be accomplished through job redesigning which is an umbrella term and includes job enlargement, job enrichment, job engineering and job rotation.

i. Job enrichment refers to adding value to the job by creating job more challenging and meaningful. It is used as a strategy to motivate employees and reward efficient employees for their performance by introducing performance-linked incentives.

ii. Job enlargement refers to addition of more duties and responsibilities of same nature to an existing job, infact it add on to the quantity of job without emphasizing on the quality of job. It could be a result of downsizing i.e., when left over employees are supposed to perform the duties of others who were retrenched.

iii. Job engineering refers to increasing the efficiency of an employee through time and motion studies.
iv. Job Rotation refers to preparing an employee well versed with the different kinds of job and thereby enhancing knowledge and skills of an employee.

6. Implementation

It is the most crucial step in the process of change management and is considered to be the heart of change programme. In this phase the change agent or the manager actually takes action for implementing change.

Lewin recommended that the process of change should be administered in an organised and well planned manner. Consequently he has given his model of planned change which is composed of three steps as shown below (Takkar & Kumar, October-December, 2015, p. 10-11):

![Kurt Lewin Model of Implementing Change](image)

**Fig. 8: Kurt Lewin Model of Implementing Change**

- **Unfreezing:**

  This stage is concerned with imparting knowledge about the necessity of change. It is concerned with creating dissatisfaction with the present behaviour or attitude, processes, policies and approach as they have become antiquated and will not serve the purpose of organisation. It also involves communicating about the benefits or rewards of the new behaviour, system, processes etc. and their suitability to the current situation. In other words it involves increasing the driving forces of change and reducing the resisting forces of change.

  Thus, unfreezing implies eradication of old behaviour, practices and creating readiness to change by launching new behaviour, relationships, attitudes that are most appropriate to the present scenario.

- **Changing**

  It involves ascertaining new behaviour pattern, processes, and practices from the range of alternatives available or presented to an individual. Thus, after employees are
being fully persuaded and are in favour of change then organisation commence change which may consist of changing all the organisation elements i.e., individuals, task, structure, know-how or some of them. For example, if an organisation introduces new machinery then it creates the need to impart training to the employees who will be working on the new machinery. Consequently it can lead to structural as well as technological changes. Hence, this phase is characterized by learning new habits, behaviour and dropping of the old traditions and attitudes of performing the task in order to move to the new state of affairs.

- **Refreezing**

It is a general practice that people resort to their old ways of doing things after some time. Therefore the change agent or the person responsible for introducing change must make every effort to incorporate change into the culture of the organisation. The newly learned behaviour, practices should be embedded permanently and gel smoothly with other traditions. One way to internalize change is by rewarding those employees who perform according to the newly learned behaviour or attitude.

7. **Follow – up**

Follow up on such a big initiative is important to ensure achievement of objectives that are the building blocks of change. Moreover management must seek to evaluate the effects of change and determine any pitfalls that need to be resolved. The outcome must be compared with the goal to assure that the implementation has been done in a manner which would enhance organisational efficiency.

### 1.9 ORGANISATION GROWTH AND CHANGE

The concept of organisation growth is applicable to new and emerging organisations. These organisations’ problems or issues are altogether different from change facing organisations that are well established and either attempting to maintain its position or tapping new opportunities for development.

#### 1.9.1 Growth Model by Greiner

This model is based upon the European psychologists’ legacy or tradition that the individual behaviour is determined by the previous events and experiences and not by what comes ahead. “Extending that thesis to problems of organisational development, it is identified that organisation goes through a series of developmental phases which they
tend to pass as they grow” (Greiner, 1998, p. 58). Greiner's Growth Model describes phases that organisation goes through as they grow. According to Greiner a growing organisation goes through five phases each of which is marked by a period of evolution which incorporates sound growth and stability and in the end, period of revolution which incorporates crisis or what is commonly called as internal turmoil or change.

Greiner has taken five key dimensions that together model the development of the organisation.

- **Age of the organisation:** It is one the key dimensions that verify the kind of management practices and principles that are congruent with the age of the organisation. For example, a newly built organisation cannot afford to built team – based structure where individuals are self empowered and share equal responsibility since it involves risk – taking behaviour which should not be adopted in the early stage of the organisation. It is shown on the horizontal axis of the graph.

- **Size of the organisation:** There is huge difference between the small and large organisations because what works well in small organisation is totally rejected in big one. As the size of the organisation increases it poses several problems such as employee management, coordination, which demands alteration in the organisation tasks, practices etc. It is represented on the vertical axis of the graph.

- **Evolutionary stage:** It is characterized by calm period in which an organisation enjoys growth and stability that period may continue for 2 to 3 years and could be long say 8 – 10 years for organisations that outlive crisis.

- **Revolutionary stage:** Even the most conscious and competent organisations are not exception to this phase; it is represented by periods of crisis or turmoil. An organisation is bound to make changes accordingly to re-enter into the evolutionary phase.

- **Growth rate of industries:** It is also responsible for determining the fate of the organisations that lend them into different phases i.e., evolutionary or revolutionary. If the market environment is favourable then organisation can enjoy longer periods of evolution. Conversely, if the market environment is unfavourable then it may enter into the revolutionary stage soon.
**Phases of Growth**

The five phases of growth has been depicted in figure 9.

**Phase I: Creativity.** In the birth phase of a company the focus is on building product and market and is dominated by the founders who direct their physical and mental energies in producing and selling their product. Employees communicate informally with one another, moreover decisions and organisation behaviour is highly influenced by market feedback and consumer behaviour. However as the organisation grows further in terms of increased production, employees strength etc. than it generate the need to change the existing practices. In other words informal communication will not help to manage a large workforce, efficiency in production and distribution is to be managed by a strong leader who has the requisite knowledge, skills and experience. Further, additional capital must be secured and new accounting procedures have to be established for finance control. At this point, situation of **crisis for direction** occurs and therefore a strong manager is needed who would take the company out of confusion. A manager who is acceptable to the founders can pull the organisation together.

![THE FIVE PHASES OF GROWTH](image)

**Fig. 9: GREINER’S GROWTH MODEL**

**Phase II: Direction.** In this phase organisation continues to build more formal structure which entails formal communication among employees, centralised decision – making, creation of hierarchical positions and introduction of incentives, budgets and work standards. All these techniques would enhance the growth and organisational development for some time, but would not be able to work well to manage and control more diverse and complex organisation. The reason behind this is the lower level employee feels frustrated by being directed and not given enough power to take decision despite having knowledge. Consequently this phase ends with a crisis for autonomy.

**Phase III: Delegation.** The demand for autonomy is resolved by adopting a decentralized structure in order to provide authority and responsibility to the lower level. It provides motivation and training as well as helps in the development of junior management. It also facilitates: quick – decision making, innovation which helps in development of new products, quick response to customers, customers queries are resolved quickly. But apart from its benefits it eventually leads to loss of control, which is marked by in-coordination of plans, money, technology and personnel between the junior, top and middle management. In other words people start running their own without coordinating with the top level. Thus, it leads to the situation of crisis for control.

**Phase IV: Coordination.** This phase calls for the resolution of crisis for control situation through coordination. It involves adoption of formal system where initiation and administration is regained by the top management. Collaboration of decentralized units into product groups takes place and each production unit is treated as an investment centre where return on investment becomes the major criterion for allocating funds. Daily operating decisions remains decentralized while certain technical functions such as data processing are centralised. Although the new coordination system leads to achievement of growth through better allocation of company’s resources but it ends with red tapism and bureaucratic structure. Employees complain about the uninformed line manager which leads to lack of confidence and so a situation for red tape crisis occurs since formal and inflexible structure is not able to survive in big complex organisation.
Phase V. Collaboration. In this phase the organisation make an effort to overcome red tape crisis through interpersonal collaboration. This phase calls for transition from formal control to social control and self-discipline by bringing spontaneity in management action through teams, skillful confrontation of interpersonal differences. In order to inculcate team spirit economic rewards are tailored more towards team performance than individual performance. Moreover right teams are assembled in order to solve specific problems. Consequently this phase builds around a more flexible and behavioral approach to management.

Hence, it is a useful model which may enable companies to determine its rate of growth and helps in preparation for the next phase. However, the growth rate may fluctuate even within phases depending upon the prevailing market conditions. According to Rao and Narayana (1987) Companies in fast growing industry tends to experience all five phases more rapidly, while those in slowly growing industry encounter only two or at the most three phases over many years (p. 599).

But it is astonishing that Greiner has not estimated the next phase of crisis that takes place after collaboration. He has only pointed out physical saturation of employees who grow emotionally and physically exhausted by the intensity of teamwork and heavy pressure for innovative solution but what next?? is still to be determined.

1.10 ORGANISATION DEVELOPMENT

According to Beckhard (1969) Organisational development is "an effort planned organisation-wide, managed from the top to increase organisation effectiveness and health through planned interventions in the organisation's 'processes', using behavioral-science knowledge" (p. 9).

Bennis (1969) defined OD is a complex strategy intended to change the beliefs, attitudes, values, and structure of organisations so that they can better adapt to new technologies, markets, and challenges (p. 2).

French and Bell (1978) defined it as a long-term effort to improve an organisation’s problem-solving and renewal processes, particularly through a more effective and collaborative management of organisation culture-with special emphasis on the culture of formal work teams-with the assistance of a change agent or catalyst, and the
use of the theory and technology of applied behaviour science, including action research (p.14).

Thus, it can be concluded that organisation development is a long-range and systematically planned approach for bringing comprehensive change that focus its attention towards development of individuals, groups and total organisation. In order to attain core objective i.e. effectiveness, the OD practitioner adopts various techniques for:

- **Individuals**: Career planning, role analysis, coaching, counseling, sensitivity, t-group training, grid OD phase I.
- **Group or team**: Family T-group, survey feedback, teambuilding, process consultation, education in decision making.
- **Intergroup relations**: Technostructural interventions, Organisational mirroring, Third party peacemaking at group level, survey feedback, Grid OD phase III.
- **Total Organisation**: Technostructural activities, confrontation meetings strategic planning activities, Grid OD Phase IV, V and VI, survey feedback.

### 1.10.1 Action Research Model

The action research model summarises the fundamentals of organisational development process. It entails collaboration between the OD consultant and the client organisation to solve the problem. French and Bell (1999) have defined action research as “the process of systematically collecting research data about an ongoing system relative to some objective, goal, or need of that system; feeding these data back into the system; taking actions by altering selected variables within the system based on both the data and on hypothesis; and evaluating the results of actions by collecting more data” (p.130). The seven steps involved in the cyclical phase of planned change or organisation development as viewed from the action research model are:

**STEP 1  Problem Identification**

This stage begins with the identification of the problem that deserves immediate attention. It could be organisation stagnation, employee dissatisfaction, and
interpersonal conflict leading to organisation ineffectiveness. Thus, in this stage problem to be abated with the help of OD practitioner is determined by someone with power or authority in the organisation.

**STEP 2 Consultation with a Behavioural Science Expert**

In order to develop an open and collaborative atmosphere, the OD consultant and client must endeavour to co-operate with each other. From the beginning the change agent must share his/her own normative, development theory or frame of reference and must be conscious of these assumptions (Tichy, 1974).

**STEP 3 Data Gathering and Preliminary Diagnosis**

It is one of the most crucial stages of this model which facilitates data gathering and preliminary diagnosis by the consultant. Data can be gathered through interviews, process observations, questionnaires and organisational performance. What matters is which data collection method is best suited for a particular problem. Preliminary diagnosis may involve thorough examination of the problem, its source of origin, negative effects as well as available alternative solution. According to Singh (2010) Diagnosis begins with observation, proceeds to a semi-structured interview, and concludes with questionnaire to measure precisely the problems identified in the earlier steps (p.422).

**STEP 4 Feedback to the Key Client or Group**

After gathering the information and preliminary diagnosis of the problem, the findings are fed back to the client organisation in a meeting or conference. The feedback would enable the organisation to determine its strength and weaknesses and the area which deserve prior attention.

**STEP 5 Joint Diagnosis of Problem and Action**

This stage involves discussion over the feedback provided by the consultant to decide whether this is the problem on which the group intends to work. The data from the client is summarised by the consultant and presented to the group for validation and further diagnosis. Thus, both OD consultant and client group must endeavour to establish a common frame of reference and open communication in order to successfully diagnose the problem. Only then group and the consultant are able to
identify the threats and weaknesses and thereby capitalise upon the opportunities and strengths. In this phase action to be taken is jointly decided and agreed upon by the management and the consultant, it represents the beginning of the unfreezing process as discussed in Lewin’s change model which involves creating readiness for change, and specific action to be taken depending upon culture, environment, resources, time etc.

**STEP 6  Action**

This phase entails beginning of the changing phase (as described in Lewin’s model of change) that depicts moving from current state to desired state. It may involve establishing new procedures and techniques of task accomplishment, structural changes to improve organisation effectiveness, conducting different training sessions to enhance behavioural, technical and interpersonal skills. It also includes reinforcing or strengthening the newly learned behaviour and practices so that it should be deeply embedded into the culture of the organisation. However the action phase is not realised immediately as it requires considerable time for moving from current state to future or desired state.

**STEP 7  Data Gathering after Action**

This phase is of utmost importance as it calls for evaluation of the effect of OD programme in order to determine and measure the results of action. The consultant and the organisation must gather the data after action has taken place and fed back the data to the organisation for critical assessment and review which may in turn require rediagnosis and new action.

**1.11 OD INTERVENTIONS**

Understanding of OD interventions or techniques is crucial in order to undertake the task of organisational development. According to French and Bell (1978) OD intervention is a “set of structured activities in which selected organisational units (target groups or individuals) engage with a task or a sequence of tasks where the task goals are related directly or indirectly to organisational improvement. Interventions constitute the action thrust of organisational development; they make things happen” (p. 134).
Following are some of the most important techniques of OD:

1. Sensitivity Training
2. Survey Research and Feedback
3. Grid OD
4. Process Consultation
5. System Four Management
6. MBO
7. Team Building

Fig. 10: OD Interventions

1.11.1 Sensitivity Training

Kurt Lewin the renowned psychologist has laid the foundation for sensitivity training and the first training session was held at State Teachers College, New Britain U.S.A in 1946. It is popularly known as T-group training consisting of 10 – 12 individuals and one behavioural scientist i.e., a professional who acts as a catalyst and trainee in the group. The major purpose of this training is to allow individuals to express their views and feelings and become more sensitive to others and enable them to increase their personal and social insight. The behavioural scientist does not act as a team leader or the trainer his role is confined to provide the opportunity to the group members to express freely their views and opinions, so the members themselves runs the conversation to the next level and in this way they may learn new behaviour through unstructured group interaction.

**Purpose**

- To inculcate knowledge and awareness about one’s own behaviour and its effect on others, so that individual themselves determine if any change is required in their behaviour or not.

- To provide training that give emphasis to an individual’s emotional aspect i.e., feelings, attitude, sentiments rather than facts or concepts.
To develop open and friendly atmosphere in an organisation where trust and healthier communication take the place of ambiguities and formal communication.

To create and develop accomplishment of behavioural effectiveness thereby developing specific skills among individuals.

To foster an understanding of group activities i.e. how group forms, kind of behaviour acceptable in the group, development of group norms etc.

**Merits**

- It helps to build more philanthropic and responsive behaviour that leads to better interpersonal and intergroup relations.

- It could result in transforming autocratic managers or leaders into sensitive and considerate people and thereby enhance communication and behavioural skills.

- In addition to improving interpersonal and intergroup relations it enhances diagnostic skills of an individual.

**Demerits**

Critics of Sensitivity training claim that:

- It involves the use of psychosomatic techniques that leads to brainwashing or mind control tactics which incorporates manipulation of individual feelings, emotions and senses that compel their minds to work according to the wishes of manipulator or the trainer (“Sensitivity training”, 2013).

- Members of T-group often reported that it leads to frustration and aggression rather than help as they are exposed to stressful situations many times during the session.

- Members become more sensitive and responsive to others that it serves as a deterrent to hard decisions which are beneficial from organisational front.

From the above points it is clear that sensitivity training may lead to problems if not tackled cautiously. The problem arises when the trainer is biased or manipulates the behaviour of individuals according to some pre-determined objective. Secondly, problem arises when the training process is not conducted in an appropriate way.
Thirdly, the environment and the members, the grave mismatch arises when the members chosen for such type of training is not sensitive. Here the role of a psychological trainer deserve special attention

**1.11.2 Survey Research and Feedback**

As the terminology indicates, this approach to OD “surveys the unit of analysis (for example, a work group, a department, or a whole organisation) by means of questionnaires and feeds back the data to those who generated them” (Luthans, 1998, p. 627). According to Roothwell, Stavros and Sullivan (2010) this approach was developed and refined by the Survey Research Center at the University of Michigan under the direction of Rensis Likert from 1950 – 1970 (p. 30) In a way this approach is similar to action research where the consultant or the management collects data for problem diagnosis and develop an action plan. Today survey feedback actually serves the foundation for popular techniques such as 360-degree feedback and TQM (Total Quality Management). Institute for Social Research (ISR) of University of Michigan, USA has developed several comprehensive questionnaires for conducting surveys of different types. Following are the purposes of Survey Feedback technique for OD.

**Purpose**

✓ To identify and analyse the problems of the organisation and facilitates development and implementation of action plan for solving problems.

✓ Acquiring feedback on the areas of concern from relatively large sample through well-structured questionnaire supplemented by interviews and discussing the common problems in group which leads to improved relationship among the respondents.

**Procedure**

It is one of the successful OD interventions and has wider application in varied fields. It comprises of the following four steps as shown in the following figure.
Fig. 11: Process of Survey Research and Feedback

✓ Data Collection: In this step data is collected through well structured comprehensive questionnaire and personal interviews which may be developed by ISR (Institute for Social Research) or organisational personnel consisting of multiple-choice questions relating to different facets of an organisation. ISR has prepared questionnaire which includes questions on:

(Taylor & Bowers, 1972) Leadership—Managerial support, goal emphasis, work facilitation, interaction facilitation and peer support;

Organisational climate—Communication with the company, motivation, decision making, control within the company, coordination between departments, and general management;

Satisfaction—Satisfaction with the company, supervisor, job, pay and work group. (p. 3-4).

After data collection the responses are edited, classified, tabulated and analysed to arrive at some conclusion.

✓ Feeding Back the Information: This step calls for communicating the major findings and conclusions to participants instead of the top management. In other words the information collected is fed back to the participants. It could be done through oral discussion in meetings or sending written summary of the results to the participants. Presently organisation employs written method of feeding back the results to the participants. Whatever method one chooses the important thing is
that the feedback must be productive and constructive rather than aggressive or threatening.

✓ Developing an Action Plan: Survey feedback intervention of OD would be meaningless if the organisation does not develop an action plan to deal with the problems that have been recently uncovered. This step involves development of workable solutions for the problems and may entail discussion with the participants to determine other problems that have not been uncovered in the survey.

✓ Follow-up: Follow-up over the action taken and its effect is crucial for the success of any technique or intervention of OD. It would enable to determine and measure the results of action taken and any correction if required for future.

Merits

Several research studies have been conducted that confirms the usefulness and effectiveness of Survey feedback as an appropriate strategy for OD and solving various managerial problems. Following are the benefits of Survey Feedback:

✓ It is economical in nature as it provides the opportunity to gather huge amount of information across the organisation within a short period of time.

✓ It promotes better interpersonal relations between employees as it elicits response of the employees and considers their recommendation for resolution of the problem.

✓ It inculcates the spirit of trust and confidence among the members as well as sense of responsibility for the action taken.

✓ Information it provides often serve as the basis for concrete plans to enhance organisational effectiveness (Baron, 1983, p. 174).

✓ Foster decision – making and problem solving capability as it applies competence and knowledge throughout the organisation to the organisationally related issues (Rao & Narayana, 1987, p. 626).
Demerits

This approach though being widely accepted as an important and an effective technique which serves as the basis for change may lead to negative consequences if not utilized effectively. Below are some of the problems that may be encountered while using this approach:

☑ If the respondent presents a biased picture of the situation then this approach would not be able to diagnose the actual problem and the whole exercise become futile.

☑ The major tool for collecting information in this approach is questionnaire, whose reliability and validity should be checked which would otherwise leads to wrong determination of the problem and action taken on that basis.

Empirical Assessment

Research reveals survey feedback approach has been widely used in different segments of industry such as education, medical, corporate, government undertakings. An important 5 year longitudinal study (The Intercompany Longitudinal Study) has been conducted by Bowers (1973) in 23 organisations in 15 companies involving more than 14000 people in both white-collar and blue-collar positions. The study compared survey feedback with three other OD interventions and concluded that survey feedback was the most effective intervention and the only one “associated with large across-the-board positive changes in organisation climate” (p. 21-43). Finally, a long term study of survey feedback by Gavin (1985) in an underground mining operation suggested that continued, periodic use of survey feedback can produce significant changes in organisations (p. 201 – 220).

1.11.3 Grid OD

This technique is a complete approach to organisational development which focuses on increasing managers concern for people and production in order to achieve the desired style of leadership thereby improving organisational effectiveness. This approach is considered a breakthrough in the field of OD which was developed by US industrial psychologists Blake and Mouton (1969, p. 16). According to Durbin (1994) the purpose of Grid OD are as follows:
✓ To study the organisation as an interacting system and apply techniques of analysis in diagnosing its problems;

✓ To understand the importance and rationale of systematic change in contrast to change by evolution and revolution;

✓ To evaluate the styles of leadership and techniques of participation to produce high-quality results (p. 469).

The basic purpose of Grid OD is to develop managerial grid and determining the style of leadership prevailing in the organisation and developing strategy to reach at (9, 9) position on the Grid. This would necessitate a brief introduction of Managerial grid with the help of following Fig no. 12:

![Managerial Grid Diagram](image)

**Fig. 12: Managerial Grid**

The five styles have been summarised as follows:

(1, 1) **Impoverished:** It refers to indifferent attitude of the leader towards productivity and employees. Here concern for production and concern for people are at its least and is usually adopted to prevent job loss and maintenance of seniority by avoiding any trouble. It requires minimum effort to get the work done from employees and building employee morale.

(1, 9) **Country Club:** Here concern for people is highest in contrast to concern for production which is least. This style lays major emphasis on employees’ needs, aspirations and comfort with a view that this would increase their morale and trust which in turn leads to higher productivity and performance. Though employees are satisfied with this style of leadership but increased productivity is not guaranteed.

(9, 1) **Task:** It pays attention to accomplishment of organisational tasks without any concern for people. It is also known as autocratic style of leadership where individuals are treated as machines and their needs, aspirations and comfort deserve no place in the organisation.

(5, 5) **Middle Road:** As the term suggest that this style balance between concern for people and concern for production. It is also known as maintenance of status – quo where manager try to balance the requirements for accomplishment of organisational goals as well as employees needs but neither employees needs are fully met nor all organisational goals are achieved using this style.

(9, 9) **Team:** This is one of the most desirable and fruitful style of leadership which foster or promote collaboration and commitment among employees. Here concern for production and concern for people is highest i.e., managers put every possible effort to get the work done thereby addressing individual’s need and comfort as well.

**Procedure**

It is apparent that 9, 9 style is in the best interest for both i.e., the organisation as well as its employees. Thus, in order to reach 9, 9 style of leadership an organisation has to go through the following six phases for development of organisation and skills through grid training to attain organisation effectiveness. Six phases are as follows (Rao & Narayana, 1987):
Phase I: Laboratory Seminar training: It introduces the managerial grid concept to all the managers and in turn provides opportunity to assess and determine the style of leadership presently adopted by each one of them. The major purpose is to educate and communicate the desirable style (9, 9) of leadership and encouraging managers to implement such style throughout the organisation.

Phase II. Team Development: In this phase the focus is on developing team work and team spirit through inculcating knowledge about concepts such as team culture, team traditions etc.

Phase III. Intergroup Development: In this phase the focus is not on an individual but on entire organisation that is why the last four phases comes under the heading of Organisational Development since here the focus shifts from individual or single groups to entire organisation. The main purpose behind this phase is to inculcate cooperative behaviour between groups and abandoning competitive behaviour which leads to intergroup conflict. So the group members are instigated to work collaboratively and help each other in meeting established goals by learning joint problem solving skills and discouraging covert and competitive ways which keeps self-interest as the primary concern.

Phase IV. Organisational Goal Setting: In this phase an ideal model of organisation and its traits is developed after discussing about ideal management practices, desirable organisation structure, decision-making procedure, performance and reward system, goals to be achieved. This blueprint of organisational model is then reviewed by the junior level managers and their commitment is attained by taking their acceptance for the model.

Phase V. Goal Attainment: This phase aims at implementation of concepts that have been developed in earlier phase for achieving organisational excellence through development of ideal organisation. This in turn require departments or subunit to work according to the newly developed practices and thereby analyse and fill the gap towards ideal organisation.

Phase VI. Evaluation: This is the most indispensable phase of Grid OD where the results of the whole exercise or grid training is being evaluated and compared with the earlier state of organisation. It provides opportunity to determine areas that need
improvement and areas that require changes in the current practices. The benefits from the grid training are stressed and the losses if any are detected and corrected to reach organisational excellence. The changed behaviour and practices are reinforced into the culture of the organisation so that they are ingrained deeply and become a habit of performing tasks.

**Empirical Assessment**

(Blake & Mouton, 1964) themselves provided evidence that Grid OD has aided many participants who acquired 9,9 style of leadership and this exercise is being adopted by thousands of organisations world–wide (p. 133-155). For example, BP Plc (British Petrochemicals) sigma has reaped benefits through implementation of Grid OD approach. One of the major criticism of Grid OD is that by advocating 9,9 orientation this approach ignore the facts of contingency management theory which emphasise that a particular style of management depends upon the situational factors and thus questioned the existence of single best way of managing. Inspite of these limitations Grid OD is considered a useful method in the hands of smart organisation and has contributed positively in the field of OD.

**1.11.4 Process Consultation**

It is an important intervention for OD and has been espoused by social psychologist and consultant Schein (1969) who defined it as “the set of activities on the part of the consultant which help the client to perceive, understand and act upon the process and events that occur in the client’s environment” (p. 9). According to this technique the organisation takes the help of outside consultant in order to jointly solve the problems faced by the modern organisation in its processes and events.

The basic assumptions of Schein (1969) process consultation intervention are:

- Managers often need special diagnostic help in knowing what is wrong with the organisation.
- Most managers have constant desire to increase organisation effectiveness, but need help in deciding how to achieve it.
- Managers can be effective if they learn to diagnose their own strengths and weaknesses without exhaustive and time consuming study of the organisation.
The outside consultant cannot learn about the culture of the organisation, to suggest reliable new course of action. He should therefore, work jointly with the members of the organisation.

The client must learn to see the problem for himself, understand the problem and suggest a remedy. The consultant should provide new and challenging alternatives for the client to consider. However the decision making authority on these alternatives about organisational changes remains with the client.

It is essential that the process consultant is an expert in diagnosing and establishing effective helping relationships with the client. Effective process consultant involves passing those skills on to the client (p.8).

**Purpose**

- To foster desirable changes in specific areas of interest such as patterns of communication, roles and functions of group members, group decision-making, group norms and growth, leadership and authority and intergroup cooperation and competition.

- To realise how changes in the relationship, methods of task accomplishment, group interaction, interpersonal communication can lead to organisation effectiveness.

**Procedure**

Schein has recommended the following steps while implementing process consultation approach to OD.

- **Initial Contact:** In this step client approaches the consultant in order to explain the problem being faced by the organisation.

- **Define the relationship:** It is also called as psychological contract where the client and consultant enters into agreement with regard to the mutual values, perceptions and informal commitment which sets the flow of relationship. More explicitly it involves mutual consent over the terms of service, time and payment of the consultant etc.
Select the Method of Work: In this step the consultant and the client decides the problem areas and how the problem should be resolved i.e., accurate description of the strategy to be involved in problem solving is made clear to the client. Moreover consultant is introduced to each employee of the organisation so that he does not find any difficulty in eliciting important information from employees.

Data Collection and Problem Identification: In this step consultant collects data from the employees by means of questionnaire, interviews and observation in order to diagnose or detect the problem or issues surfacing the organisation.

Intervention: This step calls for implementation of intervention to the organisation as jointly decided and agreed upon by client and the consultant. Depending on the nature and the kind of problem consultant may recommend one or all of these interventions such as coaching, feedback, structure changes, changes in policies that affect group interaction etc.

Reducing Involvement and Termination: It entails closing the contract or agreement between the client and the consultant after the accomplishment of objectives of this intervention.

Merits

It saves time by focusing on the areas which leads to time consuming unproductive tasks in the organisation. For example, according to an organisation a person is recruited after going through three stages i.e., written test, group discussion and final interview for all the positions. Since these all are very time consuming tasks and results in mass rejections due to wrong references being given by the candidates. Now the process consultant would diagnose the problem and would suggest taking brief interview for lower level positions and checking the references initially in order to avoid problems afterwards.

Moreover the consultant also support in implementing changes that are jointly decided by client and consultant.
Demerits

- If the members of the organisation does not support the consultant in diagnosing the root cause of the problem then it would lead to ineffective results. Thus, organisation must create readiness for change among the employees.

- Moreover if the consultant is not a smart individual with diagnostic and problem-solving skills then it would be difficult to bring the organisation out of the problem.

Empirical Assessment

There is some evidence that advocate the use of process consultation technique for OD. A study conducted by Church, Burke and Donald indicates that process consultation ranks 5th among 22 interventions and activities considered (Church, Burke & Van Eynde, 1994, p. 5-50).

However another study by Dyer reports that firms require content consulting in addition to process approach (Dyer, 1997, p. 190-208). Thus, it should be noted that process consultation should be combined with other approaches to bring successful organisational change.

1.11.5 System Four Management

This approach is developed by Likert (1967) at the institute of social research of the University of Michigan. The basic assumption behind this approach is that people are insignificant talent of an organisation and therefore must be treated and managed well. Likert classified management styles into 4 categories such as:

System 1: Exploitative – Autocratic

This system is characterised by lack of confidence, distrust and dominating attitude of management towards employees. Management creates its own rules, policies and word procedures which have to be blindly followed by the subordinated without any say in the organisation. Thus, management has no confidence among its employees and employees are forced to work under pressure. It does not provide any rewards or incentives for good performance.
System 2: Benevolent – Autocratic

This system entails autocratic style of managers with little confidence in employees. Though employees have no say in the decision-making process but they still have opportunity to comment on the decisions. Thus, authority is centralised at the top but employees are not forced to work under stringent conditions which involves threat and punishment rather it employs rewards and incentives to motivate workers to some extent.

System 3: Consultative – Democratic

Management and subordinates have considerable confidence and trust in each other’s decision – making power and abilities. In this system managers delegate some authority to lower level managers to take decisions which are of little importance. Rewards and incentives are used profusely by the management to motivate its employees towards better performance.

System 4: Participative – Democratic

In this system managers and subordinate have complete trust and confidence and decision – making process takes the form of participative decision making where each employee have equal say in organisation matters. Managers delegate lot much of authority at the lower level to built trust and facilitate smooth functioning of the organisation. Interaction among managers and subordinates become open and friendly rather than formal. Likert (1967), classification of four systems of management depends upon operating and performance characteristics of an organisation as shown in table no. 2.

According to Likert effective organisational performance is influenced by three variables such as:

✓ Causal Variable: They are independent variables which affect the development and accomplishment of goals of an organisation. They can be controlled and may lead to positive results if managed properly. These include organisation structure, policies, procedures, management style, communication style etc.

✓ Independent Variable: They are important ones and organisational culture, climate and growth depends upon independent variables such as individual
attitude, personality, honesty, values, beliefs, motivation etc. which affect interpersonal and intergroup relation as well as decision-making and problem solving attitude. All of these have a great bearing on organisation effectiveness and performance.

**End – Result:** They are the outcome or dependent variables that reveal the output. In case of an organisation end result would be productivity, profit earned, losses reported or goals achieved.

Table no. 2: System of Organisation

<table>
<thead>
<tr>
<th>SYSTEM OF ORGANISATION</th>
<th>SYSTEM 1</th>
<th>SYSTEM 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Characteristics</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Motivational Forces</td>
<td>Economic Man</td>
<td>Full use of ego, economic and other motives</td>
</tr>
<tr>
<td>2. Communication Process</td>
<td>Downward flow of communication or One way.</td>
<td>Free flow of communication i.e., down, up, within groups.</td>
</tr>
<tr>
<td>3. Interaction- influence</td>
<td>Little other than formally designed.</td>
<td>Extensive, friendly throughout the organisation.</td>
</tr>
<tr>
<td>4. Decision – making process</td>
<td>Decision at the top of organisation.</td>
<td>Participative decision at all levels.</td>
</tr>
<tr>
<td>5. Goal-setting and ordering</td>
<td>Orders are issued.</td>
<td>Orders are established through participation.</td>
</tr>
<tr>
<td>6. Control Processes</td>
<td>Top management</td>
<td>Concern for control at lower levels.</td>
</tr>
<tr>
<td><strong>Performance Characteristics</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Productivity</td>
<td>Average</td>
<td>Excellent</td>
</tr>
<tr>
<td>2. Excessive absence and turnover</td>
<td>High if people are not bound by any contract</td>
<td>Low</td>
</tr>
<tr>
<td>3. Scrap loss and waste</td>
<td>High if not controlled</td>
<td>Employees themselves devise methods to control loss</td>
</tr>
</tbody>
</table>


Thus, Likert’s ideal management style is system 4 which he suggests can be achieved through friendly communication, flexible policies and participative decision – making (Causal variables) which is supported by positive attitude
towards work, effective superior-subordinate relationship and environment of trust and confidence (independent variables).

**Empirical Assessment**

This theory is greatly advocated by Likert and his associates who maintained the superiority of democratic style since it results in long-term gains as against autocratic style that leads to short term gains at the expense of human resource management. According to Dowling (1975) system 4 management when applied to General Motors assembly plant resulted in increasing the operational efficiency and decrease in grievance and waste costs (p.23–28).

**1.11.6 MBO (Management by Objectives)**

The concept of Management by objectives has been derived by Peter F. Drucker in 1954 who has emphasized participative goal setting as a basis to improve organisational performance.

According to Koontz, O'Donnel and Weihrich (1980) “MBO is a comprehensive managerial system that integrates many managerial activities in a systematic manner consciously directed towards the effective and efficient achievement of organisational objectives”.

According to Odiorne (1965) the system of management by objectives can be described as a process whereby the superior and subordinate jointly identify its common goals, define each individual's major areas of responsibility in terms of the results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members (p. 55-56).

Thus, it is an approach to determine organisational, departmental and individuals goals collaboratively which are measurable and attainable and planning for actions to be taken and evaluating results achieved.

**Procedure**

There is no specific procedure to be followed for implementation of MBO technique to an organisation. It should be such that which focuses its attention on determination of measurable and attainable objectives with mutual consent through participation of
managers and subordinates. Also assist in evaluating performance against the predetermined Key Result Areas (KRA’s) and look for any change that is necessitated for better performance. It would be clearer with the help of following figure 13:

![Fig. 13: MBO Process](image)

**Step 1: Analysing purpose of the organisation and establishing goals:** Organisation set its goals or objectives on the basis of its purpose or mission. For example, the purpose of club mahindra holidays company is to provide unlimited borderless holidays to its customers. Now this statement clearly signifies the business of an organisation as well as its purpose i.e. why it entered into this business, based on this the long-term and short-term objectives to fulfill the purpose will be set by the top management and then the departmental or the unit goals are established jointly by the top management as well as managers keeping in view the time, cost, return, resources available skills, budget etc. leaving no room for failure. Since managers or superiors responsible for accomplishment of goals are present during the goal setting process they have the opportunity to modify the goals mutually and become more responsible for accomplishment of goals. Thus, the main purpose of MBO is to secure determined results with due acceptance of the members responsible for achieving results.

**Step 2: Setting Employees Objectives:** In this step individual goals are determined through mutual consent between the superior and subordinate. As superior or managers are aware about what is expected of their team or department they set the
individual objectives jointly and in case of any modification the superior subordinate jointly reach at the final objective.

**Step 3 Establishing KRA’s (Key Result Areas):** It is fundamental that objectives are established in order to achieve results which are pre-decided. The management and employees jointly determine their key result areas which serve as a yardstick for measuring performance. Although there is no complete agreement on what the key result areas of business should be and they may differ from various enterprises.

**Step 4: Implementing Plan:** In this step employee take actions with regard to the targets set jointly by managers and superiors. For example, if an employee is required to increase sales by 10% in 6 months then he may contact his superior for guidance in case of new areas to be targeted, leads required etc. to achieve the objective.

**Step 5: Conducting Periodic Review and Evaluating Performance:** The next step involves evaluating or assessing the performance against the standards set. In this step the superior and subordinate jointly evaluate the performance and the superior act as guide or mentor rather than a boss and look for flaws or gap if any. This consists of periodic reviews conducted monthly or quarterly which serve as the basis for annual performance review. After conducting periodic review the performance is evaluated on annual basis through the mechanism of performance appraisal. The basic reason behind this is to ascertain whether the employees are able to achieve the objectives or atleast are near to the objectives that have been laid down earlier. Moreover through this step training and development needs of the individuals can be determined as well as necessary changes in the MBO programme are initiated and goals are establishes for the next year.

**Merits**

- It leads to efficient and better management of resources and activities by building objectives according to the available resources.

- It helps in realisation of goals more rapidly and objectively since it sets measurable and attainable objectives.

- It creates motivation and sense of responsibility among employees as it incorporates participative decision – making while setting the goals and objectives.
of the organisation. Moreover the performance of employees is measured against pre-determined goals and thus is free from bias and prejudices which in turn inculcates trust and confidence among employees.

 ✓ It facilitates smooth implementation of change programme since employees are aware of the organisation’s health, problems, opportunities thus the concern for organisation increases.

 ✓ It provides opportunity to managers to identify the development and training needs of their subordinates.

 ✓ It makes every individual aware about their performance by setting the KRAs.

 **Demerits**

 On the other side of the coin MBO technique has some limitations which put a question mark on its benefits which includes:

 ✓ **Problem in Goal Setting:** The major emphasis of MBO is on setting objective by incorporating employees which may sometimes lead to conflicting situation. For example, if an organisation sets goals for development of new innovative products and allocates budget accordingly to different departments then every departmental head or manager would exacerbate their funds requirement and therefore disturb the whole process unnecessary. Another problem being reported is that, it is not always possible to set objectives in measurable or quantifiable terms.

 ✓ **Time and Cost:** A great deal of time is involved in implementing this approach properly since it consumes time in establishment of objectives and that too is in quantifiable terms. Moreover, it necessitates large volume of paperwork which requires senior management and managers to fill up various forms that leads to extra cost.

 ✓ **Long-Term Programme:** Successful implementation of MBO requires usually a long time span which may range from two to five year. Additionally it requires extra effort and patience to understand the philosophy of MBO and inculcate new way of working for accomplishment of organisational objectives. Sometimes this technique is abandoned on grounds of long duration and its complex nature.
✓ **Rigid Approach:** It is inflexible in nature as it does not provide any alternative to change the objectives in the light of dynamic environment. For instance if an organisation wants to change the goals or objectives of different department due to merger or diversification or for any other reason, then one has to go through the whole process of MBO which leads to hesitation on the part of managers to change the objectives or frustration if they initiate change.

**Empirical Assessment**

Several research studies have supported the technique of MBO for OD as effective.

History reveals the origination of this concept came from Drucker and his friend Smiddy Harold who was vice-president of General Electric and was the first person to implement the philosophy of management by objective in his organisation. According to Greenwood (1981) “It was Smiddy who designed the structure, and thought through and wrote a management philosophy that was the foundation for the decentralization, reorganisation General Electric put into operation in a five year period beginning in 1951” (p. 226). Meyer, Kay and French (1965) recommended that MBO is associated with improved planning and organisation of work. Accordingly experimental groups achieved more benefits using MBO in comparison to the control groups using standard performance appraisal methods (p.125-129). Luthans and Sellentin (1976) “surveyed hospitals and found 41% of hospitals were using MBO and 33% were planning to start it in the near future. According to the respondents MBO has improved the performance in areas like planning, coordination, control and communication (p. 42-45).

Some studies also concluded that MBO does lead to effective results but most of the studies favour MBO technique to OD and concludes that if it is implemented smartly and carefully by the organisation then it can create wonders.

1.11.7 Team Building

This intervention of OD is regarded as one of the most beneficial and admirable technique for organisational improvement. It is widely acceptable and sought after technique of OD practitioners and is being mostly applied. According to Baker (1979) “Team Building is an attempt to assist the work group in becoming adept by learning how to diagnose, identify and solve its own problems” (p. 367). The basic assumption
of the team building intervention is that an organisation is composed of several groups or teams which when work smoothly would lead to organisational effectiveness. Thus, it focuses attention on identification of the problems faced by the groups and developing skills to resolve the problem on its own. It lays emphasis on groups or teams rather than individuals as in case of sensitivity training.

**Purpose**

Following are the reasons behind the use of team building intervention for OD:

- To focus on development of problem solving skills by setting goals and priorities of the team.
- To determine the course of action to be taken for attainment of objectives.
- To identify or examine the hurdles faced by the group in performing group tasks.
- To analyse the relationship among group members and taking steps for team solidarity.

**Procedure**

Team building approach entails the use of various steps which are cyclical in nature, i.e., they are repetitive and needs to be followed whenever a new problem emerges.

![Fig.14: Team Building Procedure](image)

**Phase 1: Diagnostic Meeting:** In this phase a meeting or a survey is conducted away from the workplace involving three parties i.e., the consultant, team leader and the team members. The consultant personally interview each member in order to find out the strengths and weaknesses of the members and identify the problem areas and
classify the commonality in the issues being presented by the members. The consultant may ask questions related to performance, goals, inter-personal relationship, role conflict etc.

Phase 2: Problem Identification: After the collected data has been categorised the consultant presents the information being collected in the form of summary to the team. However the consultant should take care while presenting the confidential information i.e., he should present it in a general way. Thus, it calls for discussion by everyone over the issues in order to determine the major problems being faced by the members.

Phase 3: Ranking of Problems: “Once the problems has been identified then the team arrange the problems in order of their importance and examine the underlying dynamics of the problem” (Kondalkar, 2009, p. 91).

Phase 4 Problem-Solving: According to Shajahan and Shajahan (2004) At this stage, the team streamline its efforts towards solution of the problem discussed so far through:

✓ Discussing the problem and its impact on people and organisation,
✓ Identifying alternatives,
✓ Selective appropriate alternative through consensus and agreement,
✓ Assigning specific action plans and responsibilities,
✓ Establish target dates for review purposes. (p. 219)

The purpose behind team building is to foster cooperative and supportive behaviour among the team members where members build on each others strengths and accept each other weaknesses.

Merits

✓ Results in increasing organisational effectiveness by inculcating problem solving attitude among members that leads to cooperative behaviour instead of incompatible or contradictory behaviour.

✓ Better interpersonal relations among employees helps to create environment of trust and confidence in the organisation.
Generates communication and diagnostic skills among employees by providing opportunity to interact with each other through off site meeting. After these sessions employees may comfortably interact with one another on various issues.

**Demerits**

It focuses its attention only on work groups or teams existing in an organisation and ignores the other elements responsible for achieving organisational effectiveness. These include technology, structure, tasks that together make up an organisation.

Secondly it leads to complication when new member join in as a team member whose focus is on carrying tasks accurately and timely without much attention towards interpersonal and intergroup relations. This way the main purpose of team building exercise is left behind and organisation get to its old state or manner of performing tasks.

**Empirical Assessment**

Several research studies and experiments have reported positive outcome of team building intervention. According to Woodman and Muse (1982) team building results in employees’ participation and involvement, job satisfaction, organisational climate and the attitude of employees.

1.12 CONTRIBUTIONS OF THE STUDY

The present research has made some noteworthy contributions which are mentioned below:

- It emphasizes on the importance of change for every business entity for long-term growth and sustainability.

- It stresses upon the advantages of successful organisational transformation through PPP model.

- It highlights the role of hygiene and motivating factors in decreasing job dissatisfaction and increasing job satisfaction.
• It also determines the existence of relationship between hygiene factors and motivating factors and confirmed that both of them are instrumental in increasing the overall productivity of employees.

• It advocates the instrumentality of OT in enhancing the overall productivity of the organisation.

• It also examines the reasons for positive attitude of employees towards OT which might be helpful for other public utilities seeking transformation in the near future.

• This study shows the way to other white elephant inefficient public utilities that are sucking exchequers’ money and in return giving a very poor quality services.

1.13 FUTURE PERSPECTIVE

• The research on organisational transformation of DVB into TPDDL would unlock the ways and means for other government owned ailing public utilities seeking transformational change in near future.

• This study would serve as a role model for other utilities such as Delhi Jal Board (DJB) which is responsible for water distribution, sewerage treatment and drainage maintenance; Municipal Authorities responsible for garbage collection, treatment and dumping as well as Railways etc. Since, these public utilities are cursed with red-tapism, narrow-minded approach, underutilization of manpower and resources, lack of infrastructure, knowledge and outdated technology. Thereby they are not able to fulfill the demand of growing population burden mainly in metropolitan cities as well as their demand for better quality services. Thus, transformational change is essential to address the needs of public at large.

• It stresses on the importance of investment in state-of-the art technology infrastructure, automation, for uninterrupted supply of essential services to the consumers and thereby avoid public outcry.
The present study explores the reasons responsible for positive attitude of employees' towards OT. As a result, it proves to be a landmark to other organisations in overcoming resistance towards change and thereby gaining better employees’ commitment.