CHAPTER :: 1

INTRODUCTION TO CHANGE MANAGEMENT

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INTRODUCTION TO CHANGE MANAGEMENT

INTRODUCTION:

Today all organizations are facing a world of constant change in every aspect of its operations whether in production or service sector. Several factors both external and internal act as triggers or drivers of change in organizations. Drucker (1994) compared the magnitude of the current change with the Industrial Revolution around year 1800 and renaissance around year 1500. The organizations that are able to understand the phenomenon of changing environment and rapidly adapt to 'change' will only be able to survive and thrive organizational need to proactively initiate changes in different dimensions of business life, business strategy, organizational structure, culture, product/service, human resource and technology.

The winds of 'change' that swept organizations across the world reached the Indian subcontinent in 1991 with government opening up the Indian economy. The government of India announced a series of policy reforms aimed at allowing for free play of market forces, encouraging competition among the enterprises linking Indian enterprises with international environment. This has brought global competition for Indian organizations and caused immense turbulence in Indian corporate world/markets. This Global competition is intensifying and becoming more significant and challenging in corporate world and no longer could be ignored. While environment is changing speedily, there is wide spread understanding in the corporate world as well as in the academic circles that the rate at which change is occurring has accelerated its significance and need of its successful management in the recent years. Some of the important factors that are enforcing change in today's business environment include changing government policies,
customer's expectations, global competition, mergers, privatization, technological developments and human resource dimensions. These factors, some of them described below, are enforcing change in today's business environment and consist of elements both external and internal (Leavitt 1964 and Times of India Pub; 2002).

- Privatization process of publicly owned organizations continues and their monopoly protections are disappearing. This is a worldwide trend, and even where ownership does not change, new systems/structures are being often established to create competition.

- Technological changes continue to accelerate, so the speed with which obsolescence occurs is also increasing. The organizations are not able to ignore implication of technological developments and this is causing changes to human skills, jobs, structures and other elements such as work culture.

- Customer's are becoming more aware and no longer accept sub standard service or poor quality. They want worth of their money. This, in turn, means that organizations, whether public or private, have to change the way they interact with their customers and focus on their needs i.e. different structures, systems, culture and service performance.

- Human resource is the knowledge asset of organization and is the key element for success of any change initiative. Change strategies need to accommodate approaches of mind sets towards, flexibility, quality, re-training and multi-skilling to maintain competitiveness and committed work force to achieve organization goals. Changes in lifestyle trends are effecting the way in which people view work, purpose and group climate. The changing work systems create a need for non-traditional and multi-skilled work force to cope with changing scenario but a feeling of insecurity and lowering of loyalty among the workers, therefore, a need of circumspect consideration.
• Legislation and de-regulations are occurring at a global as well as at national level permitting privatizations, acquisitions and overseas entrants in organizations. The public sector organization are also under changing pressures or are being forced to develop agencies and their services to the outside world in a bid to become competitive and profit earning.

The civil aviation sector worldwide is experiencing fast changes due to globalization, economic environment, government deregulation policies, technological developments, HRD evolutions and customer awareness. The governments are reviewing its state aviation policies, establishing autonomous bodies, and privatizing airports and air transport. This process, though started more than a decade back in many countries like Australia, USA, Canada and Europe, is witnessed now in India on a fast scale. In India, the state owned airlines are looking for strategic private partnerships, private airlines are allowed to operate in domestic and also in some international routes, airports are being privatized, new state civil aviation policy is in pipeline and government regulations are being liberalized. The experience of organizations in the area of change management have been of mixed outcomes whereas in some countries it has created an industry turn around but in some it has resulted as failures (Porras and Robertson: 1987).

While Indian economy is all set to integrate itself into the global economy, the up-gradation and modernization of civil aviation infrastructure and its efficient use have assumed critical importance in the country. It is now increasingly recognized that aviation, far from being a mere mode of transportation for an elite group, is crucial for sustainable development of trade and tourism. In this context, it is vital that civil aviation infrastructure grows in anticipation of the escalating needs of the air transport industry. As this is a capital-intensive sector, there is an obvious need for perspective planning and proper study with a vision for the next twenty years and to muster the combined resources
of the public and private sectors, both domestic and foreign to meet the challenges posed by fast changing scenario.

Against these backgrounds, there is a need to modify our whole mindset about change. Though there is an awareness of the need for change, there is also resistance to it. The organizations are confronting initiative ‘fatigue’ after having seen the results of total quality management, restructuring, downsizing, business process design and business re-engineering etc. In this environment we need to rethink the ways in which the whole change management is addressed. The change is no longer an irregular phenomena that need to be undertaken once every ten years or so but change in something that the organizations have to learn to live with, to structure and to manage (Brooker: 2001). The proposed study is an effort to understand the change management better in the context of Indian civil aviation changing environment and to also fill the gaps in this area of research.

PERSPECTIVES OF CHANGE:

Organizational change is a complex, uncertain and difficult process that requires careful planning and thoughtful analysis. It is essential to be equipped with appropriate understanding of change perspectives before introducing any form of change in an organization. Considering its importance the perspectives of change has been discussed under the rubric of processual perspective and theoretical perspective.

Processual Perspective:

There is growing evidence that academics in Europe and Australia have started to recognize the importance of processual research for understanding the dynamics of organizational change (Ropo et al: 1997, Van de Ven & Huber: 1990). The similar indications are also noticed in Indian academic circles too in the recent times.
As per Dawson (1994), the processual approach is concerned with the collection of longitudinal qualitative data, which facilitates a more detailed understanding of the complex and dynamic processes of change. This framework mirrors the work of Beckhard and Harris (1987) who characterize organizational transition (change) as a movement from a present state of organization to some future state. Three general time frames—initial conception-need for change, process, and operation of new work practices—provide a useful framework from which to begin a detailed examination of the process of organization change:

- **Need for change**—is the initial awareness of a need to change either in response to external or internal pressures for change (reactive) or through a belief in the need to meet future competitiveness (proactive). The proactive approach stimulated a wealth of research into the adaptation on management fads (Abrahamson: 1996, Jackson: 2001) that promise a painless solution to rising international competitiveness. The increased complexity and uncertainty of international business environment, and government changing policies led organizations to base change on imitation rather than on any conception of a need to adopt untried techniques (DiMaggio and Powell: 1983). It is important to know that how the conception of a need of change can be influenced by factors within the organization such as operational inefficiency, employees disputes etc and/or by factors that emanate from outside the organization.

- **Process of change**—comprises a number of different tasks for individual and groups both within and outside the organization. Once a decides to change has been made, management than decide on the type of change they wish to introduce i.e. change in strategy, human resource, services, structure, systems, technology (Daft: 1986, Boddy & Buchanan: 1986). The research of James Quinn (1980) demonstrates formalization of strategic decisions and illustrates how strategies can often be implemented prior to their final formulation to
accommodate the non-linear nature of complex processes of change in modern organizations. System selection also influences the process of planning the task of implementing changes. It is during the implementation of change programmes that occupational and employees concerns normally begin to influence the transition process (Dawson: 1994) and may resist to change (Clausen: 2000).

• **Operation of new work practices** – refers to the period when new organizational management and systems of operation began to emerge subsequent to implementation of change. While the ongoing process of change will continue, this period can be used to identify the outcomes of change on organizational structures and traditional operating practices.

In accommodating the temporal aspects of change, the processual perspective examines change ‘as it happens’ and is generally concerned with group of determinants that shape the process such as:

• **Context of change** – is an important concern of a processual approach in which change takes place. A historical perspective on both internal and external organization contexts is central to understand the opportunities, constraints and organization defined routes to change (Kelly & Amburgay: 1991) as the coexistence of a number of competing histories of change can significantly shape ongoing change programmes. The contextual dimension refers to both past and present, external and internal environment, as well as to the influence of future projections and expectations on current operating practices. External contextual factors include socio-political events, globalization of market, customer influence, government legislation, technological innovations whereas internal environment include (Leavitt: 1964) human resource, structures, systems, work culture and service.

• **Substance of change** – used in processual frameworks are defined as scale and scope, defining characteristics, time-frame, and perceived
centrality. Substance of change is not static but is itself subject to change and it influences and also gets influenced by contextual and political elements.

- Nature of change – are described as continuous and discontinuous, revolutionary and evolutionary and transformational and transactional (Gersick: 1991, Nedler and Tushman: 1995, Weick and Quinn: 1999). Revolutionary or transformation change requires different tools and techniques for bringing about successful organization change than do methods for evolutionary or continuous change. The revolutionary change requires total system events such as mission, strategy, structure whereas evolutionary change requires improvement measures in service standards and day to day work methods.

- Politics of change - refers to the political activity of consultation, negotiation, conflict and resistance, which occurs at various level within and outside of organization during the process of managing change – such as government pressure, union representations and customers etc. The work of Stace and Dumphy (1994), and Buchanan and Badhan (1999) are of relevance to understand the phenomenon of politics of change.

- Resistance to Change - often founded because people resist to change when they think that it will cause them to lose smoothing of value viz. job opportunities, career prospects, job satisfaction, undermine status etc. It is important to anticipate and manage resistance effectively. Pugh(1993) suggests that all too often managers fail to anticipate resistance because they consider from a rational resource allocation perspective and fail to appreciate concern of effected people. Kotter and Schlesinger (1979) identify four main reasons of people resistance to change as parochial self-interest; misunderstanding and lack of trust; different assessments; and low tolerance for change.
They also identified six methods for dealing with resistance to change as education and persuasion; participation and involvement; facilitation and support; negotiation and agreement; manipulation and cooption; reliance on explicit and implicit coercion.

**Theoretical Perspective:**

The theoretical perspectives on organizational change generally practiced are contingency perspective, population-ecology perspective, institutional perspective, and resource dependence perspective. The organization change must focus on both 'content – what to change, and process – how to manage the change'. These perspectives were addressed both theoretically (Van de Ven and Poole: 1995) and by research (Rajagopalan and Spreitzer: 1997).

Content - What to Change: According to Drucker (1994), a theory of the business has three parts – (i) assumptions about the external environment of the organization that is society, customer, market and technology; (ii) assumptions about the organization’s mission, purpose and objectives; and (iii) assumptions about the organization’s core competencies i.e. skill and abilities required to accomplish mission.

Whetten (1989) proposed that a complete theory of change contains four elements – what, how, why and who/where/when which he described as:

- **What (constructs):** factors that should logically be considered as explanatory parts of what is being considered for organizational change – strategy, culture, structure, system, performance & so on.

- **How (linkage):** how the factors under effect relate to one another, typically portrayed in the form of boxes and arrow in a change model; what comes before what (strategy before structure) and what causes what.
- Why (conceptual assumptions): the logic underlying the theory or model. As Whetten (1989) describes - the soundness of fundamental views of human nature, organizational requisites or societal processes provide the basis for judging the reasonableness of the proposed conceptualization.

- The fourth element in Whetten (1989) criteria-set includes the combination of who/where/when - these temporal and contextual factors set the boundaries of generalization, and as such constitute the range of the theory.

A recent study by Audia, Locke, and Smith (2000) showed that greater past success led to greater strategic persistence after a radical environmental change, and such persistence induced performance declines. Their laboratory study also demonstrated that dysfunctional persistence is due to greater satisfaction with past performance, more confidence in the correctness of current strategies, higher goals, and self-efficacy, and less seeking of information from critics. Porras and Robertson (1992) provide example of the content for organization change as vision, technology, physical setting, structure, and on-job-behavior.

Process - How to Change: Theoretical Frameworks: Van de Ven and Poole (1995) in their literature research identified 20 different theories of development and change. They clustered them into four ideal type development theories known as lifecycle theory, teleological theory, dialectical theory and evolutionary theory. The authors also developed a framework of 16 possible explanations of organization change and development (Van de Ven and Poole: 1995), considering interplay and combination among these theories. Leaving the four original above theories, the remaining twelve combinations gave other theories, that is, organizational punctuated equilibrium theory (Tushman and Romanelli: 1985); social psychology of organizing (Weick: 1979); and human development progression (Riegel: 1976).
Process - How to Change: Practice frameworks: In the process of initiating organization change, it is important to determine as clearly as possible that how ready people in the organization are to accept and implement the change. Backhard and Harris (1977) referred equation $C = (ABD) > X$ to assess degree of readiness and costs of change. Where $C = \text{change}$, $A = \text{level of dissatisfaction with the status quo}$, $B = \text{clear desired stage}$; $D = \text{practical first steps towards desired state}$, $X = \text{cost of change}$.

Lewin (1947) concluded that to be successful, the change process need to follow a three-step procedure (i) unfreezing, (ii) moving, and (iii) re-freezing. Schien (1987) expanded and elaborated Lewin’s work and termed them as stages and describes these stages as - Stage 1: Unfreezing- involves creating motivation and readiness to change. According to Schien (1987) there are three way of unfreezing an organization i.e. dis-confirmation, induction of guilt and creation of psychological safety: Stage 2: Changing - involves cognitive restructuring. According to Schein (1987) two processes are necessary to accomplish this stage i.e. identification with a new model, mentor, leader or consultant begin to see things from that other person’s point of view, and scanning the environment for new, relevant information; and Stage 3: Refreezing - involves integration of the change for organizational members. According to Schein (1987) it has two parts i.e. personal and individual, and interpersonal.

Further review of literature on organizational development and change found that the planned change makes organizations more responsive to environmental shifts and should be guided by generally accepted and unified theories of organizations and organizational change- neither of which currently exists (Porras and Silvers : 1991). They followed with a new model/theory of planned change that proposes a process of how organization change occurs. The frame work begins with organizational interventions that are intended to affect certain variables, which is turn affect individual behaviour and ultimately
improve organizational performance and enhance individual development. Porras elaborates that for organization change to occur, organization members must alter their on-job behaviour in appropriate ways signifying the assumption that behaviour is significantly influenced by the nature of the change setting in which it occurs.

The planned change process model of Porras and Silver is depicted in fig 1.1 (JD Porras & RC Silver :1991 - Organization Development & Transformation, Annual Review of Psychology, 42, pp-51-78) for better understanding.

**Fig: 1.1 Planned Process Model of Organizational Change (JD Porras & RC Silver: 1991)**

**MANAGEMENT OF CHANGE:**

The implementation and management of change in any large-scale organization is a complex process and likely to be problematic, if not managed properly. The task of implementing change has been well documented in the literature (for example, Preece: 1995, Preece et al: 1999) and has been identified as the period that requires considerable
political skill on the part of change agent (Buchanan and Badhan: 1999). It is during the implementation of change programmes that occupational and employee concerns normally begin to influence the transition process (Dawson: 1994) and therefore need to be handled with care.

Mabey and Salaman (1995) considered a number of perceptions about the management of change that effect reaction to it. Amongst these factors are, whether change is perceived as 'deviant or normal' and threatening or desirable. The change judged as deviant or threatening will be perceived as imposed and likely to generate resistance. Therefore, the methods used in management of change will have an important role in affecting the 'success of change'. Change is often managed less effectively than it might be because those responsible for managing change fail to attend to some of the critical aspects of the change process. The model (Hayes and Hyde: 1998) provides a conceptual framework for the management of change and fig 1.2 represents the steps in change process.

Fig 1.2: Steps in the Change Process

(Source: Hayes and Hyde: 1998)
The model dotted lines represent feedback loops and possible iterations or repetitions in the process whereas loop between review and external factors indicates that change rarely involves moving from one study state to another. Typically, it is an ongoing process and often new pressures for change emerge before the current change initiatives has been completed. According to Hayes and Hyde, the process involves various key steps in management of change successfully namely, recognition of external and/or internal forces require change to take place; translating the need for change into a desire for change; diagnosing the cause of problems requiring change; reviewing present state and identifying the future state; prepare and plan implementation; and reviewing and consolidation.

**Phases of Change:**

The management of change has four primary phases (i) the pre-launch phase of change; (ii) the launch phase of change; (iii) Post launch phase of change; and (iv) Sustaining phase of change.

**Pre-launch phase** - consists of the leader self-examination, gathering information from the external environment, establishing a need for change and providing clarity regarding vision and direction.

i) The leadership self-examination process concerns the use of self, how to be persuasive, how to deal with resistance, how to be political, and how to embody the vision of where one wants the organization to go. It is therefore, important for the leaders/change agents who are about to begin a significant change effort, to be as cognizant as possible of themselves in personnel domain such as self-awareness, tolerance for ambiguity, need for control, understanding how feelings affect behavior, personnel depositions, decision making, and motives (McClelland and Burnham (1976); and Values (Burke and Trahant: 2000).
ii) The external environment: The knowledge of organization's external environment and gathering/monitoring information on changing customer needs, changing technology, changing government regulations and what is occurring inside and outside country at economy and development fronts, are critical element of the pre launch phase of change. According to strategy guru Michael Porter (1985) it also includes understanding, the bargaining power of customers, unions and market threats. The change leaders responsibility in the phase is also to prepare for organization change as thoroughly as possible, by taking time and expending the efforts to gather environmental information carefully and accurately and then to analyze this information before initiating the change process.

iii) Establishing the need for change: Recognizing and establishing the need for change is an important parameter. Some organization are good at anticipating the need for change and such organizations benefit because they have the time to investigate the emerging problem or opportunity to decide how best to respond to it. On the other hand some organization or leaders lack this ability and may fail to recognize the need for change until they have little choice but to react in haste to unanticipated set of circumstances and resulting in more chances of failure change initiations. CEO's and other senior executives are in a better position to monitor the external environment and therefore are likely to see the need for change sooner and more clearly than majority of other organizational members. However, these members may better perceive technological change earlier than senior executives may. Regardless to where the awareness of a need for change is recognized, it is the responsibility of management and senior executives to communicate the need of change to organization members and initiate change process (Evans and Price: 1999).
iv) Providing clarity of vision and direction: One of the requirements of pre-launch phase of change is to craft a vision statement and in so doing, provide clear direction for the organization change effort. The clarity of direction is critical to the success of the change (Bauman, Jackson and Lawrence: 1997). At British Airways, it was management’s emphasis on what the new culture should be – one that was customer focused and market driven that provided the necessary vision for what needed to be reached. It is the change leader or CEO’s responsibility to see that both vision and clarity of direction are properly crafted for the desired organizational change.

**Launch Phase** - consists of communication about the need for change, initiating key activities and dealing with resistance.

i) Communicating the need for change is usually the responsibility of change leader or CEO but could also be facilitated by senior executives. Generally the communication about the need for change should be delivered properly, making certain that the message is absolutely clear and shows management commitment.

ii) Initiating key activities of change process is a significant activity of organization change and can take variety of forms. The focused and energizing event is a highly useful way of launching large scale and planned organizational change and the event should go across the sections of people involved in or affected by change process. For example at British Airways, it gives first his rationale and then an example of an initial activity (Burke and Trahat: 2000).

iii) Dealing with Resistance to change can occur at either of individual level, group level or organization level. The change leaders need to be aware of the nature of resistance – blind, ideological, or political-so that the appropriate responses and interactions with people in organization can take place coping with these forms of resistance. This involves making a strong compelling case for
change but leading with persistence, clarity of direction, passion and vision.

**Post Lunch Phase** - of organization change is difficult because this typically has control needs that are considerably above average. The change leaders, while managing change, can easily experience feelings of (a) anxiety (b) ambivalence regarding decision-making. Ronald Heifetz (1994) suggested three actions for overcoming such difficulties; first, to hold the collective feet to the fire, that is, to be persistent about what it is going to take to make the change successful; second, draw the system out of its comfort zone but attempt to contain the associated stress so that it does not become dysfunctional; third, deal with avoidance mechanisms that usually emerge during this time such as blaming and scape-goating. The following are some key actions, the change leaders need to bear in mind:

i) Multiple leverage: in large organizations, change is too complicated for one action (intervention) to do the job. Many managers believe, for example, that changing the structure can suffice. In a study of organization change, the failure of change was most often associated with change of structure when that was essentially all that occurred (Burke, Clark and Koopman: 1984). In a recent coverage of case studies of successful organization change points out that (Burke: 2000) (a) the cases of successful change illustrate that there is no substitute for visionary leadership in times of change to occur; and (b) true organizational change is too complicated for one intervention and multiple sources of influence are required.

ii) Taking the Heat: when organization change is launched, it is likely to get push back as described by Chief Executive of British Airways (Burke and Trahant: 2000). The change leaders are the most obvious targets and this is the time when the change leaders must
use self-control (a) to listen, (b) not to be defensive, and (c) to display patience on job.

iii) Consistency: during the early day of the change process, the change behaviour of leader is scrutinized by followers such that - how serious in change process? The consistency in change process and change leader’s behaviour is the essence in an organization change effort and need to be maintained.

iv) Perseverance: perseverance in change management process means staying on course. Once the change process is launched, people are excited but after some time change efforts may get bogged down. This is the time the considerable perseverance on the part of change leader is required to stay on course, to continue to encourage people, and to exude energy and enthusiasm for continuing efforts.

v) Repeating the message: means emphasizing on incorporation of mission, vision statements and values. This is required because people need to know - what is that we are doing and why? In addition to reminding, it is critical that change leaders facilitate message via video, written documents and other effective means of communication in organization.

Sustaining the Change:

Once the changes process is launched and changes are taking place it is essential to sustain change. Pascale et al (2000) four back rock principles are useful about the importance of sustaining an organization change efforts– unanticipated consequences, maintaining momentum, choosing successors and launching of new change initiative again.

i) Unanticipated consequences - mean that when the change is launched, equilibrium is disturbed and seeming chaos occur (Pascale et al: 2000). Some example of this type of reaction include

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(a) different organizational units interpret the change vision and direction to fit their needs, and therefore implementing of their part of change become different than of other units; (b) some people or group who were expected to resist becomes champion of the change or vise-versa, and (c) desired and expected outcomes regarding a part of the overall change effort simply do not occur.

ii) Maintaining momentum - is critical because the natural momentum towards equilibrium has to be countered. Finding new ways to recognize and reward change champions in the organization and celebrating achievements helps to maintain momentum. To maintain momentum, the change leaders must constantly monitor the organization’s external environment.

iii) Choosing successors – mean that change leaders need to do well to counter equilibrium and sustain change efforts by infusing new bloods into their organizations. This means that, though complete overhaul is not possible of people involved in change, entrance of new people or shifted from other part of organization counteract the support equilibrium such as tired thinking, and solidified norms etc. Much has been written about problems of succession and infusing new thinking into an organization (Levinson: 1994).

iv) Launching new initiatives - is critical to identify and implement new initiatives that will renew organizational members energy, spark new ways of thinking and continue to propel the organization farther down its path of change after some unspecified time into the change efforts. These new initiatives need to be in-line with the original change objectives such as acquisition of another business, merger of organizations, creating new business line, establishing strategic alliances or ventures with other organizations, starting new programme ; improving quality and reduce cost of products/services etc.
Organizational Development Model of Change:

Organisational development approach was first described by Kurt Lewin (1951), whose work on inter-group dynamics and planned change has proven to be particularly influential (Kreitner and Kinicki: 1992). Lewin argued that for change to be managed successfully, three general steps must be followed which he identified as:

- **Unfreezing** – is the stage in which there is a recognized need for change and action is taken to unfreeze existing attitudes and behavior. This preparatory stage is deemed essential to the generations of employee’s support and the minimization of employee resistance.

- **Moving** – step shifts the system to a higher level of group performance. It involves developing new behaviors and attitudes through changes in group structures and process. Lewin’s (1947) approach of force field analysis maintains managing of change through reducing the forces that prevent change, rather than through increasing the forces that are pushing for change. He further maintained that within any social system there are driving and restraining forces that maintain the status quo and within which organizations generally exist - a state of quasi-stationary equilibrium. Thus, in order to create conditions conducive to change it is necessary to identity the restraining and driving forces, and to change one or other of these in order to create an imbalance.

- **Refreezing** – step stabilizes the system at a new state of quasi-stationary equilibrium. In change process once an imbalance has been created, the system can be altered through a planned change programme to achieve the desired state. At this point, the change agent refreezes the organization in a quasi-stationary equilibrium state. The new state of balance is than appraised and methods of
positive reinforcement are used to ensure that employees ‘internalize’
attitudes and behaviors consistent with new work regimes.

Typically, the organization development approach is a planned
change process and top management must support the proposed change.
The objectives of change are to improve working conditions and
organizational effectiveness. The most common distinguishing
characteristics of modern OD approaches (French and Bell : 1995) are:

- the goal is to improve an organization’s health and
effectiveness;

- the focus of the change efforts on the whole system;

- the change programme involves planned interventions;

- top-down strategies are applied;

- employees at all level to be made committed to the change;

- change is made slowly to allow continual assessment of
change strategies;

- specialist change agents are used to guide the change process;

- organizational development programme are based on data, so
that choices are made on objective information rather than
assumptions;

- the objective is to achieve lasting change rather than
temporary change; and

- the organizational development approaches can be used with
both healthy and unhealthy organizations.

The organizational development approaches involves six major
steps in an OD programme (Aldag and Stearns: 1991) and are described
as identifying a need for change, selecting an intervention technique, gaining top management support, planning the change process, overcoming resistance to change and evaluating the change process/outcomes.

**ORGANIZATIONAL EFFECTIVENESS AND CHANGE:**

There exist a large volume of literature on the concept and working of organizational effectiveness, which often contradicts its various approaches. The terms such as efficiency, productivity, profitability, development and growth are often used interchangeably to denote organizational effectiveness. Etzioni (1990) defines organizational effectiveness as the degree to which an organization realizes its goals and objectives whereas Kimberly (1979) argued that the organizational effectiveness can be seen in terms of survival of the organization. Yutchman & Seashore (1967) reported that an organization remains effective as long as uses its resources in a efficient manner and continues to contribute to the large system.

Campbell (1970) has reviewed various studies and conceptual frame works on organizational effectiveness and found that many criteria's have been used to measure organizational effectiveness. Based on these reviews he concluded, “organizational effectiveness is the degree to which operative goals of an organization have been attained while the concept of efficiency presents cost/benefit rate incurred in the pursuit of these goals”.

Barnard (1968) argued that when unsought consequences are trivial or insignificant – the effective action is efficient; and when unsought consequences are not trivial - the effective actions may be inefficient. He further reported that there may be three type of situations in such cases (i) an organisation may be efficient but may not be effective; (ii) an organisation may be effective but may not be efficient; and (iii) an organisation may be both efficient and effective.
Approaches of organisational effectiveness - has been used to conceptualize the organisational effectiveness i.e. goal attainment approach, system resource approach, strategy constituencies approach and competing value approach. The measures of organisational effectiveness help managers in two aspects, first to understand how the organisation is performing, and second to know that the organisation is able to fulfill its goals and set objectives.

- Goal-attainment approach - is one of the most widely used approaches of organizational effectiveness. Katz and Kahn (1978) explicate organisational effectiveness as the maximization of profit of return to the organization by all means. The goal attainment approach of organisational effectiveness assumes that, organisation must have ultimate goals; goals must be identified and defined to be understood; goal must be few enough to be manageable; there must be general agreement on these goals; and the goals must be measurable.

- System approach - also called input-throughput-output approach is derived from the open system model as it is applied to formal social organisations. Bennis (1962) argued that system approach involves criteria of adaptability, sense of identity, capacity to test reality and integration among the sub-parts of the organisation. Argyis (1964) has explained in similar vein for the integration of personal and organisational goals and argued that integration criterion in the system approach is central.

- Strategic-constituencies approach - is closely related with system approach and proposes that ineffective organisation is one that satisfied the demands of those constituencies in its environment from whom it requires support for its continued survival (Pfeiffer and Salancik: 1978). The strategic-constituencies and their expectations may differ for different types of organisations based
on the functions performed by them. In the case of business organisations these may be owners, employees, customers, government, management, and community.

- Competing-Value Approach - (Quinn and Rohrbaugh: 1981) integrate all three approaches to provide a comprehensive understanding of organisational effectiveness. The basic theme underlining the competing value approach is the criteria used in assessing the organisational effectiveness be it return on investment, new product development, and/or value of product.

**Dimensions of organizational effectiveness** – are incomplete for a practicing manager unless the factors underlying effectiveness are identified and analyzed. Though each individual’s effectiveness is significant but the most important aspect of effectiveness is its relationship to the entire organisation. Likert (1967) identifies three group variables i.e. causal, intervening, and end-result variables, which are useful in creating organisational effectiveness over time.

- Causal variable – are those factors that influence the course of development within an organisation and its results or accomplishments. Likert argued that causal variables are independent variables, which determine the course of development, and the results achieved by an organisation. The variables include structure, strategies, leadership, management practices, skill and behaviors, and general business management. These variables can be altered or changed by the organisation and its management.

- Intervening variables- are those factors, which are reflected as the internal state of organisation. Many of these variables are caused by causal variables. Likert argues that the intervening variables reflects the internal state and health of organisation and include loyalties, attitudes, motivations, performance, goals, perception of all members
and their collective capacity for effective interaction, communication and decision making.

- **End-result variables** are those factors which are caused by causal and intervening variables. According to Likert end-result variables are the dependent variables which reflects the achievement of the organisation viz, production, earnings, costs and management-union relationship etc.

  All these variables are inter-related and are visualized as psychological process where stimuli (causal variables) act upon the organism (intervening variables) and create certain responses by managers to improve organisational effectiveness. The approach should be directed to improve causal variable, while other variables will be corrected or improved automatically. Fielder (1967) and Redden (1967) speak of effectiveness, by emphasizing on similar output variables. In evaluating effectiveness, perhaps more than 90 percent of managers in organisation look at measures of output alone (Hersey and Blanchard: 1983) and regard end-result the sole criterion for evaluation of managerial effectiveness.

  **Managerial effectiveness** has become increasingly important because of the fact that it ensures a maximum utilization of the productive resources and helps in achieving the expected results. How efficiently management uses the physical resources for generating maximum output with minimum cost determines the managerial effectiveness. The effective management system possesses certain characteristics and performs various functions for running the enterprises successfully.

  Guion (1965) states that success of manager lies largely in meeting major organisation goals through the coordinated efforts of his organisation. The manager's work behavior contributes to the achievement of organisational goals by his influence on the perceptions,
attitudes and motivation of others in the organisation. The managerial effectiveness like organisational effectiveness must be in terms of optimization and not maximization. The effective manager is an optimizer in utilizing all available and potential resources viz material, human and financial both within and outside the organisation towards its sustained, long term functioning.

Campbell (1970) defines managerial effectiveness as any set of managerial actions believed to be potential for identifying, assimilating and utilizing both internal and external resources towards sustaining, over the long term, the functioning of the organisations for which a manager has some degree of responsibility. Jurgenson (1977) depicted the characteristics of successful managers as decisive, aggressive, self-starting, productive, well informed, determined, energetic, creative, intelligent, responsible and enterprising.

Campbell (1970) defines the behavior of successful managers as, manage work instead of people; plan and organize effectively; get goals realistically; derive decisions by group consensus; accept responsibility; delegate frequently and attractively; develop team working; and communicate and coordinate effectively.

While discussing managerial functioning Adizes (1976), concluded the four managerial roles, viz; producing, implementing, innovating and integrating must be performed if an organisation is to be run effectively. He contends that whenever one of the four managerial roles is not performed in an organisation a certain style of mismanagement is bound to be observed.

**Change management & organizational effectiveness** - is about modifying or transforming organizations in order to maintain or improve their effectiveness. Managers are responsible for ensuring that the organization or part of organization they manage performance effectively. We in this topic, review some of the important aspects of
various researches on organizational effectiveness and its relationships with change.

Goodman and Pennings (1980) argue that organizational effectiveness are closely linked to the ways is which we conceptualize organizations. The organizational effectiveness could be presented in various perspectives such as:

- **Mission (goals) perspective** - presents organizations as rationally constructed entities that formed, and their existence is legitimized, in the quest for certain identifiable goals. The meaning of effectiveness in derived from the accomplishment of mission of these identified goals.

- **System perspective** - focuses on the functional complementarily of parts of the organizations and the nature of the organization relationship with the environment. According to Goodman and Panning, the systems perspective views functional complementarily as being more important than the achievement of some particular goal.

- **Organization development perspective** - is concerned with the process of organization learning that promote organizational renewal and long-term survival. Organization development is a set of behavioural science based theories, values, strategies and techniques aimed at the planned change of the organizational work setting for the purpose of enhancing individual development and improving organization effectiveness (Porras and Robertson: 1992). Beer (1980) defines organizational development as a system-wide process of data collection, diagnosis, planning, intervention and evaluation aimed at (a) enhancing congruence between organizational structure, process, strategy, people and culture (b) developing new and creative organizational solutions; and (c) developing the organization’s self renewing capacity.
• Political arena perspective - presents organizations as a collection of internal and external constituencies, each pursuing its own objectives. The organization effectiveness is defined in terms of the attributes valued by the most powerful constituencies. Customers are powerful if they are vital to the survival of the organization. Groups of employees, unions or specific departments are powerful so long as the organization needs to relay on them to survive. The more central in the contribution of a constituency to the survival and effectiveness of the organization, the greater is its power. The success of any organization depends on its ability to mobilize different resources for achievement of its goal or mission.

• Environment perspective - focuses on the effectiveness of the organization because effectiveness is the ability to adapt to the changes in the environment. It is reflected through the attitudes of the employees and the culture under which the organizations operate. The study of effectiveness in environment helps to identify parameters for evaluating organizational strengths and weakness.

Argyris (1964) focuses on following core activities relevant to effectiveness for any organization as achieving objectives – is the accomplishment of the objectives specified in corporate plans, budgets and resource utilization; maintaining internal system – includes activities and systems such as performance appraisal, management development, training and rewards; and adapting to external environment – include product/service development customer relation and satisfaction, achieving objectives, resource utilization, maintaining the internal system and adaptability. The effective management of change demands attention to related issues and challenges such as managing transitions, dealing with organizational culture and politics of organizational change. To deal them effectively in period of change and also to manage change effectively involves the ability to create a new synthesis of people, resources, ideas, opportunities and demands. Effectiveness means
efficiency plus adaptability. The effective organization is both efficient and able to manage its goals as circumstance change.

In-view of the foregoing paragraph, it is amply clear that the organizational effectiveness and change management practices are inter-linked and outcomes of its variables affect the goals of organizational performance. A systematic assessment of the characteristics of change management systems of an organization would affect its organizational effectiveness. Seen against this backdrop, an attempt has been made in this study to examine the employee’s perception of organizational effectiveness for the sampled organization. Important characteristics of effective management pertaining to different areas of organizational management viz. general management, human resource management, finance management, customer satisfaction and development have been called out for detailed examination and their co-relations with causal variables of organizational performance and change have been studied.

RATIONAL OF THE STUDY:

During the last three decades the civil aviation, worldwide including India, has passed through various phases of change. The autonomous statutory or non-statutory bodies have been setup to manage and operate airlines and airports by transforming and merging of various organizations. This indicates a basic change in the theory and practice of air transport and airport management (Ramanathan: 1982). Airport management relatively is a new subject of study and not many attempts have so far been made to categorize and compare various terms of ownership of airports in order to derive a meaningful knowledge of the organizational change adopted by airports to suit the present day requirements of aviation.

Given the imperatives of change, the process of managing change has been attracting the attention of researchers and practitioners alike. Many researchers have noted that conceptual development in the area of
strategic and organizational change is still in a preliminary state and how to manage complex organizational change remains relatively obscure (Lundberg: 1984). Porras and Robertson (1987), in an extensive review and critique of organizational change and development theory, concluded that the existing research and theory are inadequate and that it does not provide the rich concepts need to understand and guide complex organizational change processes. Similarly, Greiner and Bhambri (1989) noted that strategic change is an under researched subject.

While scanning the related literature on change management, it is observed that this vital area of research has remained, by and large, neglected from the researcher’s attention in India. Although the necessity of change for progress and to stay fit in present globalized environment are widely accepted in the Indian management circles but not much research has been done to evaluate the efforts the Indian organizations are making in this direction (Kumar: 1967). Faucheux et. al. (1982) wrote a wide ranging cross-cultural reviews on organizational change and reported that there remained a paucity of good research and particularly the fundamental research. The prominence of the study of change management has also been well expressed by Kostelanetz (1968) as ‘change is the metaphysic of the present age’.

Malhotra (1985) points out that management of most Indian organizations is insensitive to the attitudes and values of their employees, resulting in the imposition of borrowed western organization practices without proper study, which mostly results in unexpected and un-desired results of change initiatives. He further explains that the industrial environment, people attitudes, organizational cultures, and government policies are different in western countries than those prevailing in Indian organizations. Important to mentioned here is that we do not out-rightly prohibit the use of foreign research models in context Indian organizations, but it is contended that required study and validation is adopted before using such models so as to suit Indian
organizations, people, change perspectives, socio-cultural and socio-political environment. It is therefore, necessary that instead of forcing change in organizations based on western models, we diagnose the problem of Indian organization in context to its local environment and then apply validity of such models and concepts (Garg and Parikh: 1985).

Airports Authority of India, among other organizations, is the mainstay of civil aviation and is responsible for developing, managing and operating of the airports and air traffic services in the country. The organization is facing severe challenges triggered by external and internal elements of organizational environment and is in process of managing of these challenges of change, thereby validating the need and appropriateness of our proposed study. The study is expected to provide better understanding of change management practices for civil aviation, particularly at AAI and will also fill the gap in this area of research.

OBJECTIVES & HYPOTHESES OF THE STUDY:

The study has been undertaken with the following specific objectives in view:

1. to study the change management in civil aviation and reasons for failure of some well conceived and well planned change interventions;

2. to analyze the prevailing change management practices in Airports Authority of India;

3. to examine different dimensions of change and employees cognition for need for change and attitude towards change in Airports Authority of India;
to analyze various change elements and their impact on the organizational effectiveness and performance; and

5. to suggest appropriate change management strategies for improving organizational effectiveness of the organization, under study.

In consonance with the aforesaid objectives, the following hypotheses have been laid down for verification and confirmation:

1. the change management practices adopted by Airports Authority of India have not resulted in development of world class airports in India.

2. there is a significant difference in the perception of employees across demographic variable about element of change and organizational factors.

3. there is a significant positive co-relation between elements of change and the components of organizational effectiveness.

1.7 LIMITATIONS OF THE STUDY:

While every research work has its limitations, this study too is congenital of its limitations. The study is suggestive in respect of organizational improvement and the suggestions for success of change management will depend on adopted methodology and change managers, involved in change initiatives. Some of the limitations of the present study may be enumerated as below:

1. The study case was confined to one of the organization in civil aviation sector of India and therefore limitation on generalization of the study of civil aviation from holistic point of view.
2. The study could not utilize the richness offered by all conceptual framework envisaged. Though better suggestive measures of change management may exist, but it could not be translated in totality as all the possible measures influencing change and organizational effectiveness could not be exploited.

3. The generation occurring from the study is more conducive and limited to a group of employees from selective airports, which may have affected the quality of sample.

4. Assessment of organizational change and performance has been done from the management perspective only. By studying the workers in depth one could have gained a broader perspective of the change management and the organizational effectiveness.

Despite the fact that limitations are inherent in all research investigations, every care has been taken that the above referred limitations does not affect authenticity of conclusions drawn from this research study.

CHAPTER PLAN:

The study is an attempt to understand various change management practices and their relevance in civil aviation besides analyzing the impact of change elements on the organizational effectiveness. The study also examines minutely various elements of the change influencing the civil aviation industry and Airports Authority of India in particular. The study has been organized in seven chapters.

The chapter one deals with general discussion pertaining to change management and its relevance to civil aviation. The chapter also discusses the rationale of the study, objectives and hypotheses of the study and limitations of present study. The chapter also discusses the organizational effectiveness and the role of change management.
provides insight to the approaches, factors of organizational effectiveness and change frame works.

Chapter two provides an overview of global and Indian civil aviation and the challenges faced by it due to changing scenario in global environment, change in government policies, economic growth and technological developments. Chapter also discusses various civil aviation organizations and the trends and issues influencing these organizations. In chapter three an attempt is made to review the literature in the area of organizational change, management of change and organizational effectiveness. The chapter also portrays the limitations of the prior research.

The chapter four presents the research methodology used in the study for conducting the research. It provides the description of the sample design, techniques of data collection, method of analysis of the data, and statistics used for data analysis. Chapter five and six analyses the primary and secondary data and presents the results and discussions of the study.

The chapter seven portrays the summary of findings and conclusions of the study. It also provides valuable suggestions for improving the organizational effectiveness besides suggesting the need and areas of change required by the sampled organization under study. The references and tables are also annexed in the last pages of the study.