



CAIIB

Module-A Unit-3

Human Resources Management



CAIIB HRM Module A Unit 3- Organisational Change

Organisational Change

- **'Organisational Change'** is the modification in any or all the internal environment of the organisation like organisation's structure, technology, physical settings and human resources.
- Changing the Organisational structure involves making modifications in human relations, co-ordination mechanisms, job-design and other similar structural aspects like job specification, span of control, organisational designs, etc.
- Changes would also **help individuals, groups and departments in the organisations to work together as a well-knit team**. Hence, Organisational Change also involves discovering and adopting new attitudes, values and behaviours. Behavioural changes include changes in employee values, skills, attitudes, expectations, perceptions and needs commensuration with the changing times and situations. The processes of effective communication, appropriate decision-making and timely problem solving mechanisms help in changing attitudes of employees.

Change And Development

- **Change management is defined as the methods and manners in which a company describes and implements change within both its internal and external processes**. This includes preparing and supporting employees, establishing the necessary steps for change, and monitoring pre- and post-change activities to ensure successful implementation.
- To initiate organisational change and begin guiding successful change efforts, the change agent should have at least a broad understanding of the context of the change effort. This includes understanding the basic systems and structures in organisations, including their typical terms and roles. This requirement applies to the understanding of leadership and management of the organisations.
- Organisational change efforts should be geared to improve the performance of organisations and the people in those organisations.

Strategies for Managing Resistance to Change

- Resistance to change can be defined as any obstacle that becomes an impediment to implementing change.
- According to Kotter and Schlesinger (1979) proposed six crucial techniques for overcoming the resistance to change.

These are given below:

- ✓ Widespread Education and Improving Communication
- ✓ Facilitating Participation and involvement
- ✓ Support and Facilitation
- ✓ Agreement & Negotiation
- ✓ Co-optation & Manipulation

- ✓ Coercion-Both Explicit and Implicit

Emerging 'Change Initiatives' in Banking Industry

- The concept of '**mass banking**' which was the main theme of **Nationalisation of Banks during 1969** has gradually been shifted towards '**class banking**' and the concept of '**Profitability has become the 'new mantra'**' in the Banking World.
- The liberalization and globalisation measures initiated by the Government and the consequential decision like lowering of entry barriers enabled new players with sophisticated technology to enter the Banking Industry thereby perforce the Nationalised Banks to enhance their operational efficiency by inventing new products and innovative services matching with the ever-increasing customer needs and preferences.
- This situation had led the Reserve Bank of India (RBI) to initiate certain expeditious measures, viz., gradual reduction in Bank Rate, substantial cut in CRR in phases, deregulation of interest rates by leaving enough freedom to the individual banks to fix the interest rates on their own full disclosure, transparency and effective supervision of banking operations through introduction of tighter prudential norms, operational flexibility to banks, evolving Asset Liability Management (ALM), risk management systems, laying more emphasis on recovery of loans and reduction in Non-Performing Assets, etc.
- Extensive computerisation and increased usage of Information Technology in banking operations, **First and Second Generation Reforms and attempts to reduce government's stake in State owned Banks**, etc., had led the Banks to function under greater competitive atmosphere by re-orienting their programmes, policies and products towards changing environment so as to ensure sustainability of their business operations.
- Banks have begun to explore new areas and innovative business opportunities like Universal Banking, **Any Where and Any Time banking, Tele-banking, installation of ATMs, etc.**
- The recent action of the Government in abolishing **Banking Service Recruitment Boards (BSRBs)** manifests the Government's resolve to grant autonomy to individual banks in infusing new and young talents with good mix of educational qualifications, functional experience and skill content, through any source/s according to their local requirements.
- Further, in the recent past, the banks have also taken steps for instituting Call Centers, selling third party products like **Insurance Policies, Wealth Management products, etc.**

Change Agent

Dave Ulrich has completed extensive research in this area. His research, validated by HR professionals and their line manager "**clients**", showed that successful change agents had the ability to:

- ✓ Diagnose problems

- ✓ Build relationships with clients
- ✓ Ensure that the Vision is Articulated
- ✓ Set a Leadership Agenda
- ✓ Solve Problems
- ✓ Implement plans to achieve change goals

The four key factors for the successful implementation of change within an organisation are:

- **Pressure for change** – demonstrated senior management commitment is essential.
- **A clear, shared vision** – you must usher everyone with you. This is a shared agenda that benefits the whole organisation.
- **Capacity for change** – you need to provide the resources: time and finance.
- **Action and performance** – “plan, do, check, act” – and keep communication channels open.

The most important contributions to be made through the change agent role are those that sustain the organisation's current performance and assure its future performance by:

- ✓ Enabling people to work effectively as they plan, implement and experience change.
- ✓ Increasing people's ability to manage future change.

Managing Change

Various Phases in Implementing Planned Change

A '**Planned Change**' is one, which is effected in a planned manner after assessing the need for change. Detailed plan has to be worked out as to when and how these changes will be carried out. This is also called as pro-active change because management should be sensible to the environmental changes by proper anticipation so that the organisational crisis situations can be averted.

- **The first phase is the preparatory stage** in which the management has to create a felt need for change among the workforce. This is a stage in which the system shall be suitably prepared to start the change. This can be done by establishing good relationship with the employees and helping them to realize that present behaviours, attitudes and efforts are not effective and sufficient to survive and sustain in the future.
- **The second phase is the is the stage in which the actual change is initiated** and carried out by the management by seeking and enlisting cooperation and support from all those who matter in the change process. This can be done by:
 - ✓ Identifying new and more effective ways of doing things,
 - ✓ Choosing appropriate changes in tasks, people, culture, technology and structure, and
 - ✓ Taking appropriate and suitable steps to put these changes into action.

- **The third and the last phase of the change process is the stage in which the management should ensure that the planned change so introduced in the organisation conforms to the objectives of the change process and it stabilizes as fast as possible.** This can be done by:
 - ✓ creating acceptance and continuity for the new behaviors, attitudes and/or work processes, etc.,
 - ✓ Providing necessary resource support – human and finance, and
 - ✓ Providing necessary motivation through performance-linked rewards and positive reinforcement for carrying out the changes so introduced.

John P Kotter's Eight Step To Successful Change

Kotter's eight step change model can be summarised as:

- **Increase urgency** – inspire people to move, make objectives real and relevant.
- **Build the guiding team** – get the right people in place with the right emotional commitment, and the right mix of skills and levels.
- **Get the vision right** – get the team to establish a simple vision and strategy, focus on emotional and creative aspects necessary to drive service and efficiency.
- **Communicate for buy-in** – Involve as many people as possible, communicate the essentials, simply, and to appeal and respond to people's needs.
- **De-clutter communications** – make technology work for you rather than against.
- **Empower action** – Remove obstacles, enable constructive feedback and lots of support from leaders – reward and recognise progress and achievements.
- **Create short-term wins** – Set aims that are easy to achieve – in bite-size chunks.
- **Make change stick** – Reinforce the value of successful change via recruitment, promotion, new change leaders. Weave change into culture.

Responsibility Charting

- A method of assigning role and defining the interrelationship of roles for specific decisions and tasks.
- A foundation for sound delegation.
- A basis for holding people accountable for their roles in specific decisions and tasks.
- A short-hand language for communication about roles and responsibilities.
- A decision matrix or grid with actual and potential stakeholders (those involved in or affected by a decision or task) listed horizontally and decisions or tasks listed vertically.

Use of Responsibility Charting

- Identify individual and team roles and inter-relationships.
- Clearly state procedural specification of individual and team and set time frames.

- Understand and clarify roles and expectations.
- Improve accountability, delegation, communication and teamwork.

Key Elements of Responsibility Charting

- Decisions or tasks.
- Stakeholders
- Level of participation of each stakeholder in each decision of task.

Responsibility Chart Design

- Responsibility Charting is a good example of a project management tool. This tool can be used in a very interactive and participatory way to engage a group of stakeholders who all have some connection to a common set of tasks or decisions that **must be made in carrying out a 'project'**.
- The process is used to compare how different stakeholders currently perceive their roles, to identify discrepancies, and then to reach consensus on how decisions ought to be made.
- It can be quite a good design activity, and in the end produces a clear picture of the interrelated roles and relationships that must be managed to accomplish the project within a given time frame. It usually produces a lot of learning for the participants as well.
- It can be used in a bureaucratic manner that precludes participation, or in an interactive way that encourages exploration and action learning.

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