
Managing organizational change

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ABSTRACT

The business environment is a dynamic one. Constant developments are taking place in the internal as well as external business environment. Some organizations face greater federal regulation, while others experience deregulation. Some find their markets shrinking, while others thrive into the global marketplace. Many organizations face mergers, hostile takeovers or downsizing problems which have severe psychological and economic effects on their employees. One of the survival and winning business strategies is to bring organizational changes which can cope up with such critical issues. However, in most of the cases, whenever the organization introduces change mechanisms, people in the organization resist such changes. Therefore, such organizational changes need to be effectively managed and implemented which ultimately aims at organizational growth and development. Managing changes, thus, becomes an integral part of the manager's job. Constant assessment of where the system is, as contrasted with where it should be, alerts managers to the changes that need to be embedded in it. This paper discusses the nature of change, reasons for resistance to it and the ways to manage it more successfully. It also discusses the different strategies and their relative effectiveness, that managers commonly use to introduce change.

Keywords: Organisational changes, change management

1. Introduction

Changes are constantly taking place in the environment of organisations. For instance, telecommunications is transforming the manner in which work is conducted all over the world. The world is getting smaller and trade and transactions can now be completed in a matter of seconds via cyberspace, across the globe. Managers often feel the need to institute changes at various levels within the organizational system to ensure that individuals and groups therein, adapt and change with the changing external and internal environments. The manager is a change agent, effecting changes in the various subsystems of the organization to meet the changing needs. Changes at the individual level can be facilitated by offering special training to employees to handle new assignments, groups can be helped through team building efforts to operate interactively with smoothness and harmony, so as to increase the effectiveness of the organization and themselves.

Changes can be brought about in technology through sophisticated and more effective machines or by improved ways of doing things. At the structural level, jobs can be redesigned or new policies initiated as would serve the both employees and the organization and changes at the

perceptual, attitudinal and behavioural levels can be brought about by changing the organizational climate. Scanning of the internal and external environments of the organization and an assessment of how changes in them are likely to shorten the gap between the desired and actual states of performance enhance productivity, customer satisfaction, employee satisfaction would help the manager become an effective agent for introducing planned changes. As we have entered into new decade, we need to change quickly, effectively and for betterment. Effective change has always been a requisite for organizational survival. But change now needs to take place at a faster pace than ever before. Unlike earlier century, this age calls for radical change instead of incremental changes. Increased global competition, upcoming breakthroughs in information technology, ever-changing customer preferences and increasing awareness of corporate ethics are forcing the companies to change the way they do business. Considering the highly complex business environment being faced by the companies, change is the name of the game in pursuit of survival, growth and excellence. So as to consider an example, Hindustan Petroleum Corporation Ltd. Is now in the process of implementing a tracking system for its Liquefied Petroleum Gas cylinders from the bottling plant to its distributor network, using a Radio Frequency Identification (RFID) based solution, helping to curb illegal diversions, while delivering an essential resource to consumers. While it cannot eradicate natural disasters or even reduce them, changed strategies can certainly help to mitigate losses and alleviate human sufferings.

2. When and Where changes are Necessary

The easiest way to know that the need for change exists when the manager finds that the goals set or the end results desired fall short of the mark or are not likely to be achieved. For example, there could be a big gap between the desired and actual level of productivity. Performance targets might not be reached, the morale of the employees in the organization might be low, inter and intradepartmental conflicts might be reaching dysfunctional levels or the communication breakdowns in the system might be very frequent, impairing effectiveness. Thus, tension points in the organizational system become evident wherever there is a gap between the desired target and actual outcome.

3. Planned Change

Changes effected could be radical, as for instance, a redefinition of the very mission of the organization and restructuring of its entire system. They could also be incremental, for e.g changes in the product line, technology and structure, which bring about continuous improvement in incremental stages. Both types of changes are brought about by change agents that could be from within the system (usually at the management level) or from outside. Changes are effected in a planned manner after assessing the need for them and working out the details of when and how they should be carried out. This is in contrast to changes that take place without any preplanning, in a random fashion, as crisis situations develop.

4. Resistance to Change

Habits die hard and adjustments to new procedures are time consuming and difficult. However, when employees realize that changes would benefit them, they welcome the new changes. For instance, a reduction of work hours would be welcomed by the vast majority of employees,

provided there is no reduction of salary. However, most individuals are generally uncomfortable with changes that are not perceived as directly beneficial or if uncertainty clouds their impact. The ambiguity of the unknown, compared to the known current operating parameters, is a frightful prospect for many who would resist the change. There is another type of change that could elicit emotional resistance endangered by psychological fear, suspicion, insecurity and extreme levels of anxiety. If these fears cannot be allayed by facts or logic, either because the facts are not readily available for dissemination or if available and disseminated, are not accepted by the employees, the change would be resisted. The effort to bring in IBM mainframe computers to perform the routine payroll transactions of the Indian banking industry in the three decades starting from the 1950s is a case in point. Though the management had planned on using the computer only for simple and routine payroll type of operations to speed up work and reduce monotony and clerical errors, the bank employees perceived it as loss of jobs and reduction of future job opportunities in a country where the unemployment rate was already high.

4.1 Reasons for Resistance to Change

Changes may be resisted due to several reasons – economic, social, security, fear of loss of authority and status, the need for additional efforts to overcome technological obsolescence, loss of comfort with status quo, fear of the unknown, anxieties about resource allocations, structural changes, sunk costs and absence of participatory voice in the changes introduced.

4.2 Resistance due to Economic Threat

Sometimes changes could be perceived as a threat to the economic well being of individuals. Many technological advances of the modern era could be perceived as threats to jobs and the economic security of employees.

4.3 Resistance due to Social Concerns

Sometimes even simple changes to structural factors, such as the layout of the workplace, could be resisted by employees because these upset their social setup. Social relationships established among members of a group motivate their behavior because of that group norms that are developed.

4.4 Resistance because of the Felt Need for a Security blanket

Apart from economic and job security, employees like to have some predictability and structure in their work lives. The need for this security blanket (Gray and Starke, 1984) also makes them apprehensive about changes.

4.5 Resistance due to Apprehension about Undermining of Status and Authority

An added fear is that when changes in technology or improvements in work methods are introduced, supervisors might feel that their authority and status are undermined.

4.6 Resistance Stemming from the Need for Retooling and Retraining

Closely allied to the security blanket is the concern for retooling and retraining oneself.

4.7 Resistance due to Fear of the Unknown

Anything new is perceived as a threat and would generally be resisted, especially by those who have low tolerance for ambiguity or are on the verge of retirement.

4.8 Resistance due to Perceived Anxiety about Resource Allocation

Those currently enjoying an abundance of resources by way of materials, staff, budgets and so on, would be concerned about the possibility of their depletion when changes are introduced.

4.9 Resistance due to Non-involvement in the Change Process

Quite often resistance stems from the fact that employees are not consulted regarding the changes initiated by managers.

4.10 Three Steps in Introducing Planned Changes

There are three phases in initiating and establishing any change- unfreezing, changing or moving and refreezing.

4.11 Unfreezing

Unfreezing is actually the process of preparing the system for change through disconfirmation of the old practices, attitudes, tendencies or behaviour. This is the initial phase where those involved in the change experience a dire need for something different and are restless with the status quo.

4.12 Changing or Moving

Changing or moving is the phase where planned changes are actually initiated and put into execution. The changes should be well thought out and carefully implemented, inviting the participation of members who would be impacted by them.

4.13 Strategies for Introducing Planned Change

There are three strategies that managers commonly use to introduce change.

4.14 Empirical-Rational Strategy

Managers acting as agents of change following the empirical-rational strategy subscribe to the belief that people are rational and would accept the change if they recognize the benefits it would confer on them, their self interests acting as a guide. The rational human being, motivated as he is by self interest, would react positively to change if the individual or the group properly understood its impact. So, if the manager explains the benefits the benefits of change to the employees prior to its introduction, it is likely to be a success.

4.15 Normative-Re-educative or Shared Power Strategy

Those subscribing to this strategy believe that people are guided by the socio-cultural norms they subscribe to it. That is, changes do not always take place merely because they make sense to people at the rational or cognitive level, but become acceptable because they are in keeping with their personal values and beliefs. Therefore, when changes are such that they appeal to the socio-cultural norms of employees affected by the change, they can be successfully implemented.

4.16 Power- Coercive Strategies

Power-Coercive strategies are used by agents of change who operate under the assumption that people with less power would comply with the changes brought about by those wielding more power in the system. This strategy utilizes authority and rewards and punishments as means of enforcing change.

4.17 Approaches to Handling Resistance to Change

As may be seen, resistance could be to the very idea of the change, the strategy employed, its timing or to the person introducing it. There is no one best way to deal with all situations and Kotter and Schlesinger (1979) suggest a contingency approach to dealing with resistance to change. They identify six general approaches to dealing with resistance to change.

4.18 Education and Involvement

When there is dearth of information or when inaccurate information floats around, the change agent could discuss and apprise the employees through memos and circulars about the logic of the proposed change and it would benefit them.

4.19 Participation and Agreement

Get people involved in the change process by including them in the design and implementation of change. Once people have an opportunity to contribute ideas and become an integral part of the change process they would be less inclined to see it fail.

4.20 Facilitation and Support

Where people have mental resistance to change because of fear of inability to readjust, it is useful to provide emotional support to them. This may be offered through empathic listening, training and other types of assistance, as warranted by the situation.

4.21 Negotiation and Agreement

Certain individuals or groups who wield power might resist change because the change would place them at a disadvantage. In such cases, resistance may be overcome by offering some kind of incentives or special to the resisting individual or group.

4.22 Manipulation and Agreement

To obtain maximum support for the contemplated changes, covert attempts to influence others may sometimes have to be resorted to.

4.23 Rewarding Acceptance of Change

Rewarding those who accept change helps shape the behaviour and attitudes of those who resist.

5. Conclusion

Changes must be planned and actively managed if organizations are to survive and grow. Kanter and Stein (1980) suggest that where large scale changes are involved, a special structure such as a high level steering committee or advisory group may be necessary to manage the transition. Managing change, thus, becomes an integral part of the manager's job. Constant assessment of where the system is, as contrasted with where it should be, worked out to bridge the gap. Thereafter, depending on the situational context in which the change is to be effected, an appropriate strategy has to be developed to implement it. Managers should create the climate for the organization to become a learning system, where employees are ready for organizational change and adaptation on a continuing basis by being open to various perspectives and viewpoints with a shared vision of progress. This is possible only in an organization that is committed to innovation and continuous improvement as an integral part of its culture. By sharing innovative ideas and thoughts, the employees transcend organizational boundaries, become cohesive and shape the system to become a learning system on a continuing basis.

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