

## **Lesson:-37**

### **ORGANIZATIONAL CHANGE**

**Dear students, today we shall learn about change and its impact of change on organizations.**

Perhaps the only thing constant within organisations is now change.

Traditionally, analysis of organisational change has been built around the organism metaphor in which organisations are analyzed as if they were living organisms operating in an environment to which they need to adapt to ensure survival.

For an organisation, its environment may be broken down into:

- \* Societal factors
- \* Environment factors and
- \* Internal factors.

This is an era of globalization and the organizations need to cope up with the dynamic and inevitable changes which take place very often. Because of this changes the competition among firms is becoming intense and every organization should be flexible enough to implement the changes whenever required for its survival.

There are two basic forms of change in organizations. *Planned change* is change resulting from a deliberate decision to alter the organization. Companies that wish to move from a traditional hierarchical structure to one that facilitates self-managed teams must use a proactive, carefully orchestrated approach. Not all change is planned, however. *Unplanned change* is imposed on the organization and is often unforeseen. Changes in government regulations and changes in the economy, for example, are often unplanned. Responsiveness to unplanned change requires tremendous flexibility and adaptability on the part of the organizations. Managers must be prepared to handle both planned and unplanned forms of change in organizations.

#### **Forces for Change**

Forces for change can come from many sources. Some of these are external, arising from outside the company, whereas others are internal, arising from sources within the organization.

#### ***External Forces***

The four major external forces for change are globalization, workforce diversity, technological change, and managing ethical behavior are challenges that precipitate change in organizations.

### ***Internal Forces***

Pressures for change that originate inside the organization are generally recognizable in the form of signals indicating that something needs to be altered.

Declining effectiveness is a pressure to change. A company that experiences its third quarterly loss within a fiscal year is undoubtedly motivated to do something about it. Some companies react by instituting layoffs and massive cost – cutting programs, whereas others look at the bigger picture, view the loss as symptomatic of an underlying problem, and seek the cause of the problem.

A crisis also may stimulate change in an organization. Strikes or walkouts may lead management to change the wage structure. The resignation of a key decision-maker is one crisis that causes the company to rethink the composition of its management team and its role in the organization. A much-publicized crisis that led to change with Exxon was the oil spill accident with Exxon's Valdez oil tanker. The accident brought about many changes in Exxon's environmental policies.

Changes in employee expectations also can trigger change in organizations. A company that hires a group of young newcomers may be met with a set of expectations very different from those expressed by older workers. The work force is more educated than ever before. Although this has its advantages, workers with more education demand more of employers. Today's workforce is also concerned with career and family balance issues, such as dependent care. The many sources of workforce diversity hold potential for a host of differing expectations among employees

Changes in the work climate at an organization can also stimulate change. A workforce that seems lethargic, unmotivated, and dissatisfied is a symptom that must be addressed. This symptom is common in organizations that have experienced layoffs. Workers who have escaped a layoff may grieve for those who have lost their jobs and may find it hard to continue to be productive. They may fear that they will be laid off as well, and many feel insecure in their jobs.

### **Resistance to Change**

People often resist change in a rational response based on self – interest. However, there are countless other reasons people resist change. Many of these center around the notion of reactance – that is, a negative reaction that occurs when individuals feel that their personal freedom is threatened. Some of the major reasons for resisting change follow.

**FEAR OF THE UNKNOWN** Change often brings with it substantial uncertainty. Employees facing a technological change, such as the introduction of a new computer system, may resist the change simply because it introduces ambiguity into what was once a comfortable situation for them. This is especially a problem when there has been a lack of communication about the change.

**FEAR OF LOSS** When a change is impending, some employees may fear losing their jobs, particularly when an advanced technology like robotics is introduced. Employees also may fear losing their status because of a change. Computer systems experts, for example, may feel threatened when they feel their expertise is eroded by the installation of a more user – friendly networked information system. Another common fear is that changes may diminish the positive qualities the individual enjoys in the job. Computerizing the customer service positions at Southwestern Bell, for example, threatened the autonomy that representatives previously enjoyed.

**FEAR OF FAILURE** Some employees fear changes because they fear their own failure. Introducing computers into the workplace often arouses individuals' self – doubts about their ability to interact with the computer. Resistance can also stem from a fear that the change itself will not really take place. In one large library that was undergoing a major automation effort, employees had their doubts as to whether the vendor could really deliver the state – of – the – art system that was promised. In this case, the implementation never became a reality – the employees' fears were well founded

**DISRUPTION OF INTERPERSONAL RELATIONSHIPS** Employees may resist change that threatens to limit meaningful interpersonal relationships on the job. Librarians facing the automation effort described previously feared that once the computerized system was implemented, they would not be able to interact as they did when they had to go to another floor of the library to get help finding a resource. In the new system, with the touch of a few buttons on the computer, they would get their information without consulting another librarian.

**PERSONALITY CONFLICTS** When the change agent's personality engenders negative reactions, employees may resist the change. A change agent who appears insensitive, to employee concerns and feelings may meet considerable resistance, because employees perceive that their needs are not being taken into account.

**POLITICS** Organizational change may also shift the existing balance of power in the organization. Individuals or groups who hold power under the current arrangement may be threatened with losing these political advantages in the advent of change.

**CULTURAL ASSUMPTIONS AND VALUES** Sometimes cultural assumptions and values can be impediments to change, particularly if the assumptions underlying the change are alien to employees. This form of resistance can be very difficult to overcome, because some cultural assumptions are unconscious. As we discussed in Chapter 2, some cultures tend to avoid uncertainty may be met with great resistance.

Some individuals are more tolerant of ambiguity. We have described several sources of resistance to change. The reasons for resistance are as diverse as the workforce itself and vary with individuals and organizations. The challenge for managers is introducing change in a positive manner and managing employee resistance.

## **Managing Resistance to Change**

The traditional view of resistance to change treated it as something to be overcome, and many organizational attempts to reduce the resistance have only served to intensify it. The contemporary view holds that resistance is simply a form of feedback and this feedback can be used very productively to manage the change process. One key to managing resistance is to plan for it and to be ready with a variety of strategies for using the resistance as feedback and helping employees negotiate the transition. Three key strategies for managing resistance to change are communication, participation, and empathy and support.

Communication about impending change is essential if employees are to adjust effectively. The details of the change should be provided, but equally important is the rationale behind the change. Employees want to know why change is needed. If there is no good reason for it, why should they favour the change? Providing accurate and timely information about the change can help prevent unfounded fears and potentially damaging rumours from developing. Delaying the announcement of a change and handling information in a secretive fashion can serve to fuel the rumour mill. Open communication in a culture of trust is a key ingredient for successful change. It is also beneficial to inform people about the potential consequences of the change. Educating employees on new work procedures is often helpful. Studies on the introduction of computers in the workplace indicate that providing employees with opportunities for hands – on practice helps alleviate fears about the new technology. Employees who have experience with computers display more positive attitudes and greater efficacy – a sense that they can master their new tasks.

There is substantial research support underscoring the importance of participation in the change process. Employees must be engaged and involved in order for change to work – as supported by the notion “That which we create, we support.” GE’s Workout process that was mentioned earlier in this chapter is a good illustration of how to get a large group together in a free – form, open – ended meeting. The outcome is a change to which everyone is committed. The group comes together later, after the change is implemented to see what has been learned and to look for what is happening on the horizon. Participation by a large group can move change further along. Participation helps employees

## Lesson 36

### Behavioural Reactions to Change

Students today we shall learn about behavioral Reaction to change.

How employees perceive a change greatly affects how they react to it.

- A. If employees cannot foresee how the change will affect them, they will resist the change or be neutral, at best.
- B. If employees clearly see that the change is not compatible with their needs and aspirations, they will resist the change.
- C. If employees see that the change is going to take place regardless of their objections, they may initially resist the change and then resignedly accept it.
- D. . If employees see that the change is in their best interests, they will be motivated to accept it.

In spite of attempts to minimize the resistance to change in an organisation, some reactions to change are inevitable. Negative reactions may be manifested in overt behaviour, or change may be resisted more passively. People show four basic, identifiable reactions to change: disengagement, disidentification, disenchantment, and disorientation. Managers can use interventions to deal with these reactions as shown in Table 18.1.

***Disengagement*** is psychological withdrawal from change. The employee may appear to lose initiative and interest in the job. Employees who disengage may fear the change but take on the approach of doing nothing and simply hoping for the best. Disengaged employees are physically present but mentally absent. They lack drive and commitment, and they simply comply without real psychological investment in their work. Disengagement can be recognized by behaviours such as being hard to find or doing only the basics to get the job done. Typical disengagement statements include “No problem” or “This won’t affect me.”

The basic managerial strategy for dealing with disengaged individuals is to confront them with their reaction and draw them out so that they can identify the concerns that need to be addressed. Disengaged employees may not be aware of the change in their behaviour, and they need to be assured of your intentions. Drawing them out and helping them air their feelings can lead to productive discussions. Disengaged people seldom become cheerleaders for the change, but they can be brought closer to accepting and working with a change by open communication with an emphatic manager who is willing to listen.

Another reaction to change is ***disidentification***. Individuals reacting in this way feel that their identity has been threatened by the change, and they feel very vulnerable. Many times they cling to a past procedure because they had a sense of mastery over it, and it

gave them a sense of security. “My job is completely changed” and “I used to . . . .” are verbal indications of disidentification. Become involved in the change and establish a feeling of ownership in the process. When employees are allowed to participate, they are more committed to the change.

Another strategy for managing resistance is providing empathy and support to employees who have trouble dealing with the change. Active listening, as was discussed in Chapter 8, is an excellent tool for identifying the reasons behind resistance and for uncovering fears. An expression of concerns about the change can provide important feedback that managers can use to improve the change process. Emotional support and encouragement can help an employee deal with the anxiety that is a natural response to change. Employees who experience severe reactions to change can benefit from talking with a counselor. Some companies provide counseling through their employee assistance plans.

Open communication, participation, and emotional support can go a long way toward managing resistance to change. Managers must realize that some resistance is inevitable, however, and should plan ways to deal with resistance early in the change process.

Managing resistance to change is a long and often arduous process. GTE Mobilnet faced substantial resistance to change when it implemented its customer connection initiative, with the goal of building a cellular – phone network that ranks first in customer service. The change agent, Ben Powel, and his teammates tried to persuade staffers at Mobilnet’s 350 service centers to send new cellular phones out the door with fully charged batteries in them. The salespeople liked the idea – they could tell customers that their phones were ready to use when they sold them. Service workers, however, balked at the idea because they were the ones who had to install the batteries.

Powell and his team essentially repeated the following dialogue 350 times: “You can’t see why you need to bother with installing the batteries? Here are sales figures showing how much revenue we lose by making customers wait to use their phones. The average customer calls everybody he knows when he first gets the thing, like a kid with a new toy – but only if it has a charged battery in it. Don’t have room to stock all those batteries? We’ll help you redesign your identified employees often display sadness and worry. They may appear to be sulking and dwelling on the past by reminiscing about the old ways of doing things.

Because disidentified employees are so vulnerable, they often feel like victims in the change process. Managers can help them through the transition by encouraging them to explore their feelings and helping them transfer their positive feelings into the new situation. One way to do this is to help them identify what it is they liked in the old situation, as well as to show them how it is possible to have the same positive experience in the new situation. Disidentified employees need to see that work itself and emotion are separable – that is, that they can let go of old ways and experience positive reactions to new ways of performing their jobs.

**Disenchantment** is also a common reaction to change. It is usually expressed as negativity or anger. Disenchanted employees realize that the past is gone, and they are mad about it. They may try to enlist the support of other employees by forming coalitions. Destructive behaviours like sabotage and backstabbing may result. Typical verbal signs of disenchantment are “This will never work” and “I’m getting out of this company as soon as I can.” The anger of a disenchanted person may be directly expressed in organisational cultures where it is permissible to do so. This behaviour tends to get the issues out in the open. More often, however, cultures view the expression of emotion at work as improper and like unbusiness. In these cultures, the anger is suppressed and emerges in more passive – aggressive ways, such as badmouthing and starting rumors. One of the particular dangers of disenchantment is that it is quite contagious in the workplace.

It is often difficult to reason with disenchanted employees. Thus, the first step in managing this reaction is to bring these employees from their highly negative, emotionally charged state to a more neutral state. To neutralise the reaction does not mean to dismiss it; rather, it means to allow the individuals to let off the necessary steam so that they can come to terms with their anger. The second part of the strategy for dealing with disenchanted employees is to acknowledge that their anger is normal and that you do not hold it against them. Sometimes disenchantment is a mask for one of the other three reactions, and it must be worked through to get to the core of the employee’s reaction. Employees may become cynical about change. They may lose faith in the leaders of change. The Scientific Foundation presents a study that explored the reasons employees become cynical.

A final reaction to change is **disorientation**. Disoriented employees are lost and confused, and often they are unsure of their feelings. They waste energy trying to figure out what to do instead of how to do things. Disoriented individuals ask a lot of questions and become very detail oriented. They may appear to need a good deal of guidance and may leave their work undone until all of their questions have been answered. “Analysis paralysis” is characteristic of disoriented employees. They feel that they have lost touch with the priorities of the company, and they may want to analyze the change to death before acting on it. Disoriented employees may ask questions like “Now what do I do?” or “What do I do first?”

Disorientation is a common reaction among people who are used to clear goals and unambiguous directions. When change is introduced, it creates uncertainty and a lack of clarity. The managerial strategy for dealing with this reaction is to explain the change in a way that minimizes the ambiguity that is present. The information about the change needs to be put into a framework or an overall vision so that the disoriented individual can see where he or she fits into the grand scheme of things. Once the disoriented employee sees the broader context of the change, you can plan a series of steps to help this employee adjust. The employee needs a sense of priorities to work on.

Managers need to be able to diagnose these four reactions. Because each reaction brings with it significant and different concerns, no single universal strategy can help all

employees adjust. By recognizing each reaction and applying the appropriate strategy, it is possible to help even strong resisters work through a transition successfully.



## SOURCES OF RESISTANCE

### INDIVIDUAL RESISTANCE

Individual sources of resistance to change reside in basic human characteristics such as perceptions, personalities, and needs.

The Following summarizes five reasons Why individuals may resist change.

#### Habit

A human being is creatures of habit.

Life is complex enough; we don't need to consider the full range of options for the hundreds of decisions we have to make every day.

To do so we develop habit which is nothing but programmed responses. So whenever we confronted with change. This tendency to respond in our accustomed ways becomes a source of resistance.

Eg. Day shift working.

#### Security

People with a high need for security are likely to resist change because it threatens their feelings of safety.

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## Economic Factors

Another source of individual resistance is concern that changes will lower one's income.

Changes in job tasks or established work routines also can arouse economic fears if people are concerned that they won't be able to perform the new tasks or routines to their previous standards, especially when pay is closely tied to productivity.

## Fear of the Unknown

Changes substitute ambiguity and uncertainty for the known. The transition from high school to college is typically such an experience.

## Selective Information Processing

Individuals shape their world through their perceptions. Once they have created this world, it resists change. So individuals are guilty of selectively processing information in order to keep their perceptions intact.

We hear what we want to hear. We ignore information that challenges the world we've created.

## ORGANIZATIONAL RESISTANCE

### Limited Focus of Change

Organizations are made up of a number of mutually dependent subsystems. So, you can't change one without affecting the others.

For example, if management changes the technological processes without simultaneously modifying the organization's structure to match, the change in technology is not likely to be accepted. So limited changes in subsystems tend to get nullified by the larger system.

### Group Inertia

Even if individuals want to change their behavior, group norms may act as a constraint.

An individual union member, for instance, may be willing to accept changes

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in his job suggested by management. But if union norms dictate resisting any unilateral change made by management, he's likely to resist.

#### Threat to Expertise

Changes in organizational patterns may terrorize the expertise of specialized groups.

The introduction of decentralized personal computers, which allow managers to gain access to information directly from a company's mainframe, is an example of a change that was strongly resisted by many information systems departments in the early 1980. Because decentralized end-user computing was a threat to the specialized skills held by those in the centralizing information systems departments.

#### Threat to Established Power Relationships

Any redeployment of decision-making authority can threaten long-established power dealings within the organization. The introduction of participative decision making or self-managed work teams is the kind of change that often seen as threatening by supervisors and middle managers"

#### Threat to Established Resource Allocations

Those groups in the organization that control sizable resources often see change as a danger.

They tend to be content with the way things are.

Will the change, for instance, mean a reduction in their budgets or a cut in their staff size? Those that most benefit from the current allocation of resources often feel threatened by changes that may affect future allocations.

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