

Management of Change

The new is constantly replacing the old. We live in the world of change. Business organizations are open systems. They continuously interact with the environment and adopt themselves to environment changes. The only thing which is permanent is change itself. Change has no beginning and no end. It is a continuous process.

J.P. Kotter and Leonard A. Schlesinger have observed,

“Most companies and divisions of major corporations find that they must undertake moderate organizational change at least once a year and major change every four or five.”

Factors affecting organizational change/ Need for change

A. External factors-

1. Market forces- market factors such as demand, supply, change in consumer tastes and preferences, policies of competitors, suppliers etc. forces changes in the organizations working.
2. Economic changes- changes in monetary and fiscal policies, interests, rate fluctuations, exchange rate, fluctuations, inflation and cost of living necessitates changes in organizational policies.
3. Technological Changes- the speed of technological changes has improved due to computerization and information technology. Every organisation has to adopt new technology; otherwise it cannot survive in the competition. When an organisation accepts new technology the work structure has to be changed.
4. Social Changes- the education, urbanization, more freedom and media affect the behaviour of the employees. So the organisation has to make adjustment to cope up with these social changes.
5. Political and legal changes- political and legal changes determines the activities which an organisation can undertake and methods that can be followed by it. Any change in the political structure or legal framework may affect the organizational working.
6. Natural Calamities- natural calamities like flood, earthquakes, fire etc. necessitate change in the policies and working of organisation.
7. Global factors- Global environment such as international prices, wars, policies of other nations, exchange rates influence the working of organisation.

B. Internal Factors

1. Change in work force- Due to retirement, death etc. there are continuous changes in the managerial and operating personnel. The new managers and operating personnel have their own ideas, values and style of working. The organizational change to adapt these changes becomes essential.

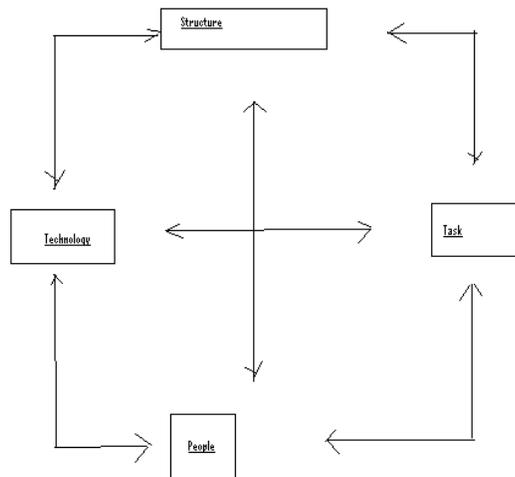
2. Urge of efficiency- organizations always strive for continuous improvement in productivity and efficiency. They want to capture new markets, increase their market share and improve their products and policies to changes needs and choices of customers.
3. Change in Leadership- the new leadership likes to experiment new ideas. They have different style of leadership. To suit their needs the necessary changes in organisation working becomes essential.
4. Internal pressure- employee's dissatisfaction with the pay scales, working conditions, interpersonal conflicts may be reflected in the negative behaviour of work force towards management and it needs change.

Planned Change

Thomas J. M. & Benis W.G.

“Planned change is the deliberate design and implementation of structural innovation, a new policy or goal or change in operating philosophy, a climate or a style.”

Planned change covers all the aspects of organisation that are inter-related, namely, technology, structure, task and people as shown in below figure.



Let us consider the nature of change of the above factors

1. Technology- related Changes- Technology means tools, equipment, processes, and technical knowledge about doing things. Technology related change are -
 1. Change in problem solving and decision making procedure
 2. Introduction of automated data processing devices like computers, internet etc.
 3. Change in methods and production
 4. Change in plant and machinery.
2. Task – related changes- A job consist of several tasks. Task related changes must focus on-
 1. High internal work motivation.
 2. High quality work performance
3. Structure- related changes- structural changes redefine nature of relationship among various organizational positions and may include,
 1. Change in form of organisation
 2. Change in form of organisation
 3. Change in span of control
 4. Change line and staff authority etc.
4. People- related change- change in structure, technology and tasks may be relating to skills and behaviour of employees and needs changes in people.

Changes in people’s attitudes can be brought about through training and development, changes in recruitment and selection procedure and organizational development techniques.

Process of Planned Change

The management of change is a complex process. It involves several steps in a sequence as shown below.

1. Identification of need for change- in this stage the genuine need for change is identified. If such change is really desirable the owners and employees will support the move, but if change is to be done for the sake of change it may be opposed. The change may become necessary because of impact of various internal and external factors.

2. Elements to be changes- one the need for change is justified, it should be decided as to what elements of organization needs to be changed. These elements of change depend upon the objectives of change.
3. Planning for change-after determining the elements to be changed the manager has to make a planning for change. He will have to decide as to who will bring change, when to bring change and how to bring change. He should assign the responsibility of change to some persons.
4. Assessment of change forces- the planned change may be opposed by individuals, group or entire organisation. There is always resistance for change. So manager has to ensure that people agree to change.
5. Implementing change- a manager has to implement the change through the cooperation of people. If driving forces of change are stronger than the resisting forces they only change can be implemented. Action for change comprises of three stages, namely unfreezing, changing and refreezing as suggested by Mr. Lewin K.

A. Unfreezing-It means forgetting of old things in order to learn new things. In this step the steps are taken to casts aside old behaviour of people. So they become ready to accept the change. Unfreezing is inculcating the belief in people that the present system of working is undesirable and that the change is desirable.

This can be done in the following ways.

1. Building employees trust and confidence.
2. Enhancing employee's motivation by linking rewards with willingness to change and punishment to unwillingness to change.
3. Increased communication
4. Increased participation

B. Changing / moving- once people are ready to accept change, the change is initiated by learning new ways of doing things. Necessary information is collected, new concepts are developed, necessary training is imparted to members to implement these concepts and their perceptions and attitudes are changed. New behaviour is promoted, new beliefs are inculcated, new attitudes are developed and the existing value system is changes. Thus in this phase, changes are introduced and people adjust their behaviour to changed situation.

C. Refreezing- Refreezing means that what has been learned is brought into actual practice. Refreezing can be brought about by following ways.

1. Management should motivate the employees to accept change as a permanent feature by rewarding the changed behaviour.
2. Manager should associate individual needs of employees with the changed organizational needs.

3. Management should detect the cause to resistance for change if any and adopt suitable measures to overcome the resistance.

Resistance to change-

The factors responsible for resistance to change can be classified into two categories, namely, individual factors and organizational factors.

A. Individual factors- individuals normally prefer to maintain their status quo than accepting new ways of doing things.

1. Economic reasons- people resist the change if they feel that it is likely to affect their economic condition in an adverse manner. The economic losses generally foreseen by the people are loss of jobs, fear of reduced work load, demotions and retrenchment, fear of spending up the work and reduced incentives and concessions.
2. Problem of adjustment- people have to make several adjustments in their working styles to cope up with the changed work situation. Hence there is a natural tendency to resist the change.
3. Obsolescence of Skills- change requires employees with new skills. The employees' position and authority in the organization comes in trouble unless they acquire new skills, which is a difficult task. Naturally the people with old skills resist the change.
4. Social factors- change is likely to disturb the social relationships of people. When people move to new working environment, they may leave their friends and colleagues. So they resist the change.
5. Psychological factors- people are emotionally and sentimentally disturbed when a change is started. Uncertainty, group pressure, problem of ego etc, are the factors due to which the people resist to change.
6. Lack of knowledge about causes of change- managers sometimes announces a change without informing the employees about the objectives of change. Therefore they resist the change.
7. Lack of faith in management- lack of faith often creates a feeling among the employees that a change is introduced by the management for its benefit. This creates a resistance among employees.

B. **Organisation and resistance to change-** the change is resisted at organizational level also. Some of the reasons of the organizational resistance to change are,

1. Form of organisation- some forms of organisation are resistant to change. Especially a bureaucratic structure does not favour any change. These organizations have rigid rules and there is no scope for making changes.

2. Threat to positions- sometimes the people at the top considers change as a threat to their position and influence. They always resist change.
3. Constraints- many organizations have limited resources. These resource constraints are behind resistance to change.
4. Wastages and obsolescence- when a change is introduced many of the assets, in which huge funds have been invested, become obsolete. Therefore management of such organisation is unwilling for a change to prevent such loss and obsolescence of production resources.
5. Existing organizational commitments- some organizations enter into long term agreements with third parties. Unless such agreements and contracts are fulfilled, organizations are restrained from introducing any change, even if desirable.

Overcoming Resistance for Change

Change is necessary for organizational development. But a change is normally resisted. Ways of overcoming resistance to change have been identified as under.

1. Education and communication- careful planning of change, communication of benefits to stake-holders, announcing the need for change, and training will reduce resistance to change.
2. Participation and involvement- when the representatives of employees and other concerned people are involved in designing the change, they can better understand the need for change. Hence they will be more committed to their effective implementation.
3. Facilitation and support- if employees lack confidence, managers should provide moral support to them and create an atmosphere of mutual trust and confidence. This will promote the employees to accept the change.
4. Negotiations and agreement- management may enter into negotiations and agreement with the representatives of employees. Such negotiations involve job security, sharing of incremental profits etc.
5. Explicit and implicit coercion- when all other methods of overcoming resistance to change fail to obtain desired results, as a last resort management uses its coercive power to force the employees to implement the change.
6. Initiate change only if necessary- some managers announce a change just to show their leadership. Such a practice should be avoided and changes should be introduced only if it is beneficial to the organisation.
7. Change in organizational structure- changing the organizational structure from bureaucratic to socio-technical where the focus is not only on task but on human factors and on interrelationship between the technical system and people can also create mutual trust and help in overcoming the resistance to change.