# Management of Change

INTRODUCTION

Change is inevitable. Nothing is permanent except the change. It is the duty of the management to manage change properly. Organizations must keep a close watch on the environment and incorporate suitable changes if the situation so demands. Change is a continuous phenomenon. Organizations must be proactive in affecting change. Even in most stable organizations change is necessary just to keep the level of stability. The major environmental forces, which make the change necessary are technology, market forces and socio-economic factors. Resistance to change is not desirable. It is counter productive for growth and destructive in nature. Managers must evolve policies to affect change. According to Barney and Griffin, "the primary reason cited for organizational problems is the failure by managers to properly anticipate or respond to forces for change."[1]

Understanding Change

Change refers to any alteration which occurs in over all work environment of an organization. It may relate to change in technology, organizational structure, working processes, work environment, organizational policy and even the roles people play. Introduction of change in one part in an organization forces change in other part. If the change is beneficial people accept it willingly. If it is not desirable, there is great resistance. If it is of no consequence to the people, they may adopt an attitude of indifference. If they consider the change detrimental to their growth and prosperity, they may resist through counter pressure. This reaction is based not necessarily on the reality or facts but on their perception. The change therefore should be sufficiently strong enough to overcome the counter pressure. Due to advancement of technology and social environment change has become a necessity. If the change takes place, a balance or equilibrium is achieved by the organization. Thus people learn to expect various environment relationship within the organization. They learn adaptation. The essence is that when people feel that there is need to change, and when they change, they actually are adjusting to changed situation thus an equilibrium is achieved with the changed environment. This process carries on and is never ending because change takes place continuously.

Organizational Growth as a Kind of Change

Grainier has evolved a theory of change by considering 'growth' as a factor for change. He has identified various problems at each stage of evolution. The solution to the problem brings about the change. To illustrate, he quotes an organization that desires to achieve 'growth'. Initially growth is achieved through creativity of founders who are usually entrepreneurial oriented but that creates a problem of leadership. To tie over the problem of leadership, management hires top class managerial personnel who take charge of the situation. Over a period of time it comes to the notice that excessive leadership creates a situation of concentration of power in the organization. With the effect the subordinates have to wait for the decision on a trivial issue. Therefore a change is necessitated and that leads to delegation of authority to subordinates. This leads to another problem based on autonomy at group level and control becomes difficult. Since the organization has already changed from concentration to delegation a new change is envisaged to exercise adequate control over the group. The change is in the form of issuing fresh orders and detailed instructions on each of the perceivable issue so that while individual enjoys autonomy in work culture, he still has to work within the framework of rules and regulations. It was later noticed that excessive rules and regulations brought with it the redtapeism. This problem leads to change of philosophy to collaboration. In this changed situation job is performed by individual employee, work teams and work groups. It will be seen that for
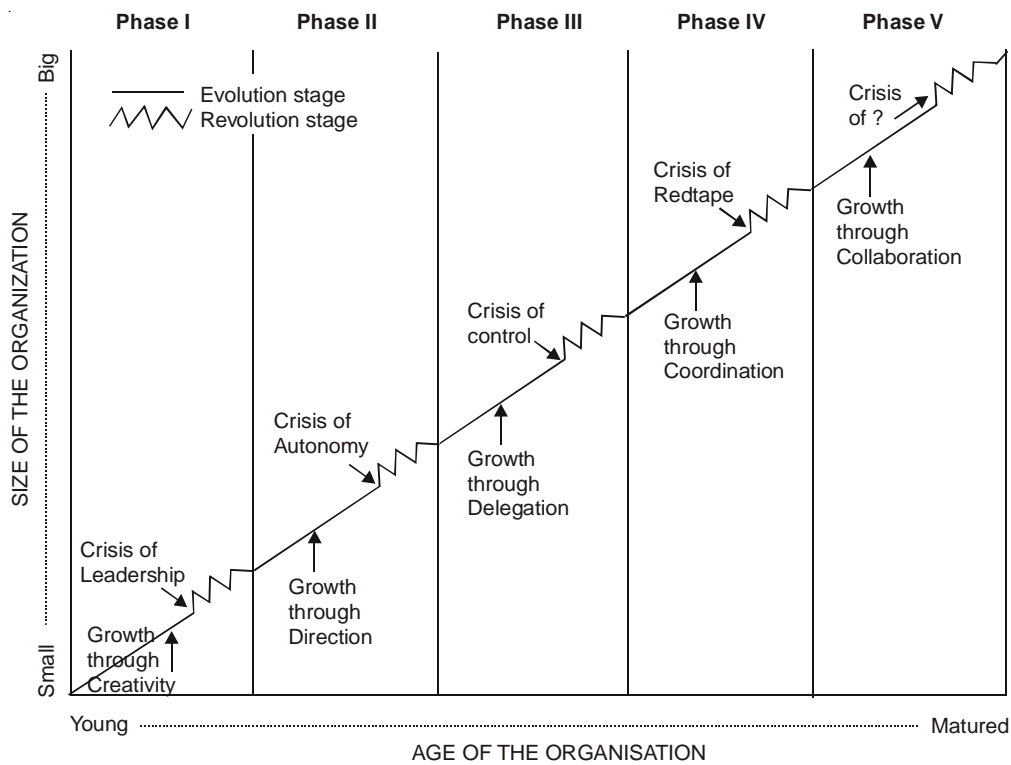
Fig. 18.1. Greiner's Model of Organizational Growth

achievement of organizational growth, the organization has to change its strategy beginning from entrepreneurship, leadership – delegation – autonomy of work groups—collaboration leading to the current strategy of self control, self discipline and individual work ethics. It is important to understand that each change that takes place is associated with unforeseeable problems. It will also be seen that change is necessary at every stage. If that was not implemented the organization will not be able to achieve growth. Greiner's model is explained in Figure 18.1 above.

Greiner's (1972) model shows various stages through which an organization is likely to pass during its growth period. The potential issues and problems between various stages are highlighted. The major problem should also be seen as one of managerial behaviour: that is, what managers have to do in order to overcome these crisis in relation to time span.

FORCES OF CHANGE

An organization is an open system which has to interact with environment and is solely dependant on it. Any change in environment makes it necessary for the organization to incorporate change in the internal systems, sub-systems and processes. This change has a chain reaction on the other internal elements of organization. For example any change in consumer preferences, may change product feature, cost, technology, marketing strategy and the like. Organization must interact with external environment in order to survive. Organization gets input from environment (men, material, process, finance, information etc.) Transform it and export output (product and services) to environment. Organization take what environment gives and in the process passes on what the environment wants. Thus organizations are responding to the social requirements. If the response is positive, then the change takes place and growth is achieved. If on the contrary response is negative it will adversely affect the growth. So there are various factors that must be considered to implement change.

(*a*) **External Forces of Change**

Technology is a major external force which calls for change. In the recent times information technology has made a remarkable impact on the ability of managers to use information to arrive at a decision. Storage, retrieval of information and its utilization is important part of technology. Where human being can not operate, robot has been replaced to work for and on behalf of human beings. Financial decisions, operations, product features, new product development, market potential and marketing strategies are changing at a fast speed and organizations must carry out appropriate change in time otherwise one will be left behind in the race. Because of liberalization market has become one entity. Organizations have to be highly sensitive to the changes in the external environment. External environment is task related and general in nature. Task related environment has a direct influence on the health of the organization. It consists of customers, competitions, suppliers, labour and stakeholders. All these factors induce change in the organization. General environment consists of political, legal, economic, socio-cultural and technological forces. Change in government polices or fiscal policies have a direct impact on the organization. Changes in needs, expectation and desires of society for housing has changed a financial sectors outlook and loans are easily available to all sections of society.

(*b*) **Internal Forces of Change**

Once the organizations adapt to the external change, the mangers have to take appropriate steps as far as internal systems are concerned. Change of process, modification to human behaviour, training and development of work force based on new technology and adopting new polices, which are beneficial to the organization. Due to current social changes where women are taking jobs in greater numbers, child care, more and frequent rest periods, flextime may be necessary. Workers are more educated and are aware of their duties and rights. This may necessitate change in corporate policies towards wage and salary implementation, promotion policy and management's obligation towards them. Changes in internal environment may be brought about by customers, shareholders, board of directors and employees. These however, have to be in line with the external factors and not arbitory. Change which is deliberately designed and implemented is a 'planned change'. This is carried out to counter threats and encash opportunities. "Reactive changes" are unknown and cause as a response to sudden surprises like change in price of a particular product etc. It is therefore necessary that the management must be '**proactive**' in incorporating change with fewer surprises.

 Force Field Analysis: When a decision to implement change has been taken, it is necessary to identify and understand as to what forces are likely to push change and what forces are likely to restrain it. The process of identifying the number and strength of driving and restraining force is called the force field analysis. If the analysis indicated that the restraining force is strong, steps may be required to reduce their strength or increase the strength of the driving force. This may be carried out by briefing sessions, meetings and conveying a point informally. The communication must be appropriately modulated. It is the responsibility of the leader to select appropriate leadership style to incorporate change. Knowledge of organizational climate in general and group behaviour and attitude in particular is essential for implementing change. If the subordinates are not communicative among group members, participative style of leadership may be necessary. If the pattern of communication permits mutual consultations among subordinates, the Autocratic style may mar the prospects of change. Modification may be required not only to the style of leadership but also to the 'change' itself. The implementation may start by introducing readiness of the group to proposed change and later introduce the required change. It is a gradual process and emotions, value, feelings, attitudes of employees need study in depth. Implementation of change in defence services is comparatively easier because people are customized to change and have achieved a higher degree of readiness to change by virtue of their professional climate.

CHANGE PROCESS

Kurt Lewin[2] proposed Three Stage Model of the change process for moving the organization from present position to the changed position. This is as under:

Stage 1: Unfreezing : Creating motivation and rediness to change through

 (*a*) Disconfirmation or lack of confirmation.

 (*b*) Creation of gulit or anxiety.

 (*c*) Ensure subordinates of psychological safety.

Stage 2: Changing through cognitive restructuring : Helping the client to see things, judges things, feel things differently based on new point of view obtained through.

(*a*) Identifying with a new role model, mentor, etc.
(*b*) Scanning the environment for new relevant information.

Stage 3: Refreezing: Helping the client to integrate the new point of view into

(*a*) The total personality and self – concept.
(*b*) Significant relationship.

1. **Unfreezing:** Process of unfreezing makes individuals ready for change. Lewin believes that employees must be informed in advance of impending change and that they should not be surprised. Unfreezing entails unfreezing the old behaviour or situation. Edgar Schein *3 took this excellent idea propagated by Lewin and improved by specifying psychological mechanism involved in each stage of the model. Unfreezing involves creating motivation and readiness to change by creating an environment of disconfirmation of existing psychological safety in the changed pattern of behaviour. This can be achieved by making announcements, meetings and promoting the idea throughout the organization through bulletin, boards, personal contacts and group conferences. The unfreezing process basically cleans the slate so that fresh behavioural patterns, customs, traditions can be imprinted which can then become a new way of doing things.

2. **Moving:** Once unfreezing process is completed, moving takes place. Moving is incorporating change. Persons undergo cognitive restructuring. The process is carried out by the following three methods as proposed by Kelman.[4]

   • **Compliance:** Compliance is achieved by introducing rewards and punishments. It has been established that individual accepts change if he is rewarded or punished. This is a behaviour modification tool.

   • **Identification:** Members are psychologically impressed upon to select their role model and modify behaviour. If a leader can act as a role model the change is easier.

   • **Internalization:** Internalization involves internal changing of individual's thought processes in order to adjust to a new environment. Members are advised to carry out soul searching and adopt a new behaviour.

3. **Refreezing:** It is related to integrate the new behaviours into the person's personality and attitude. It is referred to stabilization. The change behaviour must necessarily fit into the social surroundings. Refreezing takes place when the new behaviour is adopted in a normal way of life. New behaviour must replace the old on a permanent basis. New behaviours must be re-enforced continuously so that it does not diminish. Change process is not a one time process but it is continuous hence unfreezing, change and refreezing must also be continuous.

Another 'change model' was proposed by Ronald lippitt, Jeanne Watson and Bruce Westley. They expanded the original Lewin (3 stage) model into seven stage model.

Phase 1: The development of need for change.
Phase 2: The establishment of change relationship (establishment of 'Client' and 'Change agent' relationship).

Phase 3: Diagnosis of client of client system's problems.
Phase 4: The examination of alternative routes and goals; Establishing goals and intentions of action.
Phase 5: The Transformation of moving intentions into actual change efforts.
Phase 6: The generalization and refreezing stabilization of change.
Phase 7: Achieving a Terminal relationship with client – change agent.

LEVELS OF CHANGE

Hersey and Blanchard[5] identified four levels of change. These are ***knowledge change, attitudinal change, individual behaviour change and group or organizational performance change.*** The objective is to bring about change in the organization. It is possible through knowledge change which in turn changes attitude of the individual. Knowledge change is simple as one can improve the level of knowledge by reading or listening. Bringing attitudinal change is difficult, because it is difficult to change the individual and his perception. Change in individual is related to personality traits. A manager may believe that empowering subordinates is essential for organizational growth yet he may not empower them because of his upbringing. Changes in group and organization is even more complicated than implementing individual level change as it involves change in group norms, customs, and traditions. Change in group level involves change in organizational culture. This is a long term process, which must be continuous with active involvement of top management.

1. **Knowledge Change:** Change in knowledge can bring change in individual and group behaviour. It is related to the leadership style, Hersey and Blanchard refer to as participative or democratic change cycle and autocratic or directive change cycle.

    (*a*) Participative leadership style in bringing change in group or organization is largely based on the style of leadership. Change in knowledge of workforce coupled with participative leadership style can transform an individual in his outlook. It can bring change in his attitude and an individual can be more committed towards the organization. He can be more responsible towards his duties and obligations. New methods and techniques can be implemented to bring change in he group in desired direction. Assistance from like minded leaders having democratic outlook can help mangers to implement desired change. Once this is achieved, organizational change may be effected by getting other people to begin to pattern their behaviour on the lines of successful leaders. Thus the change cycle works through change in knowledge, attitude, individual behaviour, group behaviour and organizational change.

    (*b*) There are autocratic leaders in the organization. This type of leadership announces the desired change all of a sudden. This type of process of change may result in whole hearted acceptance of change or the group may resist the change totally. What is expected in the autocratic change cycle is organizational change, group level change, knowledge change and through this cycle, to implement individual behaviour change. Since this approach is opposite of participative cycle change, it is difficult to implement and individuals are not ready to accept

change in first place. Secondly, the change may not be of a permanent nature. Participative change is ideal when the employees are achievement oriented having task relevance and willing to accept responsibilities. It has deeper and longer lasting impact. Autocratic change cycle has fast speed and revolutionary in nature. It is sustainable where people are not willing and certain amount of force is required. This change cycles are complimentary to each other and therefore may be used according to the situations.

2. **Attitudinal Level Change:** It is difficult to bring attitudinal change. Attitudes are formed and conditioned by feelings. The way one feels about change will determine how one is likely to behave. Attitude is formed in early childhood based on social surroundings. When you are part of a group, an attitude is greatly influenced by group norms, expectations of the group members and behavioural code a group adopts. Further the work environment influences the attitudes. Due to complex nature of situations, there is positive or negative impact on individual behaviour. Often actions or reactions of individual are effects of group-think. It often happens that workers join the strike to show togetherness of the group or organization. Individual may not be able to justify a particular behaviour but he does it merely because all others are engaged in a particular behaviour. We are not able to explain our emotions largely, that make us behave in a particular manner. These feelings as Davis[6] explains are not a matter of logic. They are neither logical nor illogical; rather they are non-logical hence, logic alone is not enough to modify feelings in modern times, it is however necessary to effect change in individual attitude. It is possible by way of delegation of authority, empowering employees in their work. Making work more pleasant and interesting by way of providing the workers wherewithal necessary for its accomplishment, creating autonomy in work and introducing management by objective concept in the organization. Cultural change is important. Organizational culture must conform to majority of workers culture and they must feel at home while working. Attitude of leaders also play a vital role in attitude change of subordinates. Participative leadership culture go a long way in obtaining willing obedience of employees. It must be borne in mind that it is a continuous process and all members must sub-conscientiously attempt to improve work culture in the organization for attitudinal change.

3. **The Group Level Change:** Group plays variety of roles in bringing about change in the organization: The group as medium of change, the group as the target of change and the group as an agent of change. Cartwright[7] has developed the following principles in this regard.

   (*a*) **The group as a medium of change:**
   (*i*) If group is to be used effectively as a medium of change, those people who are to be changed and those who are to exert influence for change must have a strong sense of belonging to the same group.
   (*ii*) The more attractive the group is to its members, the greater is the influence that the group can exert on its members.
   (*iii*) In attempts to change attitudes, values, or behaviour the more relevant they are to the basis of attraction to the group, the greater will be the influence that the group can exert upon them.

(*iv*) The greater the prestige of a group member in the eyes of the other members, the greater the influence he can exert.

(*v*) Efforts to change individuals or sub-parts of a group which, if successful, would have the result of making them deviate from the norms of the group that will encounter strong resistance.

(*b*) **The group as a Target of change**

(*i*) Strong pressure for change in the group can be established by creating a shared perception by members of the need for change, thus making the source of pressure for change lay within the group.

(*ii*) Information relating to the need for change, plans for change, and consequences of change must be shared by all relevant people in the group.

(*iii*) Changes in one part of a group produce strain in other related parts which can be reduced only by eliminating the change or by bringing about readjustments in the related parts.

4. **Organizational – wide Change:** Organizational change is of a mega nature. It starts at the bottom level and acquires a very huge dimention. In defence services if a person is promoted at the top level, there is a chain reaction upward for promotion and resultant placement, transfers etc. If an organization is attempting to change the job of an individual, his role-set is also likely to change which may distrusts the self – concept of the individual. Thus any action for change may also have chain reaction. It is therefore necessary to plan for change carefully. Allen has suggested following steps:

(*a*) Development of clean objectives
(*b*) Analysis of existing organizations
(*c*) Preparation of an ideal plan
(*d*) Trying out the plan
(*e*) Establishment of uniform nomenclature
(*f*) Overcoming resistance to change

In the fast developing world today, there are pressures on the human resources. Due care must be taken to ensure that employees are not disturbed physiologically and psychologically. Careful review of the situation to identify the gaps must be carried out. Change costs money and therefore it is advisable to undertake a pilot project before a universal change is implemented. Status system, titles and appellations attached to it must be protected by introducing uniform nomenclature, designation etc. People must be educated about the impending change so that they are not taken by surprise. Benefits of change must be highlighted. Automation of systems in organization have proved fruitful and cost effective for which it had initial resistance.

'Change Management' has already emerged as a discipline. It requires proper planning, programming, evolving appropriate procedures and systems. An organization must modify polices, procedures, rules and regulations based on changed objectives. Behavioural science plays an important role by way of ensuring that revised system is in tune with the time.

TYPES OF CHANGE

(1) **Strategic Change:** Strategic change requires when mission is changed. A single mission of defence forces participating under UNO banner may require changes in use of weapon system, co-operation at international level, serving under a person not of an Indian origion and the very thought of employing various strategic and tactical doctrines. The multinational companies have to adapt to the culture of the nation where they are providing product and services. Various cultural factors, have to be considered in this regard. This is generally carried out as 'planned change'.

(2) **Structural Change:** Decentralization of authority and introducing flatter organizational structure enable employee to experience a sense of autonomy in work environment. Decentialisation leads to empowerment of lower level employees to take appropriate decisions pertaining to their job parameters. It has major impact on the social climate of the organization on one hand and development of team spirit on the other. Structural changes promote acquision of new skills and improves ability of subordinates to take on the spot decisions even in critical situation.

(3) **Process-oriented Change:** Process changes are necessary to keep pace with the development in technology, automation, information technology, free market environment and availability of trained manpower. The organization must take advantages of these processes. This however needs heavy investment and entails various operational changes but cuts down time and energy. This would bring about change in work environment, organizational culture and modify behaviour pattern of employees.

(4) **Cultural Change:** Due to electrifying changes in communication, an individual is exposed to social changes. This has necessitated to introduce a right culture in the organization. It is the responsibility of the top management to ensure proper organizational philosophy, instill culture and value system among employees and practice ethical approach in business. These are important inputs for improved performance, group cohesion, devotion to duty and for development of 'we' feeling in the organization. This can be achieved by close interaction, training in behavioural sciences and building a sense of belonging to the organization. These changes are people – oriented and therefore have to be continuous for achievement of organizational mission.

STEPS IN MANAGING CHANGE

Organizations must plan to implement change in a systematic manner. It must identify the field in which the change is required whether it is strategic, structural, process – oriented or cultural change. Changes can also be affected in all the areas concurrently, but it must be managed appropriately so that there is no bottleneck effect. Once the need for change is identified and the area in which it is to be implemented, the following steps have been suggested by Greiner.[8]

(*a*) **Develop new goals and objectives:** Objectives and goals are derived out of mission statements, objects may need revision due to change in external or internal forces.

(*b*) **Select an agent for change:** It is the responsibility of the management to entrust execution of change to appropriate authority. A manager may be given this responsibility. Outside change agent can also be employed for the purpose. A specialist or a consultant can be brought in to suggest change and monitor implementation. He is also called a facilitator.

(*c*) **Diagnose the problem:** Diagnosis is the first step to implement change. If an organization has a large number of employee turnover then the data must be collected and made available to the consultant so that the reasons for turnover can be identified and appropriate corrective measures taken. The process of identification of problem is not simple as it appears. This itself may need a research.

(*d*) **Select Methodology:** It is comparatively easy to implement material change as a part of change of a system. What is important is to protect the emotions they must be made party to select methods so that it is easier to implement at a later stage.

(*e*) **Develop Pan:** If the organization wants to reduce employee turn over, it may like to carry out comparative study of other organizations in respect of job content, reward system, employee performance, appraisal system, promotion criteria, training & development and the strategy adopted by the organization for its growth. Based on examination of these factors, consultant would be able to develop a plan for change. It may require to introduce a new training and development policy that may reduce employee turnover. While developing a plan, various other factors must also be reviewed. Plan should not be finalized in isolation. All departmental heads must be co-opted in the exercise.

(*f*) **Strategy for implementation:** Timings of implementation of change is very crutial. A deliberate decision must be taken in this regard like hike in price of a product, the decision to implement change is critical. If the change is related to internal employees, it must be communicated at an appropriate time so that there is no resistance to planned change.

(*g*) **Implementation of Plan :** Once the decision to implement the plan and communication through which the plan is to be implemented is decided, it is the responsibility of the various departments to implement the same. This may need notification, briefing sessions or in-house seminars so as to ensure acceptance of all the members of the organizations specially those who are likely to get affected. Implementation may be for a short duration as one time change of system or process but its aftermath is of great value. Employee reactions in attitudes, aspirations, emotions and behaviour must be canalized in positive directions due to change.

(*h*) **Evaluation & Feedback :** The result of the change must be evaluated and suitable feed back obtained. If modification to training & development causes decrease in employee turnover, the objective of change would deemed to have been achieved. If the results are contrary to the expectation, then a new change may be required to diagnose cause.

CHANGE AGENTS

Change agent are factors that are responsible for the change in individual behaviour. Other changes like change in organization structure, organizational strategy, process, policy and the like can always be introduced in the organization with proper consultations

of the employees so that they are accepted by them. Change in human behaviour is a complex phenomenon that may require a number of strategies to make desirable change. These are called change agents. They may either be initiator of change or serve as catalysts for such change. Four types of change agents have been identified (Tichy, N.)[9]

(*a*) **Outside Pressures :** External environment like fiscal policy, government policy, technology and social change bring change into the organization. Change is generally executed by the organizations itself. Government may also indulge and help organizations to adopt to new policy like controlling strike in the organizations.

(*b*) **Changes form Top Management :** The organizational change may come from the top management. It may be in the form of structural, strategic or institutions changes that may be beneficial to the organization with particular reference to employees.

(*c*) **Internal Organizational Development :** Organizational objectives must be reviewed from time to time. This is necessitated because of the environmental changes. Areas where organizational development can be carried out are work design, delegation of authority, team building, empowerment, autonomy, job enrichment , job rotation etc.

(*d*) **Individual level Change :** Individual level change refers to change in attitude, skills and behaviour. Management by objective (MBO) encompasses self decision making, setting objective for self, evaluating whether those have been met and resultant modification to work. If such development processes are introduced, individuals are likely to be more responsible and accountable for the work they are assigned. It is therefore necessary to introduce development processes / models in the organization.

RESISTANCE TO CHANGE

Change is a constant phenomenon. Dynamic forces are always at play and therefore individuals must adjust to it and carryout change. If the change in not implemented, society will be stagnant and become hopeless. Individuals accept change in the technical field but resist the other as it has far reaching consequences for the social change. Change no matter how beneficial, is generally resented and is always difficult to implement. It must be emphasised that change brings with it new challenges, new experiences, spirit and associated rewards and therefore it should be welcomed and implemented with positiveness and full support. However, there are certain factors that resist change; these are as given in Figure 18.2.

Job Security

One of the major reasons for change is job security. In recent times there has been the trend for down sizing the organization as a measure of cost cutting. Introduction of modern technology and systems should lead to the growth in productivity of the organization and should not lead to employee turnover.

Lack of Communication

Different people will see different meanings in the proposed change. Management must

communicate in advance the need for change, process to adopt for implementation of change. Employees should be co-opted right from the beginning in the process of change so that they are party to change and resistance is reduced to a great extent.

Reasons for Resistance	*Management of Change*
– Job security	– Participation & Involvement
– Lack of communication	– Communication & Education
– Rapidity and Extent of Change	– Leadership
– Group resistance	– Negotiations & Agreement
– Emotional turmoil	– Willingness for sake of group
– Loss of power & Control	– Timing of Change
– Technology	
– New practices	
(*a*) Acquisitions and mergers	
(*b*) Woman Power	

Fig. 18.2.

Rapidity and Extent of Change

Autocratic leader has a tendency to introduce change abruptly with speed. Resistance therefore may be expected to the degree that the persons influenced by the change have pressure put upon them to make it happen. If the change is of a minor nature and involves routine operations, the resistance would be minimal. If on the contrary the change is major and involves large number of employees there could be tremendous resistance to it. For example when Balco was privatised all employees resisted it.

Group Phenomenon

Individual on occasions resist change because group wants it that way. Importance of group cohesion, group norms, code of conduct and the security group provides to individuals play a dominant role in individual behaviour that makes them to resist change.

Emotions

Resistance can be expected when those influenced are caught in a jam between forces of change and forces of resistance. Resistance may be expected if the change is made on personal ground and past history of change of identical emotions. If the experience has been pleasant, then the resistance would be negligible. Workers willingly accept technical change if it does not have adverse effect on social fiber of the group. Resistance can be expected if the nature of the people who are going to be influenced by the change. Resistance may also be expected if the change ignores already established institutions in the group with particular reference to customs and group norms. It is therefore necessary that due care must be taken to protect the emotions of people.

Loss of Power

Downsizing of department or posting of an executive to different department, where there

is a reduction of power base will be resisted by the affected individuals though it may be of overall interest to the organization. For example superintendent of police of a district will resist positing as an instructor to the police-training academy.

Technology

Technology changes are required for the growth of organization. People have now realized to be competitive. Latest technology, which improves the human skills must be introduced in the organization. It is important to consider that no human resources should be replaced by these changes. Certain amount of displacement should be taken in stride. Introduction of technology that causes economic loss and disturb social relationship are generally resisted.

New Practices

Due to advent of technology and education, more and more female employees are joining organizations. Some of them are serving in the position of top decision-making. Women domination is not liked by the people and is therefore resisted. For survival, organizations have to adopt the strategy of acquisitions and mergers, which is also resisted by the employees.

Managing Resistance to Change

Change ultimately affects people in the organization. It is always better to explain to them why change is necessary, what benefits are likely to accrue as a result of change and how these benefits are to be shared by employees and the organization. Free flow of information and two-way communication is necessary. If proper communication is not maintained negative attitudes are likely to be formed while change is being implemented. There is a general impression that benefits from change accrue to the organization and management at the cost of workers. This is a false impression and must be corrected by appropriate authority. It must be remembered that without full cooperation of workers, no change can be planned, implemented and the benefits, enjoyed. No growth of the organization can take place unless workers bring it about. Management must understand that workers are the key element of any organization and that they must be involved from planning stage of change. This will result in increased productivity of the organization. Participation should not be simply a mechanical act of calling upon employees to "Participate". It should be clearly understood that there is no one simple panacea to be used in all situations. Participation is not being universally followed. The different combinations of different methods, techniques and procedures may have to be tried. There may be need for the counselling and training of people. If the situation so warrants, the plan even may have to be dropped. Conscious efforts must be made by the leader to remove the fears of employees. Participation should be a part of total treatment of change. Such participation of workers would ensure commitment to implementation of change. Individual involvement right from the planning stage of the change is essential to ensure total commitment. It should ultimately appear that the employees require the change and management is implementing it at their behest. It has been observed that management is regarded as the instigator of change and unions are considered as forestaller of change. It is therefore for management to take labour leaders in confidence so that they are able to convince the members of the need and utility of change. It is important to make the workers feel that

they can discuss the modalities of change and understand the nature of fears they may have, know for themselves that there is no danger or a trap in the change being planned and that the change is for the benefit of workers and organization. Coch and French's[10] study showed that the group which was not only informed of change and why it was to occur, but also participated in helping to design and plan the new jobs as well as retaining programmes, demonstrated more successful adaptation to change than the other two groups. These included: 1) group which had no orientation to change other than a short announcement by management that the change would be made. 2) group which was informed by management of the need for change and its implications and the workers were asked to select representatives to help devise the necessary retaining programmes. The results were much better in the second group involving all than the first group in which only an announcement regarding change was made.

SUMMARY

Change is a permanent phenomenon. It is necessary due to external forces like technology, systems, and social changes interacting with the internal variables of the organization. To implement change Kurt Lewin's model of unfreezing the situation, implementing a change and refreezing must be implemented. Individual, group and organizational changes takes place continuously. Individual change refers to change in attitude, perception and also acquiring new skills to cope up with external environment. Group is the important unit of organization. In the present scenario group undertakes work. It is successfully completed because of group norms and groupthink. Organizational level changes can be implemented by clearly defining objectives and plans for change. Driving forces and restraining forces must be evaluated while implementing change. Change is structured when planned and unstructured when change is implemented as a reaction to some situation. There is great resistance to change because of the fear of unknown. Workers in the organization, therefore must be educated, trained, made party to change and benefit of change must be divided between the employees and the organization. It is handling of employee emotions and making them psychologically ready to implement change that will ultimately work. The fear must be removed from the minds of people. Change must be taken in the positive manner for the growth of the organization. It is difficult to predict which strategy will succeed in implementing the change. Efficient communication, educating the people about impending change, participation, and active involvement and last but not the least sharing benefits of change with people is the essential requirement for overcoming resistance to change.

TEXT QUESTIONS

1. Explain meaning of change, indicate whether all changes are beneficial.
2. Explain external and internal forces that induce change in the organization.
3. Describe the process of organizational change.
4. Discuss Lewin's model of change.
5. Discuss the functions of change in organizational viability. Why does an organization so often fails to make the necessary changes.
6. Explain the levels of change. How will you bring changes in individual behaviour.

7. Under what conditions does resistance to change develop ? Does it show lack of awareness in those who resist.

8. Why is organizational change often resisted by individuals and groups. Suggest strategies to prevent such resistance.

9. How will you use group as a medium of change if change is to be affected.

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Case 1

MAGIC KINGDOM

One of the most popular tourist attractions in America is Disney World at Orlando in the State of Florida. It is a theme park with numerous attractions and a visit to America is not considered complete without the visit to Disney World. Prior to the opening of Disney World at Orlando, there was a similar theme park near Los Angeles in the State of California, known as Disneyland. Disneyland was a creation of Walt Disney, a famous family movie maker who had produced such movie hits as Fantasia and Snow White. Disneyland is a family entertainment phenomenon and is also known as **magic kingdom.**

Following Walt Disney's death, the magic kingdom hit a downward trend. The management rested on the past laurels of its success and the organization stagnated into its status quo. It shunned innovation and stayed in its ivory tower away from the pulse of the audience. It become fearful to change and by all accounts, it was not fully utilizing its potential or its resources and considering the demand for its products and services, it was under charging for its licensing of cartoon characters and admission to its theme parks.

Michael Eisner, the head of the Disney organization felt that he had to become more like Walt Disney, an innovator and a risk taker who encouraged creativity and who had built the Disney Empire. After analysing the situation carefully, he devised a plan that

would encourage oppennes to change, and culture of strong creativity, that was always a hallmark of Disney's success.

Eisner himself came up with a number of new and creative ideas including new health food restaurants and he encouraged an induced creativity among others and creativity became one of his top priorites. His idea of creating a Euro Disneyland in Paris came into high focus. He met with 12 of the Worlds most respected architects in a widely creative session to bring out as best design for the theme park as possible. He encouraged and rewarded new ideas, opened the channels of communication and took the members into confidence by sharing with them his strategic plans and ambitious growth strategies.

One change that came into being was the renovation and expansion of its hotel chains. He ordered an ambitious $ 1.0 Billion hotel expansion plan that doubled its room capacity to 20,000 and came at par with the well known Ritz Carlton chain of hotels.

The movie business that had practically come to a stand still and was hardly reaching break-even point, got a boost of creativity. By tightening budget without sacrificing quality and working with adventurous scripts and unknown but talented actors, it became a dominant force in the American movie industry and produced such hit films as Beauty and the Beast, Pretty Woman, Ruthless People and so on.

Michael Eisner's creativity, openness, innovation and team sprit has not been without its rewards. From 1984 to 1990, Disney's sales increased from $ 1.7 billion to almost $ 6.00 billion. Dianey has expanded his family entertainment business to include book publishing and records and has opened a theme park in Japan.

Michael Eisner made a dramatic turnaround of Disney fortune in 1980s. He is even more ambitious during the 1990s and calls it The Disney Decade. He has surrounded himself with ambitious, energetic and creative staff and he expects a period of extensive growth for Disney operations around the Globe. With the fall of close societies and advent of instant communications and emphasis on internationalization, he is very optimistic that Disney will become a household name around the World, as it did in America.

QUESTIONS

1. Why do you think that the Disney organization, once a highly successful and growing organization become stagnant after the death of its founder Walt Disney? Discribe as many reasons as possible.
2. How important is Michael Eisner's role in the process of turn around of the Co-fortunes? Does it mean that the success of the entire organization depends upon the philosophy of its CEOs? Give reasons.
3. List and explain the internal and external forces that necessitated the change in the outlook of Disney operations.
4. Can you identify the change agents that were at work in changing the behaviour of the organizational members?
5. If you were hired as a consultant to the organization, what changes would you suggest, if any, to bring Disney organizationinto the global limelight?

Case adapted from Courtland L. Bovee et al., Management, MacGraw Hill, 1993, pp 361-362.

Case 2

TRADITIONAL MANAGEMENT OR PROFESSIONAL?
R. MURLIDHARAN

Neo Labs, a medium sized Bombay based pharmaceutical concern in the private sector, was in the business of manufacturing basic drugs and formulations. Through to line among the top concerns in the field, yet it had achieved a considerable amount of success in North. It has not been able to make much headway in the South though.

Neo Labs Private Limited (NLPL) was governed by a Board of Directors, consisting of three Khanna brothers . Mr. Ajit Khanna, the founder member, as well as the eldest brother was the head of the marketing team, with a number of people spread all over India, under his command. Starting life as salesman for a pharmaceutical concern, he set up his own factory within one year and worked hard to spread it's activities all over India. He controlled all the marketing operations, whereas his brothers used to look after production and finance.

Mr. Ajit Khanna did not believe in recruiting managers from outside. Rather, he believed in promoting his old employees from within to the ranks of managers. Despite the advice of friends to bring in professional managers, in order to compete effectively, he would not change his mind. He would say. "I do not want to give my money to people who only talk about working. I want people who can really work".

Future plans for expansion, widening market activities, increased work load and above all, poor sales turnover ultimately forced Mr. Khanna to appoint Mr. Kalra, a professionally trained manager with ten years of experience, as Marketing Manager.

While assuring desired result within a reasonable amount of time, Mr. Kalra put forth his own precondition that there should be no interference whatsoever from Mr. Khanna in the marketing operations and that he (Mr. Kalra) should be given a free hand. This was accepted.

After carefully analyzing the company culture, environment and the operations, Mr. Kalra came to the following conclusions:

1. The management lacked professionalism and failed to make the manager s responsible for results.
2. Too much stress was placed on personal loyalty of employees to the Managing Director and personal considerations came in the way of managerial functioning.
3. Many managers, in connivance with the field people under them, compromised on the quality of the job performed.
4. Majority of the managers lacked professional skills. Mr. Khanna had promoted them, relying more on their personal loyalty and experience in the company rather their professional competence. Training facilities were inadequate.
5. There was a lack of coordination between the production and the marketing department hampering sales, leading to losses.

Within a short time of taking over as the Chief of Marketing, Mr. Kalra took certain drastic steps. He enhanced the salary and allowances of the marketing force to make it at par with other good concerns. He weeded out dishonest, inefficient and unproductive managers. This included some of the loyalists who had been with the company since its

inception. Initially, Mr. Khanna was against this decision but since the charges against them were irrefutable, he had to concede.

Mr. Kalra made some important changes in the product mix and its promotion also. Many of the products which could be sold better through prescription demand by promotion with doctors were in continuous deal offer, benefiting the retail chemists more. Mr. Khanna, with his excellent personal contacts with chemists had relied more on their goodwill initially, and this practice followed even after Neo Labs became an all-India concern. Mr. Kalra set things straight by making suitable changes in the product promotion, laying emphasis on creating genuine prescription demand for the products. NLPL recruited an efficient product manager, displacing the old one, at his initiation.

Another aspect which Mr. Kalra felt needed toning up immediately was the communication. Reports were sent and filed more as rituals and no follow-up work was done. Mr. Kalra implemented certain very effective and concise formats for managers which reflected the daily activities and worth of the managers.

The older employees, habituated to an easy life, found it difficult to cope up with the stringent changes. However, Mr. Kalra used to openly declare in the meetings that, "Those who find the job tough may better opt out before it is too late". There were also a few young managers who appreciated these moves initiated by Mr. Kalra for toning up the system.

In the meantime, Mr. Ajit Khanna started getting personal letters from some of his trusted managers complaining about the authoritarian functioning of Mr. Kalra. He ignored them at first, but started taking notice after some of the managers personally met him and talked to him. Further, the sales increase that he had expected vis-a-vis the investment made based on Mr. Kalra's decisions (like enhancement of salary of field force, new appointments to senior managerial posts, expenses on training and development, etc.) was not commensurate.

Mr.Khanna invited Mr. Kalra for discussion and had a long discussion on the following issues:

1. General restlessness and resentment of the managers against him and the effect it had on the morale of the team.
2. Decline in the sales of some of the products which were doing well earlier under the lucrative deal offer.
3. The high expenses incurred on training, sales meetings and other sales promotion activities.
4. Reasons for not achieving Rs. 10 crore sales that Mr. Kalra had envisaged in a year's time, an increase of nearly 30% growth over the previous year.

Mr. Kalra gave valid reasons for the deficit. He pointed out that two or three products which had picked up well suffered due to short supply.

Heated discussion followed and a disgusted Mr. Kalra told his Managing Director curtly, "I throught Neo Labs was a marketing organization but now I realize that it is still a trading house".

Mr. Ajit Khanna reviewed the whole situation once again. True, he realized that Mr. Kalra had done something to improve the image of the company but this was not enough. He tried to take an objective view but failed. All along, Mr. Khanna had the satisfaction of virtually running the organization but now he felt things were slipping. And things are no

better now, or probably worse. At the back of his mind was what one of his senior managers wrote to him, "NLPL will never be the same again unless you are back in your seat again".

Shortly Mr. Kalra received a letter from his Managing Director relieving him of his services together with a cheque for salary and allowances for three months as per the terms of employment.

QUESTIONS

1. What is your assessment of the situation?
2. How far was Mr. Khanna right in his attitude of promoting people only from within?
3. Given the fact that Mr. Kalra could not achieve the target set for himself, would you say that Mr. Khanna's management of men and matter is more effective than Mr. Kalra's in this case?
4. Was Mr. Khanna justified in sacking Mr. Kalra?

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The case has been appended from the book "The Proces of Management Edited by Dr M.L. Bhasin,. Published by Global Business Press, Abhinav Publishing Industries Delhi.

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