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# UNIT 11 MANAGING CHANGE

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## Objectives

After reading this Unit, you should be able to:

- Appreciate why all organisations must change
- Differentiate between individual change and organisational change
- Describe how an organisation grows
- Compare and contrast between degrees and nature of change
- Identify the major antecedent conditions for change
- Recognise the phases of any change process
- Outline different coping strategies for change
- Understand the process of resistance to change and means of overcoming resistance
- Devise an appropriate strategy to implement organisational change

## Structure

- 11.1 Introduction
- 11.2 Nature of Change
- 11.3 Antecedents of Organisational Change
- 11.4 The Process of Organisational Change
- 11.5 Coping Strategies for Change
- 11.6 Resistance to Change
- 11.7 Strategies of Implementing Change
- 11.8 Summary
- 11.9 Self-assessment Test
- 11.10 Key Words
- 11.11 Further Readings

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## 11.1 INTRODUCTION

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You are perhaps aware of the axiom that the only certainty in the world is that there will be change. "The old order changeth, yielding place to new." In this process of change, the Darwinian principles of adaptation and natural selection are as true for the corporate world as they are for the animate. If you compare closely, you will find that in many respects an organisation is akin to a living organism. Just as any living organism needs to keep harmony with the ever-changing environs for its survival, so does an organisation need to respond to changes in the market, governments, creditors, communities, even the weather. 'Survival of the fittest' is the unwritten but the radical rule of this game.

The environment which engulfs an organisation provides the resources and opportunities for the organisation's existence. At the same time, the environment itself imposes sanctions determining what an organisation can or cannot do. If an organisation is to survive, grow and remain prosperous, it must adapt to the demands of the environment. Since these demands are constantly changing, organisations must also change.

What are some of the changes which affected almost all organisations in the past few decades? A short list is given here, but you can lengthen it from your own observation of events:

- Technological innovations have multiplied; products and know-how are fast becoming obsolete
- Basic resources have progressively become more expensive
- Competition has sharply increased
- Communication and computers have reduced the time needed to make decisions
- Environmental and consumer interest-groups have become highly influential
- The drive for social equity has gained momentum
- The economic inter-dependence among countries has become more apparent.



These and scores of other changes compel an organisation to cope with the environment and become more adaptive. In fact, as a response to the change in the environment, the attributes of the organisations are changing. Examine some such continua of attributes towards which more dynamic organisations are shifting:

### Direction of Change

From	To
Formal	Informal
Structured	Less structured
Definite	Ambiguous
Deterministic	Probabilistic
Conservative	Opportunistic

What happens when organisations fail to adapt? The answer is unequivocal: They become extinct. But much before such a catastrophe, you can diagnose the syndromes of organisational maladjustment. Here is a list of some such syndromes whose half-serious names are trying to conceal the malady of maladjustment:

### Some Syndromes of Organisational Maladjustment

**Amoeba:** Lack of strong direction from top executives. Not enough structure, order or guidance leading to activity trap, i.e. doing things without knowing where one is heading to.

**Anarchy:** A situational upheaval where leadership, responsibilities, functions and resources are in dispute.

**Buggywhip:** Clinging to obsolete products, services and practices which no longer have potential for sustaining livelihood.

**Deadlock:** Stand off condition between management and leader of workforce leading to toxic antagonistic relations between the factions.

**Mom & Pop:** Small company managers can not/will not help the company grow past the awkward stage.

**Myopia:** No future orientation. Little thought to strategy, sense of direction and advance planning. Live day to day, week to week.

**Rat-race:** Toxic climate coming from oppressive, primitive, slave-driving policy.

**Remote Control:** Too much administrative or executive control from the parent body. Decision making autonomy is seriously impaired.

**Rigor Mortis:** Conditions of inertia and constricted activity prevail. Primary organisation value is structure and order.

This illustrative list of syndromes of organisational maladjustment is meant to draw your attention to the fact that failure to change at-an appropriate time typically results in some acute or chronic malaise for an organisation eventually forcing it to die. However, a diagnostic knowledge of when to initiate change and skills of managing change to a long way to prevent such disasters. This unit is designed to achieve such purposes.

### Activity A

Add a few more points to the list of some changes that have taken place during the last few decades. For this purpose, interview some senior persons and collect their views.

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In this section, we are going to focus on three frequently raised issues on the nature of change. First, can we bring change in an organisation by beginning to change at the individual level only? Second, does organisational change take place through a slow unfolding process or through cataclysmic events overturning **status quo** arrangements? Third, do we always have to comply to environmental changes, or can we also initiate change?

### Individual Change and Organisational Change

When the issue before you is management of change, it may be useful to note the difference between individual change and organisational change, although the two are interwoven. Individual change is behavioural-determined by individual characteristics of members such as knowledge, attitudes, beliefs, needs, expectations etc. It is possible to bring about a total change in an organisation by changing behaviours of individual members through participative-educative strategy. Of course, the degree of difficulty involved in the change and the time taken to change will be primarily dependent upon what exactly is your target of change. As Figure I shows, if your target of change is a person's **knowledge**, it would not be a very difficult and time-consuming endeavour. For example, let us assume that you did not know much about "management of change in an organisation". However, if you spend a couple of hours on this Unit, you will know several aspects of this topic.

Changing **attitudes** is usually considered more difficult and time taking when compared to changing knowledge. For some, organisational change is beneficial, but for others it is a threat, a signal of danger and a source of fear. Some view change as a vital life force. Others may perceive it as a disturbance to be avoided or borne with stolidity and patience. The 'attitudes toward change' are largely dependent on the context of the situation, the nature and the extent of change and the manner in which changes are initiated and executed, and these attitudes are more difficult to modify than the knowledge about the change.

Changing **individual behaviour** is a still more time-taking and difficult task. We often assume that having enough knowledge and a positive attitude towards something will naturally result in changing behaviour or modification towards that direction, but it does not necessarily happen. For example, we know that honesty is the best policy. We might have favourable attitudes towards people who are honest and dislike those who are dishonest, but in certain situations we still may act in a less honest manner. The linkage between attitude and behaviour is not so straight-forward and for this reason changing behaviour is more difficult than changing knowledge or attitudes.

You can possibly reason why changing the **behaviour of a group** is usually a more prolonged and harder task. Every group has its own dynamics of push and pull which attempts to neutralise the change in an individual and continuous efforts are expended to maintain 'norm'. Due to this group dynamics, individual member's "changed behaviour" may revert to earlier normative behaviour so that the **status quo** is maintained. However, due to the same reasons of a group's over-riding influence on individual members, sometimes it may be easier to tackle the group as a whole rather than trying to change a member's behaviour in an isolated manner.

Bringing total behavioural change in all the groups and members in an organisation usually entails the most difficult long-range effort. More often than not, it is a slow painful process to usher in a total cultural change in an organisation.

**Figure I: Time and Difficulty involved in Change**

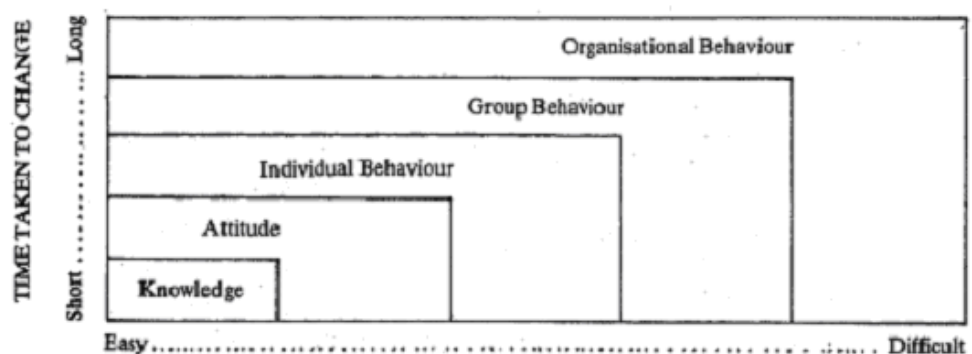




Figure I is only intended to highlight that it is possible, although difficult and prolonged, to bring about total behavioural change in an organisation starting with its individual members. However, this is not the only route. It is equally possible to influence and change the total organisation without focusing at the level of individual's change of knowledge, attitude and behaviour. Total organisational change can be brought about by modifying the organisation's structures, policies, procedures, techniques etc. These types of change alter prescribed relationships and roles assigned to members and eventually modify the individual member's behaviour and attitudes. Thus a focus of through attempts to change the structure, policies, procedures, techniques, personnel; or it can be both. As these two kinds of changes are interdependent, the complexity of managing change makes it necessary for you to understand both the behavioural and non-behavioural approaches to change.

### Evolutionary Change and Revolutionary Change

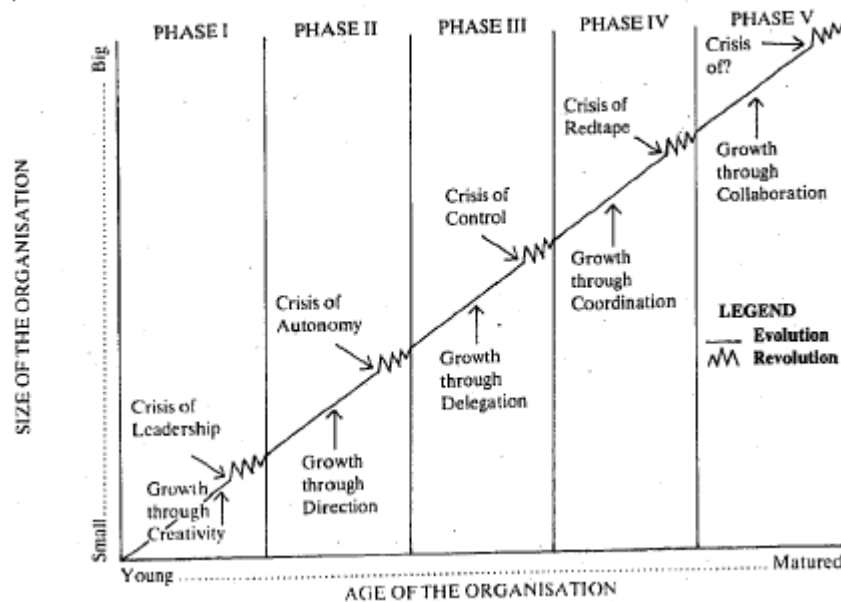
When you compare an organisation with any other open system organism, you can describe it in terms of its birth, growth, maturity, senility, decline, entropy or death. Any organisation, like any other organism, passes through these stages and in the process changes itself from one form to another form. But is this change smooth, gradual and evolutionary? Or violent, radical and revolutionary? Probably it is both. Times of tumultuous turbulence surface between the smooth periods of evolution. Look at the following exhibit on the stages of organisation's change and development. You will find that in each stage there are some critical concerns and key issues which must be addressed to and satisfactorily solved. The exhibit also shows the consequences if the concerns are not met with satisfaction.

Stages	Critical Concerns	Key Issues	Consequences if Concern is not met
Birth	1 To create a new organisation	What to risk	Frustration and inaction
	2 To survive as a viable system	What to sacrifice	Death of organisation or further subsidy by faith capital
Youth	3 To gain stability	How to organise	Reactive, crisis dominated organisation. Opportunistic rather than self-directing attitudes and policies.
	4 To gain reputation and develop pride	How to review and evaluate	Difficulty in attracting good personnel and clients. Inappropriate, overtly aggressive and distorted image.
Maturity	5 To Contribute to Society	Whether and how to share	Possible lack of public respect and appreciation, loss of profits.

In order to meet the critical concerns of each stage, organisations go through some rapid, visible, shake-ups of their structure, policies, procedures, techniques, personnel, etc. These changes in calmer moments of steady growth, may be viewed as revolutionary changes. You will be able to appreciate the difference between the two degrees of change through yet another model of organisation's growth given by Larry Greiner (1972). Greiner postulates that as an organisation grows from young to mature stage, tiny sized to giant size, it passes through five phases of evolution each of which ends with a period of crisis and revolution. Evolutionary periods are characterised by the dominant management styles used to achieve growth, while revolutionary periods are characterised by the dominant problems that must be solved before growth continues.



Figure II: Five phases of Organisational Growth



The first phase of a newly-born organisation is characterised by creating a viable product in a promising market. The founders, who are usually technically brilliant and entrepreneurially oriented, manage their endeavours themselves in an **ad hoc** manner with little respect to any formal system of communication and control. Their physical and mental energies are entirely absorbed in making and selling. But as the organisation starts growing from its tiny embryonic stage, many managerial problems crop up, forcing the founders to wonder as to who is going to lead the organisation out of confusion. By the end of the first phase, the crisis of leadership has emerged. The solution usually lies in locating and installing a strong business manager who is acceptable to the founders and who can pull the organisation together.

When leadership crisis forces the founders to relinquish some of their power to a professional manager, organisational growth is achieved by direction through systematisation of operating procedures. The manager is usually given a free hand and zealously accepts most of the responsibility for initiating direction. But the lower level supervisors are treated merely as functional specialists devoid of any decision-making authority. In course of growth for the organisation, the lower level managers demand more autonomy in decision-making and the stage is set for the crisis of autonomy to come to the fore. The second phase of the organisation's growth is capped by this turmoil for autonomy.

The crisis of autonomy is resolved through the delegation of authority which helps in gaining expansion through heightened motivation at lower rungs. But one serious problem that eventually evolves is the loss of top management control over highly diversified field of operations. The crisis of control emerges at the conclusion of phase three where field managers run their own shows without aligning plans, money, technology, or manpower with the rest of the organisation.

In order to achieve more efficient allocation of organisation's limited resources, an elaborate network of coordinating mechanisms is usually introduced at phase IV of the organisation's growth.

The organisation becomes typically much more formalised; rules, regulations and rigidities increase almost exponentially. For some time, the new systems prove useful for achieving growth through coordinated efforts. But soon procedure takes precedence over problem-solving, the chronic conflict between line and staff becomes acute. The organisation becomes too large and complex to be managed through formal programmes and rigid systems. Thus begins the crisis of reshape.

The fifth phase of an organisation's growth is characterised by strong inter-personal collaboration in order to overcome the crisis of redtape and the widespread conflicts between several subsystems. Developing the team becomes the theme, social control and self-discipline take over from formal control, more flexible and behavioural approaches are adopted to attack the problems of managing a large organisation. What



crisis do you anticipate at this phase of organisation's growth? Nobody seems to know the exact nature of this future shock, as no organisation has traversed so far. Larry Greiner, the author of this model, feels that some problems may emerge centering around the psychological saturation of employees who grow emotionally and physically exhausted by the intensity of teamwork and the heavy pressure for innovative solution. Do you agree with Greiner?

**Reactive and Proactive Changes**

Forces for change arise out of an organisation's interaction with elements in its external or internal environment. The action of competitors, suppliers, government units, or public groups may have substantial impacts on change. Social and cultural factors such as life styles, values or beliefs also lead to important changes. Forces of change may also arise from within an organisation depending upon different phases of growth or demands made by different interest groups.

Reactive changes occur when these forces make it necessary for a change to be implemented. It is passive compliance to the demands. Proactive change takes place when some forces to change lead an organisation to conclude that a particular change is desirable and goes about in initiating the change in a planned manner.

The difference between reactive and proactive changes corresponds, by way of analogy, to that between reflexive behaviour and purposive behaviour. An individual responds reflexively to a sudden intense light by eye-blinking or pupillary contraction. This is an immediate, automatic response without any thought. A purposive response to the same stimulus would mean devising a plan to shield the eyes or removing the. light. It would require coordination of central nervous system and psychomotor capacities.

Reactive change, like reflexive behaviour, involves a limited part of the system whereas proactive change and purposive behaviour coordinate the parts of the system as a whole. Also, reflexive behaviour and reactive changes share the characteristics of responding to immediate symptoms, while purposive behaviour and proactive change respond to underlying forces producing the symptoms.

In this Unit, you are going to be more concerned about the proactive changes than the reactive ones. Management of change requires foreseeing the need for change and going about it in a planned sequential manner.

**Activity E**

Collect examples which show that the knowledge changes do not necessarily lead to attitude changes, or attitude changes do not automatically lead to behaviour changes. Similarly, collect a few more examples where total organisational changes were brought about b modifying an organisation's structures, policies, procedures, techniques etc. rather than attempting to train individuals,

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**Activity F**

Try to know the history of an organisation's growth since its inception. Following Greiner's model, describe the organisation's process of growth and make a forecast about the nature of crisis the organisation is likely to face in the near future.

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## 11.3 ANTECEDENTS OF ORGANISATIONAL CHANGE

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You can well imagine that there must be many reasons for which organisations change. In this section we will discuss some such major antecedent conditions which serve as stimuli for changes to be undertaken in an organisation.

### Changing Forces in Internal and External Environment

An organisation changes its structure and practices as a result of the forces from internal origins as well as from external pressures arising in the environment.

There are two primary aspects of organisational structure-differentiation and integration. **Differentiation** is the division of the organisation into subsystems, e.g. research, sales, production etc. Each differentiated subsystem develops particular attributes in responding to the requirements posed by its relevant external environment. However, differentiation requires the **integration** of these subsystems to achieve unity of effort and the accomplishment of the organisation's goals.

The more turbulent environment would be associated with a higher degree of differentiation among the organisation's sub-parts and also a correspondingly high degree of integrative effort. Similarly, an organisation faced with a stable environment would have less differentiated subsystems and require fewer integrative procedures. The success of an organisation depends upon an appropriate amount of differentiation to cope with the environment and also the right amount of integrative or coordinating effort. Researches by Lawrence and Lorsch (1967) provide evidence for such a generalisation. For example, in the plastics industry, facing a turbulent environment of rapid change in technology and unpredictable customer demand, the high-performing organisations had the greatest differentiation and integration. In the standardised container industry, facing a stable environment of unchanging technology and steady demand, the highest performing organisations had the least differentiation and consequently the least need for integration.

So, you can see that, depending upon the kind of environment an organisation is placed in, the organisation has to change its structure. Of course, a certain amount of organisational change may occur almost entirely from internal origins. For example, someone may decide that a particular department is so big, and unwieldy that it should be split into two separate units. Internal change may also occur in furtherance of individual or group strategies for self-enhancement or the aggrandizement of power. For example, a new unit may be established to provide a job for a favoured relative or to shelve an incompetent, obsolescent but undischageable manager. But most internal origins of change are in part self-generated, and in part represent response to external pressures perceived by the members of an organisation. For example, a number of companies have set up departments designed to cope with problems of consumer complaints.

In the beginning of the unit, we have outlined some changes which have taken place in the last few decades. They represent the external environment forces which influence organisations. Organisations face the need for both to **adapt** internally to external forces and to **initiate** changes in the external environment. These needs explain, for example, why companies engage in lobbying for legislation they favour (external influence, proactive change), but comply when laws not favoured are passed (internal adaptation, reactive change).

### Growth and Decay

You have seen that an organisation's growth presents many problems and opportunities for change. Decay too poses change problems. It leads to defensive, restorative changes aimed at survival and the eventual resumption of growth.

When growth occurs through internal vigour of pro' 'act lines, services or market penetration, change is gradual. Change is more extensive when growth occurs from mergers, acquisitions or exceptionally rapid success of organisational activities.

Mergers and acquisitions are undertaken for many reasons such as consolidating or increasing capital, pooling management talent using facilities more efficiently, increasing production and marketing capacity and achieving vertical integration.





Changes due to merger and acquisition lead to substantial impacts on people. There is high potential for generating feelings of anxiety, fear of insecurity among all organisational members from top echelons to rank-and-file workers. Sometimes, these anxieties, if not properly handled, turn into hostility towards the organisation.

### **New Personnel**

Some change is inevitable because of internal factors such as death, retirement, transfer, promotion, discharge, or resignation and constantly changing elements in the external environment. No two managers, you will agree, have the same styles, skills, or managerial philosophies, or the same personal needs. Managerial behaviour is always selective, so that a newly appointed manager may favour different organisational designs, objectives, tasks, procedures and policies than a predecessor. The new executive will not be exactly like the previous one, nor even like those already present. In matters of intelligence, personality and temperament the new manager may be quite different and still possess the "qualifications for the position".

One of the most frequent reasons for major changes in company structure is a change of executives at the top. They usually begin by examining the structure below them to see if it corresponds to their ideas of what will be needed to do their job effectively. Upon taking over a position at the top, a new manager may make sweeping changes. Moreover, some who opposed the appointment are likely to resign. The filling of these top vacancies, particularly where the new person comes in from outside, presents a strategic opportunity for a re-examination of the entire structure.

### **Change Agents**

Change Agent is the technical term for an organisational member whose role involves the strategies and procedures for bringing about change. Any individual can be a change agent at one time or another, but many people have positions, tasks, or formal roles in which their main assignments involve dealing with change. A change agent's formal role is primarily to plan and initiate changes rather than to implement them. Change agents serve as catalysts, interpreters, and synthesists. They often work quietly behind the scenes to promote change.

An interesting kind of change agent is often referred to as "The Young Turk". Young Turks are new, usually young employees, eager and ambitious, full of ideas for improvement, and willing to be a bit pushy, and obnoxious, or at least persistent, in trying their ideas. Organisations sensing the need for change often deliberately appoint Young Turks to challenge the **status quo**. They are not always popular with colleagues or even their bosses. The best of the Young Turks are those who have real talent combined with a measure of tact and patience. Do you think Young Turks are 'a good idea' for initiating organisational change?

### **Barometers of Declining Effectiveness**

Organisations have a number of ways of "taking their pulse" by looking at indicators from their own information systems. A business firm monitors data on sales, absenteeism, turnover, scrap rates, manufacturing costs and numerous ratios of financial measures. Some firms also conduct regular opinion surveys of their work force. Others have systematic methods of obtaining feedback from customers.

In response to the information obtained through the above methods, the organisations make the required changes in organisation to maintain the desired level of efficiency.

### **Change in Corporate Strategy**

An organisation may undertake comprehensive changes even when no indicators would suggest immediate problems in its performance. However, current and past performance have been based on conditions that organisation officials believe to be changing. Forecasts of long run trend may prompt a decisions to enter new markets, to pursue a strategy of growth, to become less dependent on government, to switch from a centralised to a decentralised structure, or to adopt new technologies. All these strategic decisions have implications for changing the behaviour of people in their organisation. Nothing less than a 'new order' is required to put such strategies into operational effect.



## Crises

Not infrequently, the occasion for organisational change is an unforeseen crisis which makes continuation of the **status quo** unthinkable. The sudden death of a Chief Executive Officer, the resignation of key members of a top management team, a strike by a critically important group of specialised workers, loss of major client or suppliers on whom the company has been dependent, a drastic cutback in budget, even spontaneous civil disturbances directed against an organisation force a reorientation of the corporate posture and initiate a total revamping of policy, practice and behaviour. Crises create an unstable condition which is likely to become the stimulus for a thorough-going self-assessment and reform.

## Personal Goals

Leaders, interest groups and coalitions have their own goals: to see the company become more aggressive, to shape the organisation around some distinctive theme, to cast a particular corporate image, to further some ideology or philosophy. Seldom are these goals stated in precisely those forms, at least for the record or for public consumption. More frequently, they are clothed in rationalisations about their presumed effect on profit and service.

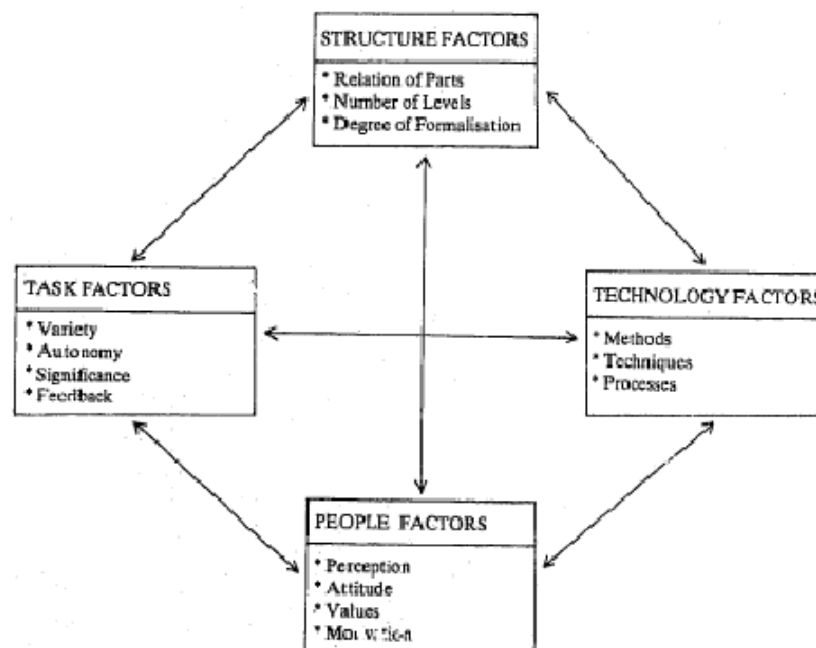
## The Domino Effect

The last main source of change is change itself. There is often a domino effect in which one change touches off a sequence of related and supporting changes, e.g., creating a new department may cause the creation of a new managerial or non-managerial positions or change in assignments within other departments, budgeting reallocations and office space. Other departments may need to realign their missions, structure, tasks and staffing.

It is quite common for people to fail to consider the domino effect. Such an oversight leads to problems of coordination and control, and necessitates effective planning processes that limit the tendency of individual units to change only in accordance with their own needs. Before any significant change is made, its possible consequences must be examined to see whether an undesired chain reaction will occur.

To appreciate the complexity of the interdependence or domino effect of change, you need to consider more closely what is included in the work environment. Actually, in an organisational change, four factors are involved: task, people, technology and structure. These factors are interrelated and interdependent, a change in one produces alterations in one or more of the other work environment factors (See Figure III).

Figure III: Work Environment Factors in Organisation Change





**Task** refers to the job, which can vary in several ways or dimensions such as variety, autonomy, task identity, feedback, and significance. **People** includes individuals who perform or fill various jobs within the organisation. Individuals vary in their attitudes, motivations and values which influence their perception and evaluation of change. This can complicate the implementation of change. **Technology** includes those methods, techniques, and processes that collectively convert inputs of the organisation into its outputs. Finally, the structure embraces the job responsibilities and relationships of organisational members. Structure is reflected in the number of hierarchical levels, span of control (number of persons supervised), and the way in which parts are organised and related to one another. Communication, decision, and power systems are significantly influenced by such structural arrangements.

Organisational changes can be introduced through the alteration of any one of these four variables or a combination of these factors. One of the pitfalls of organisational change is focusing upon one of the change factors and failing to gauge its impact upon other factors, as they are related.

**Activity G**

Collect a case of organisational change. Identify the internal and external forces which prompted the change.

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**Activity H**

Mergers and acquisitions often take place in the Indian corporate scene. When such attempts are made by big industrial houses, they make news for the public as well. Stories are published in business magazines. Get hold of such a story and analyse the before-merger and after-merger scenes.

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**Activity I**

Get to know a case of corporate succession at the top (change of Chairman, MD, President etc.). Collect evidence of impact of such change of executives at the top. Compare this chain of events with the description given in Subsection : New Personnel.

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**Activity J**

Business Management Graduates (MBAs) are often hired by some companies to act as the "Young Turks". Familiarise yourself with such a company or with a person whose explicit role is to act as a change agent. Learn a little more about the change-process from their experience as recounted to you.

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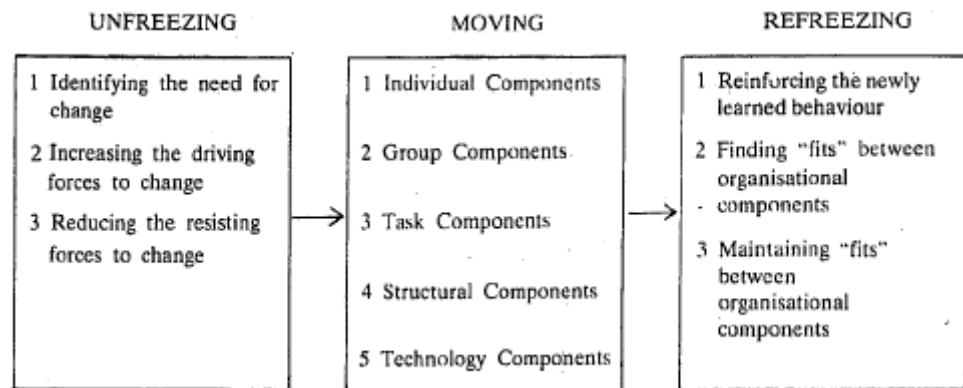


## 11.4 THE PROCESS OF ORGANISATIONAL CHANGE

People change their knowledge, attitude and behaviour when they become dissatisfied with **status quo** or when there is a more desirable substitute. A successful change involves (1) recognising the need for it. (2) learning a new behaviour or substitute and, (3) feeling comfortable with the "new situation".

This change process was best described by Kurt Lewin when he described the three stages of change-Unfreezing, Moving and Refreezing (See Figure IV).

**Figure IV: Change Process**



The three stages of changes will be described shortly, but before you proceed to look into the phases, you need to become familiar with three more terms which Kurt Lewin gave us to understand the process of change. These are the concepts of quasi-static **equilibrium**, **driving forces** and **restraining forces**. At any given point of time, any pattern of behaviour is a result of equilibrium between two sets of forces-driving and resisting. The "Present" position is achieved because the strength of driving forces and resisting forces is equal. If you have to change the present position, you have to shift the equilibrium (which is not quite stationary, i.e. quasi-static") by any of the following means: increasing the driving force, reducing the resisting forces or by converting a resisting force into a driving force. After you have disturbed the present state of equilibrium by any one or a combination of the above mentioned means, a new state of equilibrium will be achieved. This state will remain for some time as "after-change phenomena as long as nobody disturbs the new found equilibrium. A clear analysis of what are the driving ("Push forward") or resisting ("Pull backward") forces will help you manage a change better.

### Unfreezing

As a practical matter, change does not occur in a vacuum of no prior perspective. To the extent the new is different from the old and the old had value to the individuals, the old patterns of perspective implies a questioning and doubting of existing assumptions and feelings. For most change which is significant, the unfreezing requires a loosening of emotional as well as intellectual forces. Unfreezing involves the following steps:

#### Recognising the Driving Forces

Recognising major changes in the environment and problems within the organisation is the first step toward organisational change. Institute managers may recognise these pressures for change and take corrective action. In many organisations, however, the need for change may go unnoticed until a major problem strikes. and, it may be too

late to solve it. It is important for people like you to develop keen sensitivity towards the external as well as internal environment.

#### Increasing the Driving Forces

Once the need for change is identified, it has to be communicated to people who will be involved in the changing process. As noted earlier, if members know why the change is needed, they are more likely to adopt it. You can employ the following strategies to increase the - acceptance of a change.



- 1 Express the need for change  
People who will be affected by the change have to see why the change is needed. If they do not, they will hesitate to cooperate in the change process.
- 2 Communicate the potential benefit  
People have a tendency to ask, "what's in it for me?" Unless they feel that the change will benefit them or that failure to change will hurt them substantially, they are less likely to cooperate. If no benefits can be identified, the costs of not changing must at least be understood.
- 3 Protect the interest of concerned people  
People fear change because it may cause them to lose their jobs, income or status. Assurances of job security, income protection and maintenance of status can increase the acceptance of change.
- 4 Get people involved in the process  
Participation can help people accept change. Some individuals have a positive outlook on change and when they participate, the progress of change is facilitated.
- 5 Communicate the progress of change  
In order to minimise fear of the unknown, the content and progress of change must be communicated to employees. It is often difficult to know all the potential consequences and influences of a given change, but, by keeping employees informed of its progress, management can at least maintain a climate of trust.
- 6 Use a respected change agent  
The credibility and power of the change agent can facilitate the process of change. The change agent must be familiar with the technical and behavioural aspects of a given change and must be someone with an influence on organisational functioning.
- 7 Reinforce earlier changes  
When an organisation undertakes a large scale change involving a series of continual modification, it is important for people to see that earlier changes have been successful.

### **Managing the Resisting Forces**

Most of the strategies designed to increase the driving forces are equally applicable for reducing resisting forces to change. People resist change because they perceive that it ' can be harmful to them; thus, it is essential that they be made aware of its need and benefit. Understanding the reason why people resist change can help you formulate a plan to reduce the resistance.

### **Moving**

In the moving or changing phase the individual is ready for new behaviour and a change in perspective. It is important that he or she have an opportunity to build by experimentation new patterns of behaviour and new assumptions, perceptions and feelings.

It is a time of trial and error learning, characterised by ambiguity and tentativeness. The phase is typically one of careful guidance by an authority, of learning the pieces of a new pattern of behaviour before the whole can be conceived. Moving or change involves changing the organisational components. Traditionally, organisational change was thought to mean modifying only one subsystem of an organisation. For example if there was a change in technology, modifying a task was thought to be sufficient. In recent years, however, more attention has been paid to larger-scale organisational changes involving several organisational components. This approach is based on the view that an organisation is composed of four major components-task, structure, technology and people and that a change in any one of them requires changing the others. You are already familiar about this interdependence which was ' discussed in the earlier section on Domino Effect.

### **Refreezing**

The final phase involves the establishment of a new perspective compatible with and leading to the new desirable behaviour. In effect, the new part of one's total perspective is now established and integrated so that it fits the whole. This makes it



possible for the new behaviour to be accomplished as a matter of course. This is the period in which the individual or group begins to enjoy the rewards for the new behaviour, either extrinsically in the form of social approval, monetary reward and the like or intrinsically in the form of ego satisfaction, sense of mastery and self-fulfillment.

In order to continuously reinforce the newly acquired behaviour, the organisation needs to maintain the organisational fit among various components that are supportive of such behaviour. Without such organisational compatibility, the organisation will encounter instability. Since the new found behaviour cannot be adequately reinforced in an unstable organisational climate, it may soon be discontinued.

Unsuccessful efforts to induce significant and lasting change in organisational behaviour can generally be traced to failure in one of the three stages described above. Either they fail to alter in any significant fashion the forces maintaining old behaviour; or they fail to offer a clear, satisfying alternative; or they fail to "stamp in" the new behaviour. Remember, however, that an organisation operating in a complete dynamic environment may not be able to maintain a level of organisational fits for long. Since both internal and external components change constantly, organisational fits cannot exist at one level for a long time. Under this environment you need to search for organisational fits at different levels. For you the task of performing organisational change becomes a continuous process, finding a moving equilibrium.

Based on this understanding of the three basic phases of any change process now you should be able to appreciate the dynamics of successful organisation change. The success stories of change have taught us that the organisational changes are typically initiated at the top management level after they are aroused to take action for "setting things right". They might feel alarmed by a number of distressing symptoms but may not have clear idea about what the specific problems are. They might still hold on to their present understanding of the perspective and might engage in reflexive behaviour. A lot of unfreezing interventions are required at top to facilitate their diagnosis of problem areas and recognition of specific problems. Only when the perspective is redrawn with the help of hard data, attempts are made to invent new tentative solutions and commitments are generated to implement the same This is the typical trial-and-error changing process where experimentations with new solutions and search for results continues. Only when enough reinforcements are received from positive results, are the new practices accepted and a change stabilised.

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**Activity K**

Successful unfreezing often requires something like "shock treatment" where old ways of coping prove ineffectual. Alternatively there must be serious unambiguous disconfirming feedback about the efficiency of current behaviour. Recall any personal incident which helped you to unfreeze and question your previously held assumptions. Compare your personal experience with the unfreezing process described in this section.

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**Activity L**

In your previous activities, you might have collected a case of successful organisation change. Analyse the case in step-by-step model of dynamics of change phases. Compare the model with your realistic case and comment to what extent the model is confirmed or disconfirmed.

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## 11.5 COPING STRATEGIES FOR CHANGE

Organisations depend on the environment for their survival. So they need to manage their external dependence and protect their core technology from disruptive external influences.

Every organisation develops its own technology whereby inputs are subjected to people and/or machine processes and subsequently become the outputs for the organisation. Before resorting to any change in core technology, all organisations attempt to protect it. You as a manager can attempt to protect the core technology of your organisation by several methods. You may seek to **buffer** environmental changes on both the input and output side of your organisation's operations. Buffering on the 'input side may be achieved by stockpiling materials acquired in an irregular market and their steady utilisation in the production process. You may buffer on the output side by maintaining warehouse or distribution inventories. You may **anticipate** change in the demands of the products and services of your organisation and subsequently modify production schedule on the basis of new forecasts. When such anticipation or modification is not possible you can attempt to level the demand fluctuations through levelling techniques like offering inducements in the form of special sales in slow periods.

The more the organisation is dependent on external environment, the more vulnerable it is. There are again three ways in which organisations can manage their external dependence: Adaptation, Avoidance and Control.

### Adapting to External Changes

The adaptive strategy takes the marketing approach to environmental demands. It usually starts with an assessment of the needs of the market place and then produces goods and services to meet these. As discussed by Schein (1965), the strategy involves the following sequence of activities in the adaptive-coping cycle:

- 1 Sensing a change in the internal or external environment;
- 2 Importing the relevant information about the change into those parts of the organisation that can act on it;
- 3 Changing activities inside the organisation according to the information obtained;
- 4 Stabilising internal changes while reducing or managing undesired by-products;
- 5 Exploring new products, services, or methods that are more in line with the originally perceived changes in the environment; and
- 6 Obtaining feedback on the success of the change through further sensing of the state of the external environment and the degree of integration of the internal environment.

From these stages of the cycle, Schein indicates four conditions for successful coping, conditions that are very similar to the ultimate criteria of organisational health (1) ability to take in and communicate information reliably and validly; (2) internal flexibility and creativity to make the changes that are demanded by the information obtained; (3) integration and commitment to the goals of the organisation, from which comes the willingness to change; and (4) an internal climate of support and freedom from threat.

### Avoiding External Dependence

An organisation can reduce external dependence in a number of ways:

#### a) Finding an environmental niche

This can be done by selecting specific environmental domains with little or no competition, no restrictive regulations, but plenty of suppliers and customers. Indeed, this is too ideal to be realistic, but some innovative companies keep other organisations out of competition and maintain monopolistic positions in the market.

#### b) Reducing dependence through diversification

To the extent that an organisation depends on a limited number of outsiders for its needed resources and outputs, the degree of its dependence on them increases. The organisation can reduce this dependence through diversification. The organisations



may cultivate alternate sources of suppliers or acquire new sources of supply and distribution or expand its product lines for this purpose.

**c) Developing mutual dependence**

When people or organisations depend on each other for survival or for positive exchange relationships, one party may not take an arbitrary action against the other because of fears of repercussions. However when one party is more dependent on the other, an imbalance in their exchange relationship is created. This stronger party can take an action against the dependent one without being challenged. In order to avoid such one-sided dependence, the dependent party may have to diversify its dependence or increase the other party's dependence on it. Such a necessity for mutual dependence is vividly demonstrated in international power politics.

**Controlling Environmental Forces**

Organisations can reduce their external dependence by controlling the forces in the environment that, in turn, control their behaviours. These forces may include competitors, suppliers, customers, legislative bodies and unions. Many tactics can be employed, of which some are:

- a) Create **an** organisational structure with a large number of boundary spanners, who interact with the environmental forces. Creating a public relations department or project group is an example.
- b) Appoint individuals from external elements who can establish personal linkages to those who control the environment; for example companies that rely on defence contracts may appoint ex-service officers to provide such personal linkages.
- c) Create or participate in trade associations. They reduce competition among their members and allow them to control their environments jointly. Many professional organisations protect their members' interests through such organised effort.
- d) Lobby the legislative and regulatory agencies to create favourable environments for an industry or organisation. This is the reason why an army of lobbyists operates in Delhi and in state capitals.

Other devices can be used to control the environment as well. These include such tactics as price fixing, forcing out competitors, false advertising and bribes. However, these methods are mostly illegal or against contemporary social norms and values. For this reason, not many respectable organisations use such tactics explicitly or extensively.

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## **11.6 RESISTANCE TO CHANGE**

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From its inception, the study of organisational change has noted the fact that many participants respond with dogged resistance to altering the **status quo**. Since the industrial revolution began, workers have at times sought, occasionally in extremely violent fashion, to block the introduction of new technology. Supervisors and lower level managers have balked at large scale projects in job redesign and job enrichment; even low level employees, the presumed beneficiaries of such projects, have fought such changes. Divisional managers have fought pitched battles against realignment of corporate structure. Even the proposal by a course coordinator to adopt a different text book is capable of touching, off a frenzy of defensive tactics to resist change.

Such behaviour may be either overt or covert. Overt resistance may take the form of employees deliberately failing to do the things necessary for successful change or simply being unenthusiastic about the change. The absence of overt resistance does not mean that resistance is not present, as resistance may be hidden from direct observation. Covert resistance can be more detrimental to change than open resistance because it is harder to identify and eliminate.

Watson (1966) has suggested that there are at least two sets of factors which explain the process of resistance. One set relates to the personality and the other relates to the social system.

In case of the personality related factors one can include the following:





**Homoeostasis** or the tendency of the organisation to maintain an equilibrium. Because of this tendency all change related phenomena are resisted.

**Habit** : Since change entails a conflict with established habits, it tends to be resisted.

**Primacy**: The way in which a situation is first encountered and the difficulties are overcome tends to be firmly established. This becomes an established behaviour tendency.

**Selective perception and retention** : Human beings have a tendency to perceive and retain those aspects of their environment which are cognitively consonant. An individual does not like to read or hear views which contradict his own opinions. Many a good idea 'is rejected as a theory which would not work in the practical situation.

**Dependence**: Since childhood an individual learns to be dependent on adults, or on others for comfort and security. This tendency does not allow him to take the initiative and accept innovation and change.

**Super ego**: This represents individual moral codes of ethics that decide the 'dos' and don'ts of society. It provides an internalised code of control which may induce a high sense of conformity.

**Self-distrust** : Due to the various super ego pressures a sense of self-distrust may sometimes be developed. The puritanical views may ultimately create a sense of self-distrust and to be 'good' is to accept the status **quo ante**.

**Insecurity and regression** : It is almost a universal human tendency to seek refuge in the past when the going gets rough. The frustration-regression sequence hampers the acceptance of change when the change is needed most.

In case of the causes of resistance to change in social system, the following factors have been identified:

**Conformity to norms**: The norms in a social system are similar to habits in the individual. They indicate the expected ways of behaving. These include time schedules, modes of dress, forms of address to colleagues and indications of company loyalty etc.

**Systemic and cultural coherence** : Generally a social system is made up of several component elements. When the system needs to be changed, relationships between elements have to be altered. Since changes in a diode or triode may unleash a series of changes elsewhere in two systems. the resistance may come about from the other elements.

**Vested interests** : In the social system, it is not uncommon to observe the resistance emanating from individuals whose economic or prestige interests are at stake.

**The sacrosanct** : Certain beliefs and ideals are held sacred by the members of an organisation or a social system. Changes relating to these ideals are resisted the most. Cultural taboos represent a special class of events which are prescribed for members and serve the same function as "super ego".

**Rejection of "Outsiders"** : It is customary to suspect and show hostility to outsiders or "the others". In scientific researches also it has been observed that certain projects are not acceptable if they are perceived as sponsored by outside agencies and not evolved from within.

To conceptualise resistance to change as a rational response to the threat of losing security, status, autonomy, and investment in the **status quo** leads naturally to the consideration of organisational change as a political process. Individuals, interest groups, and coalitions favouring change presumably stand to gain either because of their identification with measures that render the organisation more effective, or because they derive personal gain through greater status, perquisites, prestige, autonomy and the like. Since some people stand to lose, or at least believe that to be the case, they will defend the **status quo**. What strategies and tactics will unfold?

Both sides will seek early on to appeal to the uncommitted-those who have no strong feelings for or against the change, either because they may be largely unaffected or because they cannot decide whether the outcomes to them are, on balance, positive or negative. Appeals to this group may take the forms of lobbying, distortion, propaganda, persuasion, cashing in credits from old favours, implied threats, appeals to loyal and friendship, or mixtures of all of the above.



You will usually find that winning over the uncommitted is a necessary but not sufficient condition for actually ushering in a change programme. Frequently the resisters, even if a small minority, will include in their ranks critically placed individuals or groups who, even if not able to block change, have the potential for sabotaging it when put into operation. Successfully implemented change requires some means of **coopting** these groups. This usually necessitates substantial modifications of the originally proposed programme.

One means of accommodating resisters is to invite their **participation** in the planning, design and process of carrying out programmes. Numerous experiments and experiences demonstrate that when members are allowed participation in planning the installation of new production methods, they show less resistance to learning and adopting new methods. Participative forums give affected parties a sense of ego-identification with the proposed changes leading to a commitment to see the change effectively implemented. It also provides sufficient exposure to information about the nature and consequences of the change so that the anxiety out of uncertainty is reduced.

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## 11.7 STRATEGIES OF IMPLEMENTING CHANGE

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Ask any experienced manager how organisational change should be implemented and likely to get an earful. Most managers who have been responsible for implementation have developed personal perspective consisting of assumption and ,g feelings about how change should be introduced. These philosophies fall into camps,-either "tops-down" or "bottoms-up".

### The Tops-down Strategy

The advocates of this strategy believe that, in general, people resist changes and require direction and structure for their well being as well as to work efficiently and effectively. The basic psychological contract between employees and management, it is assumed, is one in which the employee provides work, effort and commitment and expects in return pay, benefits, and a clear definition of what is expected to be done. It follows that it is the management's responsibility to design the changes it deems appropriate and to implement these thoroughly but quickly by directives from the top.

### The Bottoms-up Strategy

The advocates of this approach profess what to them is a more enlightened view of human nature. They argue that people welcome change and the opportunity to contribute to their own productivity, especially if the change gives, them more variety in their work and more autonomy. These managers assume people have a psychological contract which includes an expectation that they be involved in designing change as well as in implementing it. Commitment to change, they say, follows from involvement in the total change process and is essential to successful implementation.

Which is more correct? Is the question of correctness the right question to ask? What is your philosophy of change?

If your answer to the question was, in effect, "the correct strategy of change depends on the circumstances", you are in agreement with the currently very popular contingency school.

### Contingency Approach

According to the contingency school, the choice of an appropriate strategy and the implementation diagnosis consists of **assessing** eight independent variables or factors in the organisations. These are shown in the upper part of Figure V, where each variable is given a continuum of potential values. Based on the diagnosis which evolves, the basic implementation strategy will consist of selecting values along the continua for the three dependent variables as shown at the bottom of Figure V.





### Activity N

Collect a case where implementation of a change programme met with so much resistance that the attempt had to be given up. Make a post mortem analysis of the failure by commenting on the factors behind resistance, process of change and strategy of implementation. Had you been in charge of the implementation, what else would you have done?

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### Final Activity

Go back to the learning objectives of this Unit and Check for yourself how many of these objectives you have attained.

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## 11.8 SUMMARY

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We have discussed about the nature of change: individual and organisational; evolutionary and revolutionary; and, reactive and proactive. Several forces influence changes in internal and external environment of organisations. These changes in turn influence the effectiveness of organisations and require a change in corporate strategy. The process of organisational change involves three **stages-unfreezing, moving and refreezing**. Understanding these three basic phases is necessary to cope with change and manage the external dependence of organisations through **adaptation, avoidance and control**.

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## 11.9 SELF-STUDY EXERCISES/QUESTIONS

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- 1 What are the major forces for change that confront organisation?
- 2 Discuss the process of organisation change and the strategies to cope with it.
- 3 Distinguish between:
  - a) Individual change and organisational change
  - b) Evolutionary change and revolutionary change
  - c) Reactive and proactive change

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## 11.10 KEY WORDS

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**Adaptive-coping Cycle:** The attributes of an organisation change in order to help it cope with changes in the environment.

**Amoeba Syndrome:** Lack of strong direction from top executives, not enough structure, order or guidance leading to activity trap. Doing things without knowing where one is leading.

**Anarchy Syndrome:** A situational upheaval where leadership responsibilities, functions and resources are in dispute.



**Bottoms-up Strategy:** A change implementation strategy which assumes that employees welcome change and should be involved in imitation of change.

**Buggywhip Syndrome:** Clinging to obsolete products, services and practices which no longer have potential for sustaining its livelihood.

**Change Agents:** Members of an organisation whose role involves strategies and procedures for inducing change in the organisation.

**Deadlock Syndrome:** Stand off condition between management and leader of work' force leading to antagonistic relation between the factions.

**Diagnostic Variables:** Are the eight independent factors which need to be assessed before the strategy for implementing change is decided upon.

**Differentiation:** Division of the organisation into specialised subsystems to cope with various demands imposed upon by the environment.

**Domino Effect:** A situation where one change sets off other changes in an organisation owing to interdependence of various subsystems.

**Driving Forces:** These are pressures or the needs for change which demand corrective action, which must be perceived by every manager.

**Evolutionary Change:** In course of time, every organisation exhibits change which is slow, smooth and gradual from birth to maturity to decline and may be even death.

**Growth Phases:** An organisation, like a living organism passes through various stages of growth such as birth, maturity, decline and death.

**Integration:** Refers to the unity of purpose and commonality of wider goals that holds the diverse and specialised subsystems of an organisation together.

**Moving Phase:** This phase involves actual change in the various components, for subsystems of an organisation.

**Mom and Pop Syndrome:** Small company managers can not/will not help the company grow past the awkward stage.

**Myopia Syndrome:** No future orientation, little thought to strategy, sense of direction and advance planning.

**Proactive Change:** Change that anticipates a desired state of affairs. It contrasts with reactive change as purposive behaviour contrasts with reflexive behaviour.

**Purposive Response:** It is a response to a stimulus that involves planning and coordination of effort with respect to the goal in mind.

**Rat-race Syndrome:** Toxic climate coming from oppressive, primitive, slave driving policy.

**Reactive Change:** Change that is initiated in response to needs as force generated by the organisation's interaction with the environment.

**Reflexive Response:** it is the immediate, spontaneous, automatic and unthinking reaction to a stimulus.

**Refreezing Phase:** It involves reinforcing newly generated changes through a process of countering instability and ensuring compatibility between various subsystems.

**Remote Control Syndrome:** Too much administrative or executive control from the parent body. Decision-making autonomy is seriously impaired.

**Resisting Forces:** Personality and social system related factors that generate responses which tend to check onset of change.

**Revolutionary Change:** Every now and then, there emerges a crisis situation in an organisation, which necessitates a rapid, visible, radical shake up in its structure, policies, procedures or personnel.

**Rigor Mortis Syndrome:** Conditions of inertia and constricted activity prevail. Primary organisation value is structure and order.

**Tops-down Strategy:** A change implementation strategy that believes in change coming by way of directives from top management as being entirely appropriate.

**Unfreezing Phase:** This initiates the change process. It leads to recognising the need for change after having questioned existing value suppositions.

**Young Turk:** Is a type of change agent who is young, dynamic, pushy, persistent and ambitious. His new ideas tend to challenge **status quo**.



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## 11.11 FURTHER READINGS

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