

Soft Skills Development
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Lecture – 25
Change Tolerance

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Change Management

Objectives:
What is change management?
Change and resistance to change
Change models
Strategic change



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Friends, in this session, we will be discussing about change management. And in that case, we will be discussing, what is change management, change and resistance to change, and the change models, and how you go about making changes.

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What is Change Management?

- “.....the only constant is change; change is inevitable”
- Organizational strategic changes are transitions or modifications from an existing state to a desired state for attaining efficiency and effectiveness.
- new machines for production, new product development, the process change, vision realization, plant modernization, strategy planning
- Major alternations in terms of process change, people change, structure change, culture change.
- Competitive advantage
- 70% of change fail, continuous change—(1) incremental and (2) radical change, **fit-for-one** rather than fit-for-all
- Change management is a systematic approach to deal with change both from the perspective of an organization and the individual/employee.

And the only constant in this world change in change is inevitable. Whether it is individual or the community or the organization, if you do not change, others will change and they will march ahead of us that is why change will constantly occur and we as individuals, communities or in organizations, we have to adopt to the changes. Otherwise, our business will not be competitive in the organization. And this change within the past slide we have seen organizational strategic changes are transitions or modifications from existing state to a desired state for attaining efficiency and effectiveness. It may be new machines for production, or it may be a new product development, or it may process change how the work is carried out or it may be vision realization or plant automation and so on.

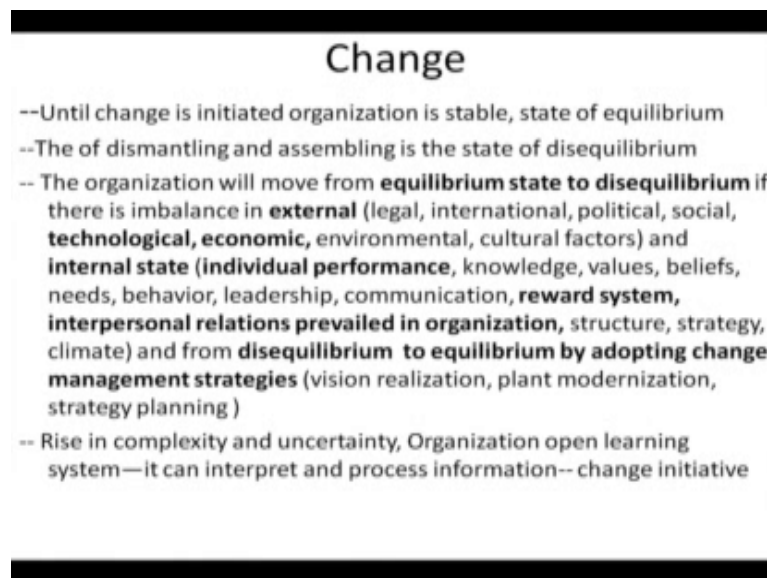
And the major alternations in the change process occurs leads to major alternations lead to people change, organizational structure change and culture change. And by change, the organization gets the competitive advantage, when it compared itself with similar types of industries, those were not adopted the change. It the evident shows that seventy percent of the change throughout the globe fails, but still people are continuously eager for making change, because without change the society, individual and organization will be static. And these changes are of two types; one is the incremental change, another is the radical change or the transformational change. And the change when we speak of it should be a fit-for-one rather than fit-for-all. And change management is a process,

which needs to be looked into from the perspective of employees as well as from the perspective of the organization.

Say for example, in 2005, IIT Kharagpur implemented ERP. Before to that, there is a series of meetings with the administrative staffs, with the faculty members of the institute, with the student representatives, so there was a series of meetings, because there was a concern among the people that with the job which you are doing manually earlier. That will ERP or Enterprise Resource Planning is implemented many people fear that their jobs will be scrapped. Many apprehension was there anxiety tension was there, how their job is to be done. Therefore, preference stage in change management is most important for making a change; otherwise employee will not accept the change. And now today if you see, beginning from the payment of fee of the students to class allocation and work load of the teachers to administration of everything is managed to one year in IIT Kharagpur.

And every time a new model is introduced, when ERP was first introduced that was a radical change recently, there was a module processing of research scholar events, research events that was added that is a incremental change to that. Similarly, in organization, sometime or rather every occasion incremental changes occurs, but a radical change which is a new change, it is much more difficult and integrate to implement.

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Change

- Until change is initiated organization is stable, state of equilibrium
- The of dismantling and assembling is the state of disequilibrium
- The organization will move from **equilibrium state to disequilibrium** if there is imbalance in **external** (legal, international, political, social, **technological, economic**, environmental, cultural factors) and **internal state** (**individual performance**, knowledge, values, beliefs, needs, behavior, leadership, communication, **reward system, interpersonal relations prevailed in organization**, structure, strategy, climate) and from **disequilibrium to equilibrium by adopting change management strategies** (vision realization, plant modernization, strategy planning)
- Rise in complexity and uncertainty, Organization open learning system—it can interpret and process information-- change initiative

And in any organization, change management must be looked from the perspective of employees as well as the perspective of the organization, because by making the change, both the parties are going to be affected. And until then unless, the change is initiated the organization is stable, and it is in a state of equilibrium. This dismantling and assembling is the state of disequilibrium. If there is no change, then this is the state of equilibrium. If you are dismantling that, then it is a state of disequilibrium. And the organization will move from the equilibrium to disequilibrium state and then it will come to the equilibrium state by adopting the change management strategies.

Say there may be when you look at the change, there may be imbalance in the external, internal factors; that means, the technology you are using as the obsolete leading to poor performance of the employees and accordingly reward system for the employees score and interpersonal conflict prevailing in the organization between management and the top management and the employees.

Therefore, there is imbalance between external and internal state, technology, economic prosperity of the firm and these are some of the things which is the external environment. Internal environment – internal state is that individual performance is declining, and there is reward system is low, so this is the internal systems. There is a imbalance between the external, internal systems then this disequilibrium can be a brought to a state of equilibrium by adopting change management strategy; and change management strategy, initiates like vision realization, plant modernization and strategy planning as I mentioned earlier.

And there is a constant rise in a complexity and uncertainty. And if you do not change, then will be obsolete and no more in the business. Organization should be open learning system – it can interpret and process information from the outside environment and it can go for change initiatives. And if it initiates the change, then it is competitive advantage will increase. And if you do not do, you will be sluggish, and you will be lack behind.

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Resistance to Change

- “The most likely response to a change proposal is a series of outraged objections, some relevant (for no proposer of change can have thought out all the implications), some irrelevant (just waiting for an opportunity to surface and using this one).’

(Pugh, D. (1993) Understanding and Managing Change, in Mabey C, and Mayon-White, B. (eds.) Managing change, second edition, PCP).

And others those who are adopted the change; they will march ahead of us. And there are resistance to change, the most likely response to a change proposal is a series of outraged objections, some relevant - for no proposer of change can have a thought out all the implications, some may be relevant and some may be irrelevant. Just waiting for an opportunity to surface and using this one. So, the most likely response to a change proposal is a series of outraged objection, and these objections can be relevant as well as it can be irrelevant.

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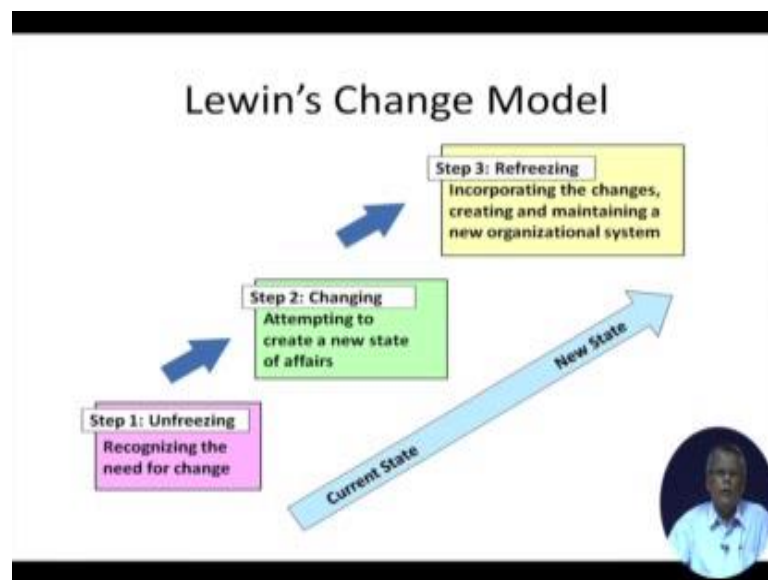
Sources of Organizational Resistance

<ul style="list-style-type: none">• Threat of Existing Group Power Bases• Threat to existing resource allocation• Structural Built-in Inertia• Cultural Mindset Inertia• Entrenched Interest	<ul style="list-style-type: none">• Why Organization Resist Change<ul style="list-style-type: none">– Organizations are coalitions of interest groups in tension– balance (ultra-stability, equilibrium) of forces hammered out over a period– Change upsets this balance
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And there can be various threats when you are making the change initiative, there will be resistance, because threat of existing group power bases, threat to existing resource allocation, structural built-in inertia, cultural mindset inertia, entrenched interest that may not be satisfied if you go for change. Or it will hinder or it will be a hindrance for the change. Or organizations are coalitions of interest groups and there may be tension among the groups. If the production unit is introducing a new product, getting the input from the R and D, the marketing team in the same organization may not agree to market the product. And there can be a balance or equilibrium of forces hammered out over a period. And change once you initiate, this will bring the imbalance.

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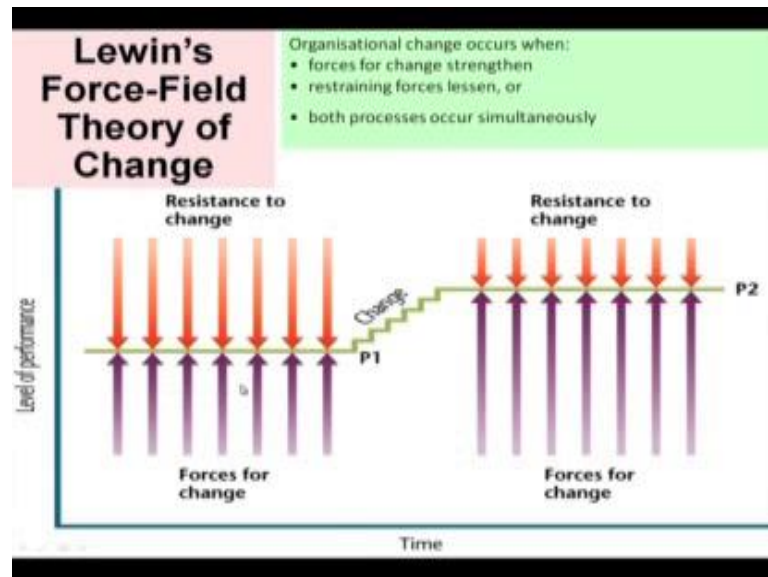


And this is also seen in the Lewin's change model. It said that the change moves from unfreezing to freezing and finally, to refreezing. Unfreezing is a phase where you recognize a need for change, because the organization is not becoming competitive. And as for the mandate of the organization, as for the region of the organization, we are not able to realize the vision, so, therefore, recognizing the need for a change is called the state of unfreezing. Then the stage of freezing is just making the change that is attempting to create a new state of affairs; changing in either in technology or changing in process or changing of the product. This is change that has taken place.

Then refreezing, incorporating the changes, creating and maintaining a new organizational system. Lewin's model speaks that we go from unfreezing, freezing to

refreezing. And current time, if I recognizing the change then that is the current state, and future state is that when you will incorporate the changes, creating and maintaining a new organizational systems that is the new state.

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And in the Lewin's force-field analysis, it says about the resisting force as well as the facilitating forces. If the resistance and facilitating forces are more or less equal then the change may proceed. If the resistance force is much, more higher than the forces for change or facilitating forces then the change will not occur; contrarily if it is equilibrium then it can increase the forces for change. And if the forces for change will increase, then resistance for change will decline and change is more likely to be executed.

Therefore, both the process occurs simultaneously. And if the resistance to change declines, the forces for change strengthens, at that time, the force for changes is created. Even at the balance stage, you can do it, if you have seen here, it is the balance stage, it is in the stage of balance. But, if the resistance forces are more than then much more than the facilitating forces then the initiating a change is very difficult, therefore, we have to show a concern how you can neutralizing the resisting forces or you can increase the forces for change.

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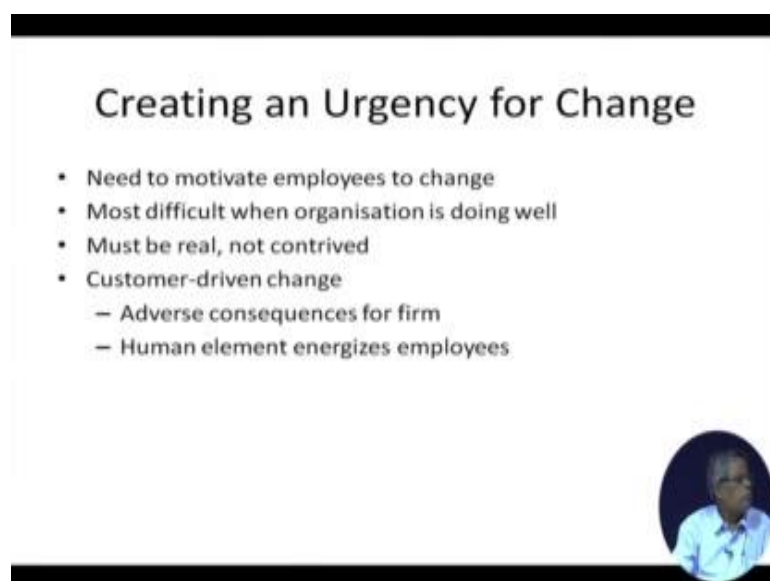


Possible ways of dealing with resistance (Kotter & Schlesinger)

- Education & Communication
- Participation & Involvement
- Facilitation & Support
- Negotiation & Agreement
- Manipulation & Co-optation
- Explicit & Implicit coercion

And possible ways of dealing with resistance is that you can educate the employees, there will be free and open communication with the employees, meetings with them. And you seek their involvement and participation in each and every activity that the organization is going to do in these changing management initiatives. And create the facilitation and support by providing the resources, providing the manpower resource as well as the tangible hard resources. And if there is a conflict, negotiated, and subtle the conflict and come to agreement, and seek the cooperation. Or if nothing happens then some amount of explicit or implicit coercion is required to deal with the resistances.

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Creating an Urgency for Change

- Need to motivate employees to change
- Most difficult when organisation is doing well
- Must be real, not contrived
- Customer-driven change
 - Adverse consequences for firm
 - Human element energizes employees

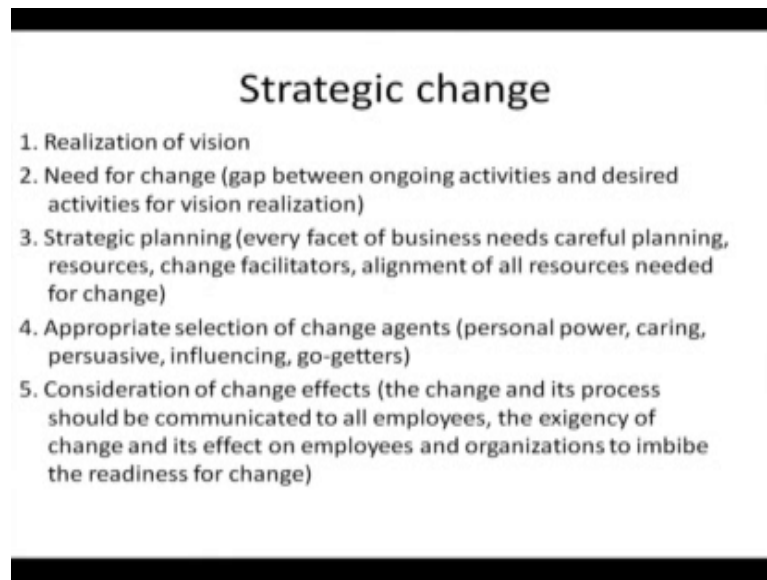
And first is that you need to motivate the employees to change. And most difficult change is there when the organization is doing well. And it must be real and not contrived. And if the organization is doing well, then initiatives then the change initiatives may not succeed so easily, because it is already in a growth tragedy. People will question what you are going to do by introducing the change. And we can also go for customer-driven change, because now the customer is the king in the business. And if the customers are not satisfied, then they will be adverse, they will not buy the product or the services that we offer. It will have the adverse consequences for firm. So, therefore, we need to whether you are giving a product or service, most of the change needs to be customer-driven.

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Proposed cyclic change management framework	Ravitz et al.'s Ten commandments for executing change (1992)	Kotter's Eight-stage process for organizational transformation (1995)	Lewin's Seven steps for managing change (2001)
1. Realization of vision	Analyze the organization and its need to change		Mobilize energy and commitment through joint identification of business problems and their solutions
	Create a vision and common direction	Developing a vision and strategy	Develop a shared vision of how to organize and manage competitiveness
2. Need for a change	Separate from the past, create a sense of urgency	Establishing a sense of urgency	
4. Appropriate selection of change agents	Support a stronger leader role		Identify the leadership
	Line up political sponsorship	Creating a guiding coalition	
3. Strategic planning	Draft an implementation plan		
	Develop enabling strategies	Empowering broad-based action	
5. Consideration of change effects	Communicate, involve, and implement	Communicating the change vision	
8. Make change institutionalized and internalized	Reinforce and institutionalize change	Anchoring new approaches in the culture	Institutionalize success through formal policies, systems, and structures
		Generating short-term wins, consolidating gains, and producing more change	
6. Execution of change			
7. Evaluation, monitoring, and keeping track			Focus on results not on change at the period; spread to other units from the top; review strategies in response to the change process

And these are some change management models are given, which I am not going to discuss in detail, because the finds will come later on the same parts. You will see that there are different steps given for change management models.

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But if you crystallize this, some eight points will come out of it. So, first is the realization of the vision. It is fixed that whether the organization is big or small, they have a goal to achieve, because vision is a long, relatively long-term goal, what do you want to achieve in say coming 5 years, because the external business environment is volatile. So, therefore, when we say vision, it may be for 5 or 10 years not beyond that. It is not a permanent thing, because the external environment is changing, competitors are there in the market, if you do not position ourselves strongly as in business then we may not sustain.

So, therefore, vision is a driving force, what is the organization wants to do. If it is technical company, technological company then it can have a vision that the technological excellence in our products that may be one of the visions. So, therefore, one has to see that vision is such a type of philosophical statement that binds a group of people together and it is the driving force for action.

And need for change is created when there is a gap between the ongoing activities and the desired activities for vision realization. Because if the vision is there, you are not able to realize the vision fully, because of the fact that certain activities are going on which is not complying with the requirement of the vision? And there are certain activities are desired to complying with the requirement of the vision. Therefore, when there is a gap between ongoing activities and the desired activities for vision realization and need for

change is failed. And then the second step is that third step first is realization of vision, and need for change. Third is strategic planning. And every facet, once you go for a change, every facet of business needs careful planning, resources, change ambience and change facilitators, alignment of all resources needed for change that is the physical as well as the human resources.

And then we have to select the change agents appropriately or the change propellers or change ambient. And the change ambience are there, those who have the personal power rather than positional power, and by that personal power, they can they can adjured the influence on others for change. And at the same time, they can be caring, influential and persuasive, and they must be go-getters, so that the change ambience jobs is to convince the employees in the organization that we are going for change, so that force will be created for the change and to go ahead.

And next is the state is that we have to consider the change effects. The change and its process should be communicated to all employees, and why we are going for a change that that is most important that is the exigency of change, why we are going for a change. And the change will be effect the employees and the organizations, because if you are going for a considering the change effects, then employees will experience tension, employee will feel stress, they will feel that their skills will be obsolete. Old people those were in the organization they will say that it is challenge to them and you cannot change their behavior and skills, because it is very difficult to teach the new tricks to the old dog.

Similarly, there will be variety of effects that the employee can experience. And the organization side, there may be more resource may be needed. It may be a financial resources, it may be physical resources, time and resources of the top management people and so on. Therefore, the effects of change on employees and organization must be understood clearly so that a readiness is created for change among all the constituents in the organization.

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6. Execution of change (Re-planning after responses, re-orienting strategies, resolving resistance, implementing change)
 7. Evaluation, monitoring and keeping track (if change outcome is desirable, change sustains otherwise re-planning and repeat the above steps)
 8. Make change institutionalize and internalize (organizational stability, employee performance, organization success indicator)
- Planning, execution, and assessment.**
Change management requires top-management initiative and the collaboration of all .
Thank you

Then execute the change. Once you are executing the change means, we are implementing the change. It may be a technology adaptation, it may be a new product development as I mentioned. When you are executing change, nothing is certain at this stage; this may not move as you have planned. So, therefore, re-planning after the response, because as you are planned earlier that this is the way planning is there, the change will move then in the same way the change may not move. So, every step we have to re-plan, if it is not working really in the field. And re-orienting our strategies, and resolve the resistance and implement the change.

Then evaluate, monitor and keep track of the change. If the change outcome, if we implement, is the change outcome is desirable, because it is moving from non-desirable to desirable state. If it is a desirable state then is the company going to make more profit, if the company superior in technology compared to its competitors in the same set of industries. If the company market share is increasing, these are some of the basic questions, because ultimately this is going to affect the company's performance. And if the change is made can the company sustain the change that is another question. If we make the change, and if we cannot sustain over a period of time then the above steps needs to be thought of from 1 to 7 again. Because if IIT Kharagpur implements the ERP, then every time it must have the ability to introduce the new models, new modules into ERP.

Thereby, we are not only shortening the change, we are improving on what we are earlier. Therefore, after the change is made, we evaluate the change; change evaluation can be made whether the change is able to successfully executed, are the change outcomes desirable, can the change be sustain. And if we sustain, can you make improve upon the change; otherwise, you re-plan and repeat the above steps. And make the change institutionalize and internalized, because if you institutionalize and internalize the change, then there will be a organizational stability, employee performance will go up, because any change will move from a undesirable to desirable state. And ultimately, it will be reflected in the performance indicator of the company like its financial performance, like return and assets, its market share and its employee's performance, all will improve.

And if you analyze all these stages, then three things are coming out it. One is that to make the change one is to plan for change. Planning is thinking before doing with the planning. The plan for the planning must be done for the change and then the appropriate steps must be take for the execution of the change or implementation of the change and after the change is made, then there must be assessment of the change whether you are successfully able to make the change management. And change management will never succeed until the initiatives comes from the top managements; and any attempts you take, any attempts to make institute the change management in a system, it requires the collaboration of all the stake holders, otherwise resistance will be there, because it is completely re-hauling of the systems, completely changing of the systems. Therefore, there will be lot of resistance will be there, and it will hinder the change implementation.

Thank you.