

Managing Change in Organizations
Prof. K. B. L. Srivastava
Department of Humanities and Social Sciences
Indian Institute of Technology, Kharagpur

Lecture – 25
Vision and Change (Contd.)

So, welcome to this course on Managing Change in Organization and we are running into the fifth week of this course. And, in lecture we are going to talk about power and politics of the change. Now, the moment we talk about power and politics basically this is related to what happens to the employees the moment they decide about the change and the kind of change that is being initiated by the management and how it is going to impact them in terms of their status position and power.

So, it is related to all the stakeholders because the kind of dynamics that happens among all the stakeholders, whether it is employees, whether it is managers, whether it is workers they start thinking about what will happen in the change scenario, right and the moment they think about the change scenario and the power base of the employees also gets changed. For example, when you are going for restructuring an organization; the moment you think about restructuring an organization you know that you are you have decided to bring about a change in the number of levels in the employees or in the hierarchy.

So, the moment you decide to bring about a change in the number of levels in the hierarchy those managers whose position and power is going to be asserted definitely they will not be happy. They would like to retain their power their status and their position and organization and they are not sure that how it is going to affect them in the change scenario.

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Power and Politics of Change

- Political behavior tends to be more intense in times of change
- Individuals and groups perceive the possibility of upsetting the existing balance of power
- Some may be motivated to defend the status quo
- Some may perceive change as an opportunity to improve their position

change managers need to be alert to these political dynamics

Logos at the bottom: IIT Bombay, swayam, and a circular logo.

So, what we are going to discuss in this lecture is that how people react to the change and what kind of behavior they adopt during the change and this behavior could be termed as political behavior because most of the time would be interested to safe guard their interest, right.

So, one important thing that happens that when you are going to initiate any kind of change that individuals and groups they think that their position, their power is going to be upset. It means there is going to be change in the power dynamics of the employees in the organization, right. So, the moment they think about that yes the power dynamics of the employees in their organization is going to change, they start thinking about it and they also start reacting about it.

Then how they do react? Ok. See some of the employees what they do they would like to maintain the status quo they would not like to go for the any kind of change. So, they start reacting. They would go against the change and they would do all kind of things including their behavior, so that the status quo is maintained and the management is not in a position to bring about any kind of change, right. While some managers would also perceive it as a opportunity to improve their position.

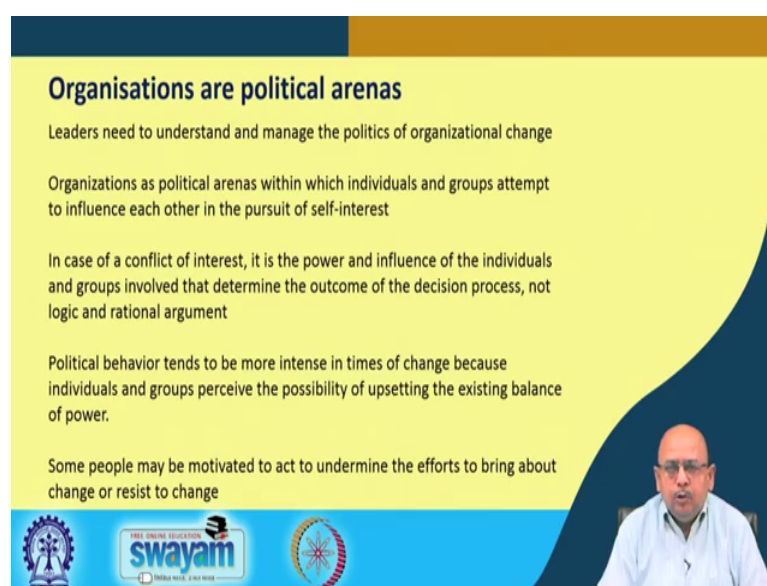
For say the same example if you take when we say that you are going for a structural changes. So, this is structural changes is going to reduce the number of levels and hierarchy. So, suppose you have seven levels in the hierarchy earlier say E 1 to E 7. Now,

you want to bring it to 4 say E 1 to E 4. Now, suppose you say E 1 and E 2 is going to be E 1, E 3 and E 4 is going to be E 2, E 5 6 is going to be E 3 and E 7 is going to be the top one. So, now the moment you decide that these seven levels would be converted into four levels definitely those who are going to work at E 1, E 3, E 5 their position is going to change. So, these managers would like to defend the status quo because they have been enjoying this power in the hierarchy so far.

So, some managers would like to defend on that because the changes similarly some of them who are on the lower level and if their position is getting improved then they would see it as an opportunity to grow up in the organization. So, they would think that they would be receiving more power, right. So, it is not that everybody is going to react negatively, some of them also going to react positively because they are going to be benefitted out of it, right.

So, the change managers must be aware about these kind of political dynamics that how employees are reacting whether they are looking it as an opportunity to grow and develop themselves in terms of their status; power and position are some of the managers who might be interested to defend their status quo and they would like to maintain the same position, right. So, what we are going to discuss further is that how these kind of issues need to be addressed and resolved by the change managers.

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Organisations are political arenas

Leaders need to understand and manage the politics of organizational change

Organizations as political arenas within which individuals and groups attempt to influence each other in the pursuit of self-interest

In case of a conflict of interest, it is the power and influence of the individuals and groups involved that determine the outcome of the decision process, not logic and rational argument

Political behavior tends to be more intense in times of change because individuals and groups perceive the possibility of upsetting the existing balance of power.

Some people may be motivated to act to undermine the efforts to bring about change or resist to change

The slide features a video inset of a man in a white shirt and glasses speaking. At the bottom, there are logos for 'swayam' (Free Online Education) and 'MHRD' (Ministry of Human Resource Development).

Now, we need to consider a organizations field where these kind of politics are going to happen, right. So, what is the role of the leader leaders? So, leaders need to understand and manage the politics of the organizational change because they are ultimately responsible to bring and implement successful change. So, unless they would be able to understand these kind of politics and address and resolve though these issues related to the behavior of the employees, so that they do not get manipulated then it is not going to be in the interest of the organization, right.

So, organizations could be considered as the field where these kind of political behavior would be reflected by the individuals so that the individuals or group. So, the individuals and groups who are going to affected by these kind of change right, they would like to protect it, they would like to defend it, they would like to influence these kind of decision so that it does not happen. And, most of these protection say influence happens because you as a individual or a group in an organization would like to see your interest at the top compared to the organizational interest. Because, any kind of change management initiative is kept in mind what organizational interest, but if you are looking at your self-interest say narrow interest probably that is where the conflict happens between the interest of the organization and your own interest.

So, if you are interest gets affected in the process of the change then you engage in some kind of political behavior and if your interest is not going to affect it and you consider it as an opportunity for growth and development of you as individual then you do not defend it; you support it, right. So, there could be a conflict of interest between you and the organization, right. So, if you are powerful then you would not like it to happen and if you are not that powerful then you keep quite or you support the decision provided you think that there certain benefits to you.

So, it is very much important to understand the kind of interest or conflict of interest that is going to be there, right; because the power that people and groups enjoy right, it is going to determine the outcome of the decision process. Decisions related to what? The change. So, you do not go by logic and rational argument that yes, this is in the interest of the organization, it would be benefitting to the organization and that is how organization is going to grow and develop itself.

So, on the one side you have the growth and development of the organization the benefit related to the organization and on the other side your own interest. So, if your interest dominates and you are so powerful then you would not allow to let it happen. You would not allow such decisions to happen in the organization and that is where this creates problem, right and this kind of behavior become more intense when you think that these kind of changes are going to affect you more. It means it is going to upset the existing balance of power in the organization.

So, if your power base is disturbed then you may not feel happy and then you engage in such behaviors like manipulation, adjustments, reaction. So, these are these kind of behaviors could be considered as critical behavior because you are not favorable to the change, right. And, so, then what you do you engage in the activities like telling that this change is not good, it is detrimental to the organization whatever efforts that is being brought to initiate this change is not good and that is how the resistance is starts among by him employees and managers, right.

So, organizations are the fields where these kind of things happens and it all depends on whether there is a conflict of interest between the individuals and the organizations and how individuals perceive and kind of change in the organization and then the kind of behavior that they show which could be considered as political arenas.

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Implications for change managers

- In order to manage change successfully change managers need to be alert to the identity of important stakeholders and to their predisposition to either support or resist the change.

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Moving further, if employees are engaged in these kind of behaviors political behaviors then what happens? What kind of implications it has for change managers? See the role of the change manager is what to successfully implement change in the organization. So, what they need to understand? They need to understand the power dynamics that goes on among the stakeholders; stakeholders could be employees and others in their organization suppliers, vendors, managers, right even part of the community and the society could be stakeholders, right. So, you have to see that how are going to predispose so that either people who are supporting it is good or those who are resisting it those how are going to manage it.

Now, if you look at this example this clearly shows that people are going in different directions, right. So, if you look at these kind of people, right, they are resisting change. They are not supporting and this kind of people they are going to be happy because they think that it is good for them and that is why if you look at this they shows different directions. If people are going in different directions either supporting or resisting the change, then what needs to be done?

So, what is the role of the change managers they need to identify that these they are the various stakeholders, how these stakeholders are going to experience or perceive change and then how you are going to manage various stakeholders in the process right and that is why stakeholder management becomes very important. So, they do not engage in political behavior and if they do not engage in political behavior then they would be less resistance and more support to the change in the organization.

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Power and authority

Some stakeholders are more powerful than others and they are able to act in ways that will either support or block a change.

This power is not confined to those who have been given the authority to determine how certain things will be done

Sometimes individuals and groups who do not have any legitimate authority have more power than legitimately appointed managers.

The slide features a small inset image of a person sitting at a desk with a trash can. At the bottom, there are logos for 'THE UNION EDUCATION swayam' and 'INDIA WISE, LEAD WISE'.

Now, moving further what you are going to talk about the most important part is the power and authority the power that is being enjoyed by the people in the organization, right and what is going to be absented is the power base, right. So, it is because of the power. Power is the ability to influence or exert influence on the behavior. So, this kind of power that you have been enjoying right because being in hierarchy is going to be changed, right.

So, if you have got power, you have been delegated authority and you are in a position to decide certain things and if that status is going to change then you feel disturbed and you think that yes, you need to maintain your power and position; you need to maintain your authority of decision making; you do not want to delegate it further to anybody else because you have been enjoying and exercising this kind of power to take decisions, right, so, that that becomes really very disturbing.

For example, if you look at figure the person who is in a powerful position would not like to get it disturbed, right. So, what I am trying to say here are connected with the change is that yes, it is the power base of the individual which is very very important; especially the legitimate power or the power that you have received in a hierarchical situation hierarchical organization and because of (Refer Time: 12:04) which you have got authority to take certain decisions that should not be disturbed, right.

So, the power authority is very very important and then you have to see that who are more powerful in the hierarchy, right. For example, some of the stakeholders may be more powerful, some of them are not going to be powerful. So, those who are powerful stakeholders in the organization and if they are not supporting or if they are trying to block a change, then the possibility of implementing a successful change gets negated, right and if these powerful stakeholders they are supporting, then it becomes easy for the change managers to carry on the change successfully, right.

So, you have to see that 95 those stakeholders who are powerful because they need to manage better compared to other powerful stakeholders who are not so powerful or who are not in a position to act either to support or block a change, right. So, it becomes very very important for managers to identify those stakeholders who are in a powerful position first and second who can act either to support or block a change. So, what needs what needs to be done here?

For example, you know that these are the powerful stakeholders who can support, right. So, you need to garner their support very much, so that they help you and suppose they are going to block then you need to manage them, right. So, you need to manage them in such a way, so that there is a resistance from them to oppose any kind of change in the organization.

Then if you are not having a legitimate authority then what you need to do then you are not in a position. So, what matters basically that what is your position the hierarchy and whether you have got any legitimate authority to support or change block the change, right. So, if you are not having, then there is no problem. So, especially in the hierarchy the power rest with senior managers, functional managers, right and if they are supporting then it becomes very very easy and if they do not support then this becomes a problem, right.

So, what the leadership should do that they should also give authority and power to the managers especially change managers who are going to take up this job and they should also be made responsible to manage any kind of effort from the powerful stakeholders to block a change or if they are going to resist a change and ensure that they are in a position to see that how these powerful forces going could be neutralized, so that they

could be able to garner some support for the change from these powerful block or what you call the stakeholders.

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Acquiring and exercising power and influence

- Promoting their reputation for delivering successful change**
- Taking steps to increase others' dependence on them:**
 - Taking stock of what resources others want from you?
 - Assessing how important these resources are to them?
 - Exploring whether they can obtain the resources you provide from other sources?
- Minimizing their dependence on those they are seeking to influence**
 - Taking stock of what you need from others?
 - Searching for (and establishing) alternative sources of supply
 - Challenging historic assumptions about your dependence on others when situations have changed
- Building collaborative relationships**
 - Identify new ways in which you could help target others?
 - Communicate your needs with those others you can trust in order to encourage them to provide the resources you require?
 - Enlist the help of others to influence third parties inaccessible to you
- Negotiating advantageous agreements**

The slide features a video inset of a man in a light blue shirt speaking. At the bottom, there are logos for 'swayam' (Free Online Education) and 'INDIA RISE, COUNTRY RISE'.

So, moving further what we are going to discuss is that how you are going to acquire exercise this kind of power and influence, right. So, what you need to do? You need to promote the reputation for delivering successful change. So, the change managers must be given enough power in authority. So, that they are able to take up because of the change, they are able to successfully deliver the change and if you are not given the enough legitimate power then other powerful stakeholders [stock/start] start raising doubts, start asking questions about their power about the authority to initiate these kind of change.

So, the first thing that the top management should do is that provide enough power and authority to the change managers, so that they can exercise them and influence powerful stakeholders to neutralize their efforts especially related to when they want to block the change or when they want to create some kind of resistance to the change.

So, what are the things that they need to do? First of first of all you need to ensure that stakeholders are going to be dependent on these powerful managers who have initiated the change. So, you need to take certain steps to increase others dependence on the change managers, right. So, it is possible only when you make them powerful and you have given them legitimate authority, right; it means they are in a position to decide

about the resources. So, they are they become a party in allocating resources to you, right. So, they look at the resources and then they see that how much resources you should be given, right.

They should be also be allowed to identify the importance of these resources before allocating and then decide how they are going to allocate resources, right and they were also see that how these resources are going to be given to all the stake holders so, they need to ensure whether there will be able to get the resources that you provide or not. So, your job is not only to look at the resources that you are giving, but also that the extent to which they are important for the stakeholders and also ensure that they are able to get these resources, so that they are going to support it, right.

So, at the first stage what you need to do is increase dependence for the resources among the stakeholders, so that they come to you to get the resources and if that happens you will be able to address and manage these powerful stakeholders. Second thing is that those who are trying to influence for them you need to minimize that their dependence, right.

So, on the one hand you need to ensure that you are moving to increase the dependence for powerful stakeholders, but also decrease the stakeholder dependence for those who are not powerful, right. So, you look at that how are the different sources of supply, how we are going to look at the resources, right and then you are going to see that how you are going to allocate resources for them. So, both kind of activities are important increasing dependence for some of the stakeholders and also decreasing the dependence for some of the stakeholders.

And, third approach that is given here is developing a relationship which is based on collaboration that is what we call building collaborative relationship. So, here what you need to do is that you have to identify how you can help to achieve the target; you need to also communicate with others especially those who can be trusted, so that you can encourage them to provide the resources that you require and also enrage the help of others to influence the authority which is not accessible to you. So, all these activities are related to collaboration.

So, if you are able to collaborate through collaboration or communication and trust, probably it would be easy for you to good get the resources that would be required to

bring about successful change, right and you also negotiate advantageous agreements and with them you negotiate, so that you get better support through this negotiation especially for any kind of change that you want to bring, right. So, you need to collaborate with those stakeholders and also negotiate with these stakeholders, so that you become an advantageous position. So, that any change agreement that any change that you want to bring, there is an agreement from these stakeholders and that is how you can exercise and acquire power from various stakeholders.

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Stakeholders

Stakeholders are any individuals or groups who can affect or will be affected by the outcome of a change

The constituencies or stakeholder groups that are most powerful are those that:

- Are in a position to deal with important problems facing the organization
- Have control over significant resources valued by others
- Are lucky or skilled enough to bring problems and resources together at the same time
- Are centrally connected in the work flow of the organisation
- Are not easily replaced
- Have successfully used power in the past

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Moving further, when since we are talking about a stakeholders here, you need to identify who are a stakeholders, right; whether it is a individual or a group which is going to affect the outcome of a change. So, any individual or group who is likely to affect the outcome of a change is to be considered as stakeholders. Now, you also need to identify powerful stakeholders because that is where you need to manage them effectively because those stakeholders who are not very powerful they would not approach or bring any kind of resistance to change. It is the powerful stakeholders who go for approaching any kind of change or they would also go for resisting any kind of change.

Now, how you go about it? At the first page when you are going to identify powerful stakeholders so you need to identify those powerful stakeholders; who become powerful stakeholders? Who have access to and control to resources, right. So, those powerful

stakeholders who have access to and control over the resources will be considered as powerful stakeholders, right. So, if you are in a position in an organization where you have access and control to the resources which is being valued by others then you would be called a powerful stakeholders.

Then what you need to do? You also need to identify those stakeholders who bring resources to the organization. Third, they are connected to the workflow of the organization and they cannot be replaced. Fourth, they have shown their power in the past. So, all these four type of people could be called a group of stakeholders who could be powerful and who can affect the change, right. For example, the finance manager. Since finance manager have access to money and they can they are in a position to allocate monetary resources to various groups and departments including initiative for a change management.

So, finance could managers could be a powerful stakeholder in this case, right or a person who is expert in production he could also be an powerful stakeholder because if he is going to oppose then it is going to affect the production norms, right, production quality and you cannot replace them, right and if such people use power then definitely it is going to detrimental to the organization, right.

For examples, unions. Sometimes unions also show their power and block any attempt of change by the management. So, these people could be considered as powerful stakeholders and if they are going to approach any kind of change or they are engaging in such behaviors which is the detrimental to the health of the organization then you cannot bring any kind of change successfully, right. So, it is very very important to look into the various stakeholders who could be considered as powerful in nature.

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Which stakeholders are most important?

- **Normative/ethics based theories**
 - The interests of all stakeholders have intrinsic value and should be taken into account when planning and implementing change.
 - Generate reputational gains that will improve their ability to attract resources, enhance performance
- **Instrumental theories**
 - managers will only attend to the interests of stakeholders to the extent that those stakeholders can affect their interests.
 - Change manager will focus attention on those relationships that will affect the success of the change

Shell provides a good example of an organization that has worked hard to integrate commerce and good citizenship

Logos for UGC, SWAYAM, and a circular emblem are visible at the bottom of the slide.

Now, moving further what we are going to discuss when we are saying that which stakeholders are important? So, we need to identify right and here we have to major theories one is normative ethics based theories, right and the other one is instrumental theories. So, based on this theories we can find out who are the stakeholders or you can say who are the powerful stakeholders, right.

So, if you look at normative ethics based theories what they talk about, right? They say that we need to keep the interest of all the stakeholders, ok. When you are going to plan and implement any change as a standard practice you need to keep in mind that is the interest of all these stakeholders. So, as per the normative ethics based theory, all the stakeholders become equally important, right. So, the gain is that yes, you are considering all this stakeholders and you want to engage them in the process, right and you want to see that how they can be attracted to ensure that a performance goes up, right.

Now, the second theory is the instrumental theories. If you look at the instrumental theories it says that you need to attend to the interest of those stakeholders who can affect their interest. So, you need to identify those powerful stakeholders who are important, right. So, the change managers need to focus attention on only those stakeholders who are going to affect the outcome of the change.

One example that I have taken here is Shell; it is a gas based company as which produces petroleum products ah. What they have done basically that they have tried to actually integrate commerce with good citizens. As a result what actually happens that they have been able to attract and see that everybody is going to participate in the process to ensure that the organization is able to grow and develop itself.

So, what we have done here, that we have talked about normative and instrumental theories.

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A life cycle approach to stakeholders management

Draws on resource dependence theory, prospect theory and organizational life cycle models

An organization faces different pressures and threats at different stages in its life cycle.

Consequently, over time, certain stakeholders become more important than others because of their ability to satisfy critical organizational needs.

This theory identifies which stakeholders will be important at different stages in the organizational life cycle and indicates how the organization will attempt to deal with each of its primary stakeholders at every stage

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And, then we have a lifecycle approach to stakeholders management, ok. See this is based on resource dependence theory, prospect theory and organization life lifecycle approach. So, you know that the kind of pressure that an organization faces is going to be different at different stage of their lifecycle; it means that the introductory stage the kind of pressure that you have different, growth stage you have different kind of, maturity stage you have different kind of what you call the pressure right and these pressures are related to what? Change. So, the kind of pressures than thread that you feel are you experience at different stages of the lifecycle of an organization is going to be different.

So, what actually happens the stakeholders at different stages are going to be different. You need to identify which stakeholder become more important at what stage and then you need to satisfy the requirements, right. So, this theory suggests that which stakeholder would be important at what stage depending on upon the kind of stage in

organization is whether it is in the introduction stage or the growth stage or the maturity stage, right because the powerful stakeholders would differ at each of these stages and then it talks about how the organization is going to deal with the various stakeholders at every stage. So, since your stakeholders are going to be different at each stage you need to take care of these stakeholders at every stage.

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The contribution of resource dependence theory

- Conceptualizes the organization as being dependent on the resources in its environment for survival and growth
- Organizations will pay most attention to those stakeholder groups who control resources critical to the organization's survival
- Change managers will be motivated to attend to those stakeholders who control the resources that are critical to the change project's success
- The different levels of attention they devote to different groups of stakeholders are manifest in the form of different stakeholder management strategies

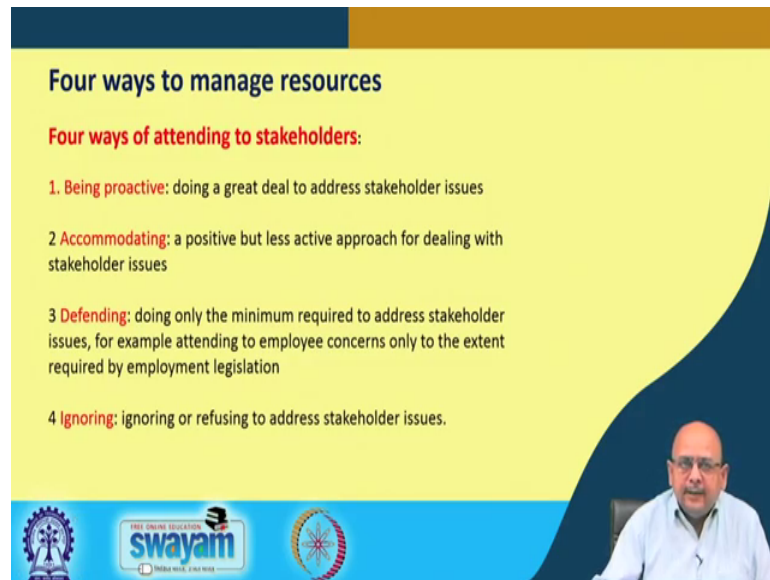
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So, if you look at the resource dependence theory it talks about what it talks about the dependence of resources of an organization on the environment. So, any organization is going to be dependent for its resources through the environment if he really wants to go and develop itself. So, they are going to pay more attention to what? To the resources, because they need resources to grow and develop. So, those stakeholders who control resources like suppliers right, so, they need to focus more on that because it is critical for their survival.

And, in this case the change managers would be interested to attend to these stakeholders, so that the supply of the raw material is not affected, right because it is very very important for the change of the for the success any of these you the change managers find that it is the finance manager who is going to allocate money. So, they need to be looked into need to pay attention into the finance manager, right.

So, the level of attention is going to differ depending upon who is your stakeholder, right. So, you need to adopt strategies that how are you going to manage different kind of stakeholders in the process.

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Four ways to manage resources

Four ways of attending to stakeholders:

1. **Being proactive:** doing a great deal to address stakeholder issues
2. **Accommodating:** a positive but less active approach for dealing with stakeholder issues
3. **Defending:** doing only the minimum required to address stakeholder issues, for example attending to employee concerns only to the extent required by employment legislation
4. **Ignoring:** ignoring or refusing to address stakeholder issues.

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How you are going to manage stakeholders especially when it comes to resources? So, these are the four methods that have been identified like being proactive, accommodating, defending and ignoring. Proactive means you have already built a good relationship before you start supplying with a suppliers. So, you have already addressed the stakeholders, so you get the resources. Accommodating means that is you have adopted a positive approach towards the stakeholder. Defending means that yes you try to address the stakeholder only when it is required.

For example, if it is finance manager and unless the money is required you do not talk to the stakeholder or the finance manager or you ignore or refuse to address this issue, but this is detrimental to that. This kind of approach is not good. So, the best is either you become proactive and accommodate, so that you are able to get resources from the stakeholders.

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The context of prospect theory

Context of gains: individuals will be risk averse and choose the option with a certain outcome over a risky option

Context of Loss: individuals will be risk seeking and choose the risky option over the option with a certain outcome

Proactively addressing the concerns of **all stakeholders** is a 'certain' or risk-averse option because it is likely to persuade all stakeholders to provide the organisation with the required resources.

Proactively addressing the concerns of only **some stakeholders** and ignoring the concerns of others is a more 'risky' option.

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Another theory which is known as prospect theory it talks about the gain and loss. Whether in the process of managing stakeholders are you going to get something or you are going to lose something, right. So, if you have the context of gaining it means you will be risk averse and choose the option with certain outcome over a risky option because you do not want to go for a risk you think that or dealing with this particular stakeholder involves certain risk, right. And, you will be looking for risk and go for a more risky option why because you think that you are not going to lose in the process, right.

So, if you have this ability to take risk, then you go for a risky option, ok. I know that if you are able to succeed in this this is going to be the positive outcome, right. So, the context of gain and context of loss both are important, right. So, you have to see that when you are going to address the concern of stakeholders at different levels right, then you have to see that whether you are going to be risk averse or not. If you are going to risk averse then you will persuade all stakeholders to provide the resources, right and if you are not risk averse then you will be attending to only those stakeholders who control and have a access to the resources and this is what the prospect theory suggests.

Moving further you can see that, yes, if you are going to provide address the concern of only few of stakeholders then you go for a more risky options. So, it is though it is always good in ideal terms to move to look at the concern of all there is stakeholders, but

it is not it may not be good option because some of them may be powerful and some of them may not be. So, it is always good to look at only powerful stakeholders really approaches and if you are able to manage them then I mean if you have gone for risky option it is always good for you because in that case you would get better support from them for the change.

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Two theorems

In the absence of threats to organizational survival, a gain frame will be adopted,
The organization will follow a risk-averse strategy and actively address all stakeholder issues.

In the presence of threats to organizational survival, a loss frame will be adopted
The organization will pursue a risky strategy that involves addressing the concerns of only those stakeholders who are relevant to the immediate loss threat
At the same time defending or denying any responsibility for the concerns of other stakeholders.

So, there two theories what happens if the threat is present in the absence of threats to organizational survival you use a gain framework gain framework I means you go for a reverse strategy. But, if you think that yes, threat is already there then you go for a loss framework, right. So, you adopted a strategy which involves what addressing the concern of only some only those stakeholders who are more powerful.

But, you also try to defend any responsibility for the concern of others stakeholders. So, that could be an ideal situation while on the one hand you try to address most powerful stakeholders in the process to, so that you can get support for change, but the same time you also try to address concern of other stakeholders and it is defended concern. So, that they are also not going to oppose you. So, these are the two theories related to this one.

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The contribution of organisational life cycle models

- Resource requirements will vary depending on the stage of the change project life cycle

When the fulfilment of resource requirements is threatened change managers adopt a loss frame and interact proactively with those stakeholders who control the critical resources.

... and ignore or act in a defensive mode towards other stakeholders

When the flow of resources is not threatened, change managers adopt a gain frame, pursue a risk-averse strategy, and actively address the concerns of all stakeholders

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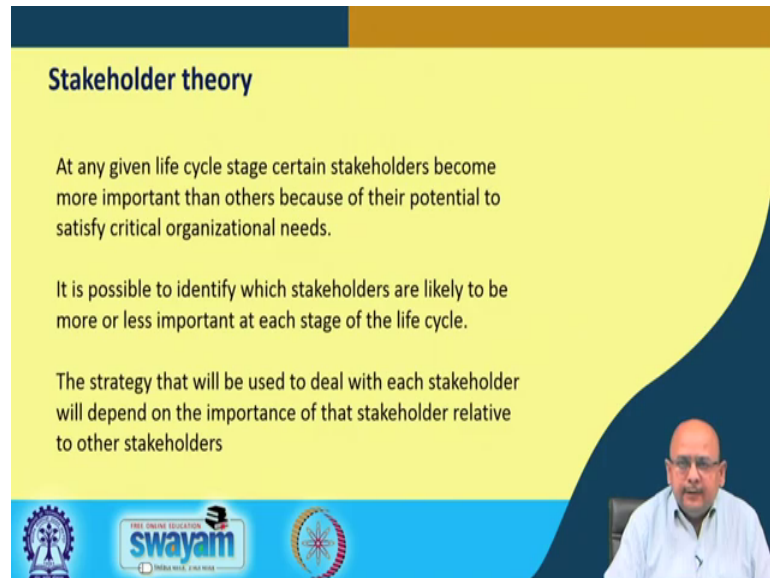
Now, if you look at this contribution of organizational lifecycle model what does this suggest basically? It suggests that, yes, organizations are dependent on the resources. You need to ensure that which stakeholder has more resources; at what stage of lifecycle which stakeholder is more important; who is going to provide resources right and what kind of strategy you are going to adopt; whether you adopt a loss framework or a gain framework, right; if you feel threatened then you adopt a loss framework if not then you follow a gain framework, right or you ignore if you find that these stakeholders are not going to affect you at all, right. And, that is what the last sentence says that if it is a flow of resources then you go for a gain framework you go for a risk-averse strategy and address the concern of all the stakeholders.

So, so far we have what we have been talking about that how we are going to manage the stakeholders. It means that first of all you need to identify which stakeholder is important adopt a lifecycle approach, see that which stage of lifecycle the organization is and who is going to be a powerful stakeholder. So, there are two approaches; either you address the concern of all the stakeholders or you address the concern of only those stakeholders who are powerful, who are likely to approach.

So, if you are going to address only powerful stakeholders, some stakeholders then you adopt an approach which is a loss framework, right or if you are going to concern the address of all the managers then you are basically follow a gain framework that is a risk

averse strategy, right. This is the theoretical framework that may have provided to explain this.

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Stakeholder theory

At any given life cycle stage certain stakeholders become more important than others because of their potential to satisfy critical organizational needs.

It is possible to identify which stakeholders are likely to be more or less important at each stage of the life cycle.

The strategy that will be used to deal with each stakeholder will depend on the importance of that stakeholder relative to other stakeholders

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Based on this we there is a theory that have been developed which is called stake holder theory, right. So, what we have identified so far is related to stakeholders. It means that it is possible to identify which stakeholders are more important or less important at each stage of the lifecycle and then you need to adopt a strategy to deal with each stakeholders and it will depend upon what? The importance of the stakeholders compared to other stakeholders.

So, at different stages of lifecycle different stakeholders may be important, right. So, accordingly you need to deal with them and then you can go for a gain framework or loss framework to address the risk related with the change.

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Managing stakeholders

The first part of the process involves a **stakeholder analysis** to identify important stakeholders and assess their power to influence and their attitude towards the proposed change.

The second part involves **developing a strategy for persuading influential stakeholders** to support the change.

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And, accordingly once you have been able to analyze the stakeholders identify the stakeholders and then you can assess the power and influence that these people have and how we are going to address it. So, the second part actually involves what, developing a strategy for persuading influential stakeholder, so that they are able to support the change.

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Identifying the power and commitment of stakeholders

Three steps for identifying the power and commitment of stakeholders:

1. Stakeholder brainstorm
2. power and influence each group of stakeholders
3. Assessing stakeholders' attitudes towards the proposed change

The diagram is a 2x2 matrix with 'Power' on the horizontal axis (Low to High) and 'Attitude' on the vertical axis (Positive to Negative). The quadrants are: Top-Left (Low power, Positive attitude) is 'Weak support'; Top-Right (High power, Positive attitude) is 'Strong support (champions)'; Bottom-Left (Low power, Negative attitude) is 'Weak opposition'; Bottom-Right (High power, Negative attitude) is 'Strong opposition (blockers)'. The top and bottom labels are 'Positive attitude (Potential sponsors)' and 'Negative attitude (Potential blockers)' respectively.

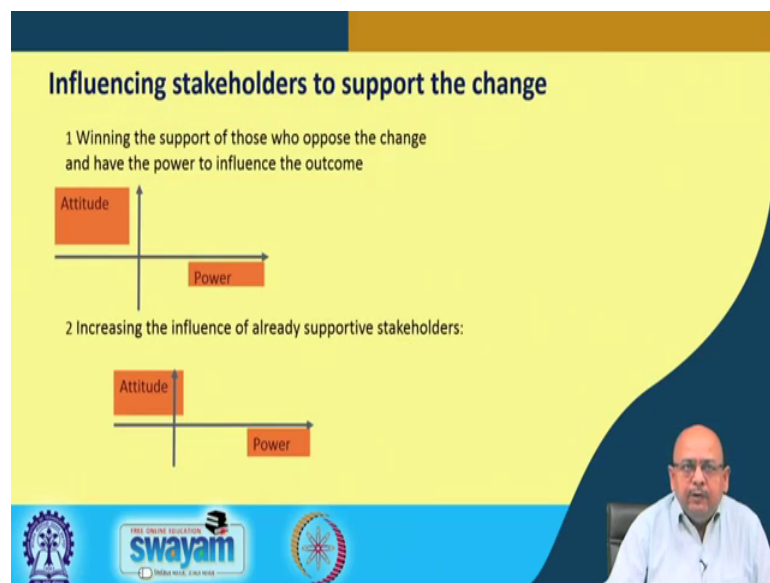
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Now, when you are going to identify then the power and commitment of the stakeholders; so, first of all you need to identify the stakeholders look at the power and

influence of each stakeholders and then assess a stakeholders attitude towards the proposed change. So, let us look at this framework, right. So, look at the power and attitude – low power, high power here you can see and here it is showing positive attitude and as well as negative attitude, right. So, if there is a positive attitude low power then weak support, strong support and then if the high power and negative attitude; that means, that these people are these stakeholders would strongly approach any kind of change. So, they becomes blocker. But, high power positive attitude, then they become strong supporters of the change and if there is a negative attitude, but they do not have power then they would be difficult for them to make any kind of opposition. So, the opposition become very very weak here, right.

So, through this figure you can see that what is important is to ensure that powerful people develop positive attitude, so that you are able to get better support from them. So, they become the champions for the change.

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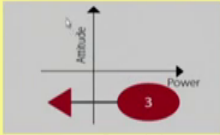


Moving further when it comes to influencing stakeholders to support the change what you need to do is the first strategy is winning the support of those who oppose the change and have the power to influence. So, for that you need to bring a positive attitude and high power, right then increasing the influence of already supported stakeholders same thing, right. So, here you are what you are doing increasing the influence of already supportive stakeholders, so that it they are going to support the change.

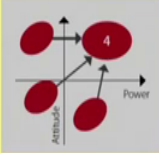
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Influencing stakeholders to support the change

3. Reducing the influence of powerful blockers:



4. Building a coalition of supportive stakeholders who will be prepared to work together to support the change



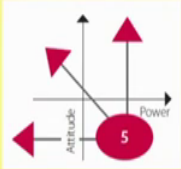
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Third one, reducing the influence of powerful blockers. So, what you do, the blockers so, that they are opposition is weak right, then coalition of supportive stakeholders. So, try to move everyone to this place, so that everybody keep support, right. So, whether you are here or here or here you need to be brought in here it means that organization has to ensure that you develop a positive attitude and in that case what will happen you will pay to work to support the change together whether you are here or here or here, right.

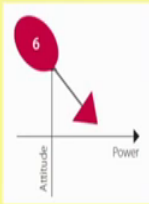
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Influencing stakeholders to support the change

5. Fragmenting existing coalitions who are antagonistic towards the change



6. Bringing new sponsors or champions into play

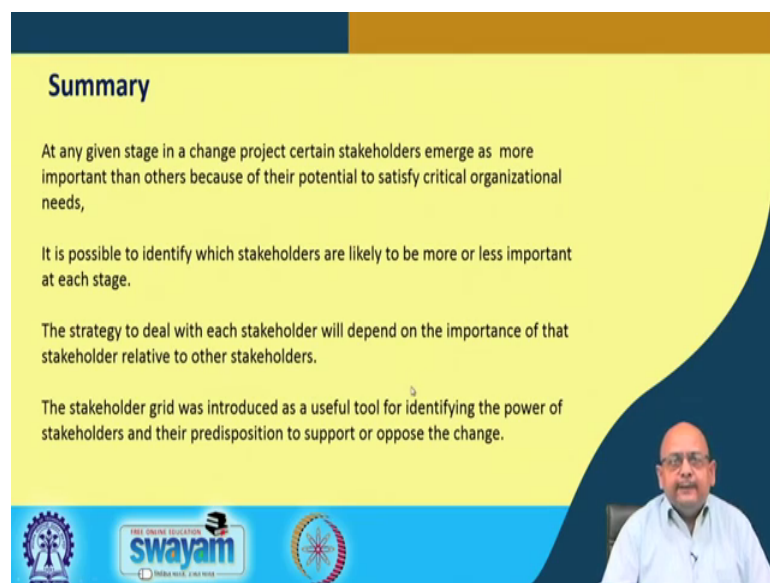


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Next, fragmenting existing coalitions who are antagonistic towards the change. If everybody is here, then fragment some people go there, some people go here, some people go here. So, that you get isolated and you get less support. So, if you blockers have less support then they would not be able to block any kind of change, right or you also bring new people in this category. So, that this group become more powerful, bringing new sponsors or champions into play. So, if you are going to bring more people to this category which includes positive attitude and high power. So, you get more supporters than blockers.

So, what will happen? In this case also you will find that it is easy for them to get support for them. So, that is how you are going to influence this stakeholders to support the change.

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Summary

- At any given stage in a change project certain stakeholders emerge as more important than others because of their potential to satisfy critical organizational needs,
- It is possible to identify which stakeholders are likely to be more or less important at each stage.
- The strategy to deal with each stakeholder will depend on the importance of that stakeholder relative to other stakeholders.
- The stakeholder grid was introduced as a useful tool for identifying the power of stakeholders and their predisposition to support or oppose the change.

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So, in this lecture what we have discussed basically is that you need to identify the stakeholders at each stage of the change and how we are going to manage them, right. So, if you are able to identify stakeholders at each stage of the life lifecycle, then you also find out what kind of a strategy you need to have in order to deal with each stakeholders in the process.

So, the kind of grip that grid have suggested, it could be used as a useful tool to identify the power of the stakeholders at each at each at each stage and how you are going to

dispose them to ensure that they are going to support the change and less oppose the change, ok.

So, with this we are going to close this lecture.

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CONCEPTS COVERED

Concepts Covered:

- ❑ Development of a change plan
- ❑ Vision and change
- ❑ Linking vision and Change
- ❑ Leading change
- ❑ Power and Politics of change

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Thank you, very much.