

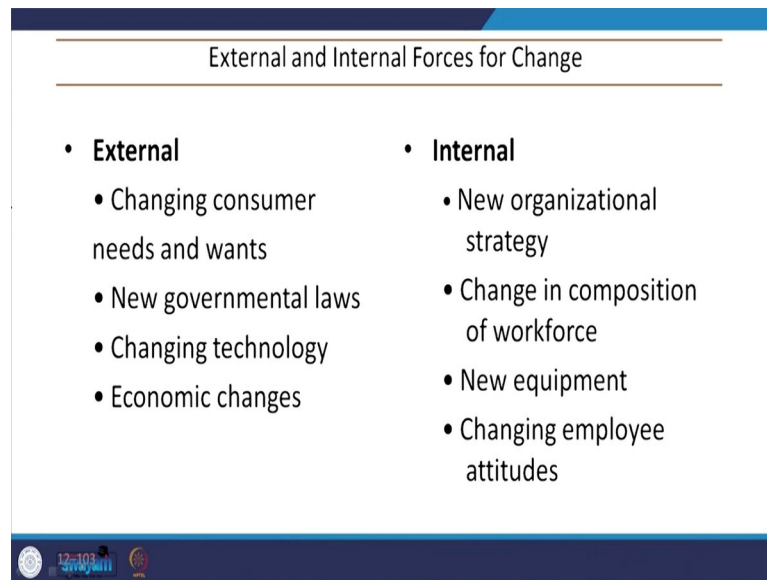
Principles of Management
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Department of Management Studies
Indian Institute of Technology, Roorkee
Lecture - 59
Change Management - IV

In the introduction to organizational change part 4, I will be discussing about forces of change. Here the learning objective mostly focuses on identification of the forces that act as stimulants to change and list the forces for resistance of change. So, what is managing change? The previous discussion was about the various types of changes, the planned and unplanned change and then revolutionary and evolutionary changes.

And we also discussed about the 4 categories that is adaptation, fine tuning, frame breaking, and frame bending approaches to change. So, when the organization encounters these different types of changes in different situations, so there is a disruption in the state of status quo, state of affairs. So, organization is not able to be as productive as it was earlier before encountering change.

So, it is very important to manage change. So, what is managing change, what are the initiatives taken by the organization to manage change? It will be discussed in more details here. Before proceed to the forces, we must understand the basis of those forces or the forces and their nature. The forces for change may come from internal environment to the external form or within the organization or from individuals themselves.

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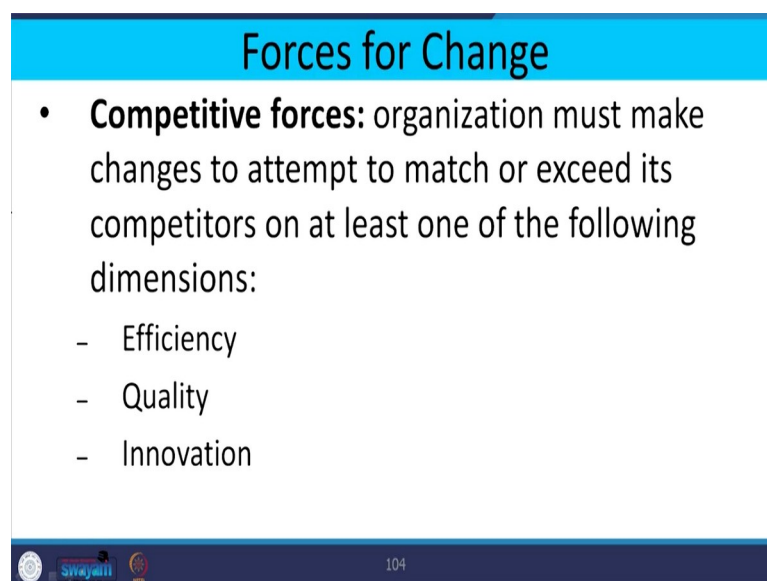
External and Internal Forces for Change

<ul style="list-style-type: none">• External<ul style="list-style-type: none">• Changing consumer needs and wants• New governmental laws• Changing technology• Economic changes	<ul style="list-style-type: none">• Internal<ul style="list-style-type: none">• New organizational strategy• Change in composition of workforce• New equipment• Changing employee attitudes
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12-103 Swagati

So, in the categorization that is internal and external forces for change, what is external change or external factors? Changing customers, changing consumers, needs and wants, new government laws, changing technology, and economic changes are external factors. Internal factors are new organizational strategy, change in composition of workforce or new work force with differences in age group, differences in the cultural background, differences in gender differences and multicultural workforce. So, new equipment, changing employee attitude, these are internal forces of change.

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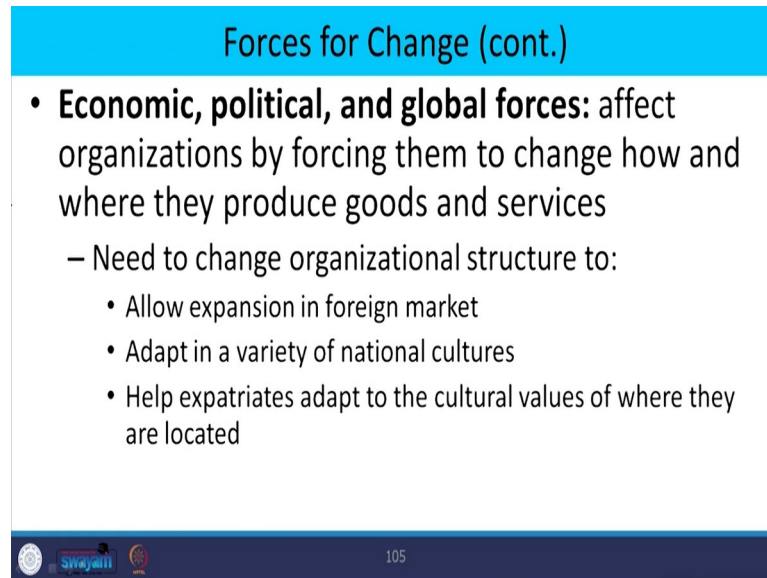
Forces for Change

- **Competitive forces:** organization must make changes to attempt to match or exceed its competitors on at least one of the following dimensions:
 - Efficiency
 - Quality
 - Innovation

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Competitive forces, organizations must make change to attempt to match or exceed the competitors on at least one of the following dimensions, that is on the basis of efficiency, quality, and innovation.

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The slide has a blue header with the text "Forces for Change (cont.)". Below the header, there is a list of bullet points. The first bullet point is "• **Economic, political, and global forces:** affect organizations by forcing them to change how and where they produce goods and services". Below this, there is a sub-bullet point "– Need to change organizational structure to:" followed by three more bullet points: "• Allow expansion in foreign market", "• Adapt in a variety of national cultures", and "• Help expatriates adapt to the cultural values of where they are located". At the bottom of the slide, there is a dark blue footer bar containing logos on the left and the number "105" in the center.

Forces for Change (cont.)

- **Economic, political, and global forces:** affect organizations by forcing them to change how and where they produce goods and services
 - Need to change organizational structure to:
 - Allow expansion in foreign market
 - Adapt in a variety of national cultures
 - Help expatriates adapt to the cultural values of where they are located

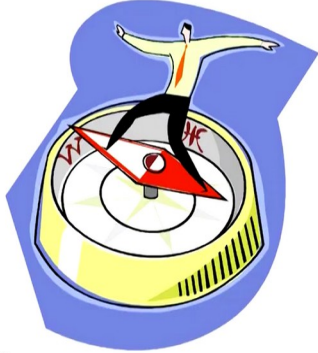
Economic political and global forces affect organization by forcing them to change how, when and where they produce goods and services. Organizational need to change, organizational structure to allow expansion in foreign market, adapt in a variety of national culture, help expatriates adapt to the cultural values of where they are located.

Demographic and social forces change in composition of the workforce and increasing diversity of employees has presented many challenges for organizations. Increased need to manage diversity, ethical workforce or ethical forces, government, political, social demands, for more a responsible corporate behavior, creation of ethics officers' position and encourage employees to report unethical behavior.

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Forces for Change

- Nature of the Workforce
 - Greater diversity
- Technology
 - Faster, cheaper, more mobile
- Economic Shocks
 - Mortgage meltdown
- Competition
 - Global marketplace
- Social Trends
 - Baby boom retirements
- World Politics
 - Iraq War and the opening of China



The slide features a list of forces for change on the left and a graphic on the right. The graphic depicts a person in a dynamic pose standing on a large, stylized compass rose. The compass rose has a yellow face with red markings and a blue border. The person is wearing a yellow shirt and black pants, with arms outstretched. The background of the slide is white with a blue header and footer.

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So, broadly we look at the forces of changes. Nature of workforce create greater diversity, as discussed earlier the nature of work forces changing. Workforce is becoming more competitive, more dynamic, more diversity, more heterogeneity in the workforce in terms of visible and invisible differences. The visible differences are age, gender, race, religion and say ethnicity and invisible differences changes in the value system, and changes in attitude value system and so on.

And also, we can see that due to globalization, organizations are having an inclusive workforce which would be with the proposition that, if there is more diversity there would be more say increase in innovation, creativity, there would be more focus on knowledge sharing. So, the nature of workforce is changing and which has also created a disruption in the organization.

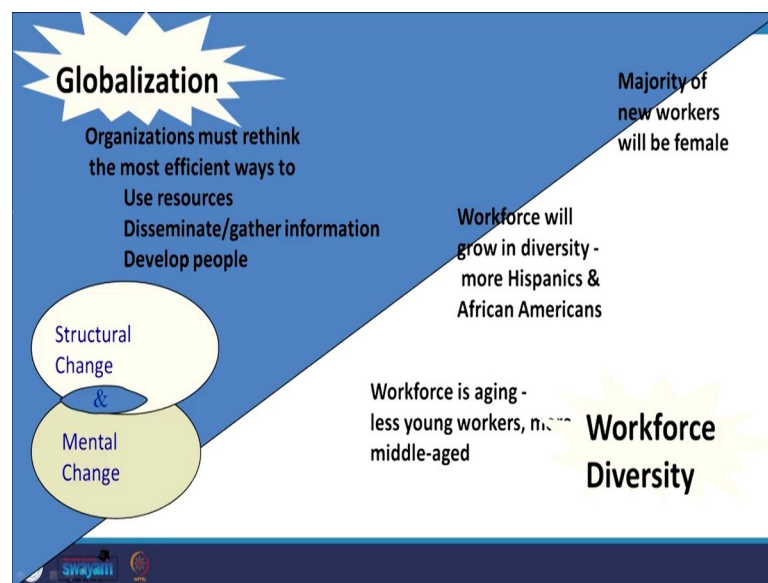
Technology, faster, cheaper, more mobile technologies are being used in the organization for better efficiency. Economic shocks, mortgage meltdown. Competition in the global market place. There is a common platform on which the entire global market has come up. And social trends, baby boom retirement is taken place.

There is a change in the workforce dynamics. 70 percent of the workforce is constituting of youngsters born in the say in gen Y, mostly in the age group of generation X and, generation Z and generation Y. Generation Z, those born in the year 2000 onwards and generation Y, those who are in the 85 to 99.

So, these youngsters have a different value system, they have a different cognitive style of working, the different approach to various aspects in the work place which has of course brought in some kind of changes in the business and its performance. Competition, social trends, world politics, war, and so on, while politics has also influenced the organization.

So, overall if you see, external forces are globalization, workforce diversity, ethical behavior, changing technology.

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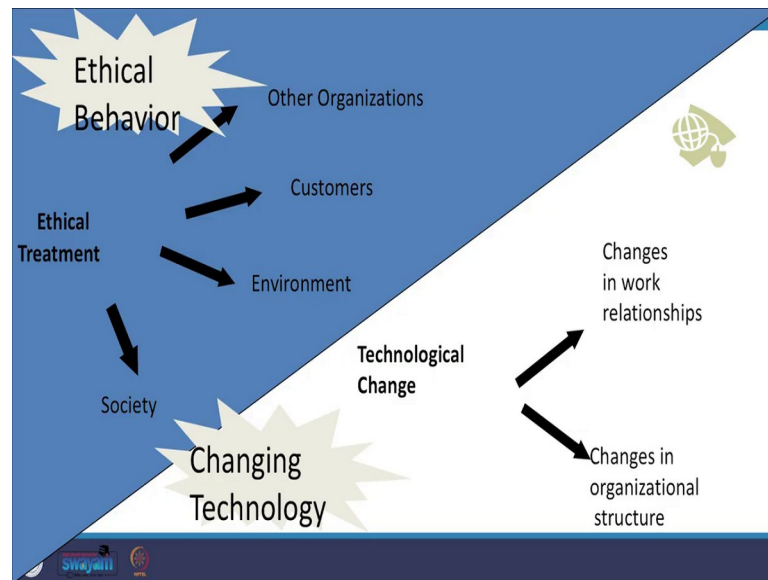


And so, the globalization if you look at, the globalization organizations must rethink the most efficient way to use resources disseminate gather information, develop people, there is a structural change, also there is structural and mental transformation. Workforce will grow in diversity, there would be more a newness, new challenges.

Majority of workers would be female workers as there is a world over there is a call for having gender diversity in the workforce, gender diversity in the top management. This call is repeatedly being made to advocate the work employers to have more employment to women, so that it will address the need of the hour, it will address the equal opportunity to the fairer or equal opportunity to women in the workplace.

Workforce, ageing workforce is another challenge, less young workers, as ageing workforce is retiring, so there is a scope for improving or having inclusion of the youngsters in the workplace.

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So, ethical behavior, ethical treatment in the work place and changing technology what we discussed here, there is a changing relationship, changes in work relationship changes in organizational structure. So, broadly what we have discussed so far there are 6 dimensions used to measure the amount of change. One is scope, that is proportion of activities, department or people affected by the change.

So, there are 6 dimensions as called the scope, magnitude, benefit, duration, cost, and technology. Let us discuss each one of them in more details. Scope means proportion of activities department or people affected by the change process. For example, how many people are affected by change? How many business processes are affected by the change process? Is it a regional or a global change? The second one talks about magnitude difference between the current behavior and the desired behavior.

Post change for example, will employees find the new values close to those they currently hold or how much will be shift in the status quo with respect to time allocation, status power and other resources. Will the change make extensive retaining necessary? Retraining is required or not? The benefit is positive effect what about by change. For

example, how much business value will be added after change; will organization gain competitive advantage?

The other dimensions like duration means time taken to complete the change effort. For example, is the change effort expected to take 2 to 3 years? Is the change temporary or permanent change? Cost is another dimension which measures. Cost contains both human and economic aspect. For example, how many people are working for the process of change? How much money will be spent in the entire process of change?

Technology is the last dimension which means influence of change relevant to technology. For example, will the new information system work well and be adaptable to the current one? If files or data transfer is needed if the transfer secure and safe. So, with this overall we have discussed about the various forces of change. These forces are the forces which are internal and external to organizations.

We have discussed about the changes in consumer's needs and wants, new government laws, changing technology, economic changes, internal changes.

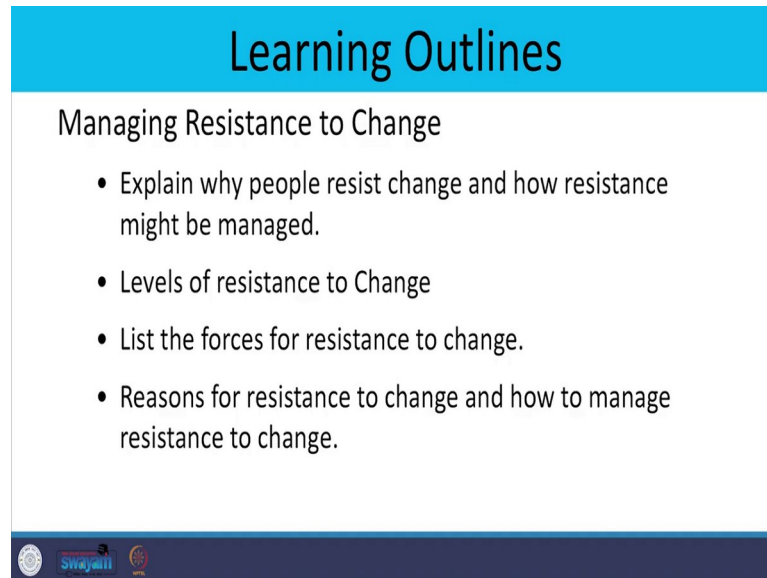
Internal factors are organizational strategy, changes in the composition of workforce, we discussed about increasing concept of workforce, diversity with gender, diversity disability inclusion and people with different age groups or multi-cultural, multi-generational workforce or people of different generations or different generational cohorts and new equipment changing employee attitude.

So, when there is a change which occurs due to different forces there is a requirement for developing the internal capacity to manage these forces, manage the disruptions which have happened in the organization. So, managing change is very important in order to be more competitive and to be more aggressively competitive and to manage its organizations performance.

So, what we have discussed so far. We have analyzed the various forces of change as internal and external factors of change. In internal factors we discussed about new organizational strategy, the change in composition of workforce, new equipment, changing employee attitude. And external forces, changing consumer's needs and wants, new government laws, changing technology, economic changes.

So, after discussing the internal and external forces of change and knowing about the factors of change on disruptions called to the organization and their performance. So, there is a need to understand how to manage the changes in the organization, and then next we will move towards this discussing about the resistance to change which is an important component, managing resistance to change.

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Learning Outlines

Managing Resistance to Change

- Explain why people resist change and how resistance might be managed.
- Levels of resistance to Change
- List the forces for resistance to change.
- Reasons for resistance to change and how to manage resistance to change.

Swayam

So, we will discuss about why people resist change and how resistance might be managed. Levels of resistance to change. And list to the forces for resistance to change. Reasons for resistance to change and how to manage resistance effectively. So, to first let us know about what is resistance to change.

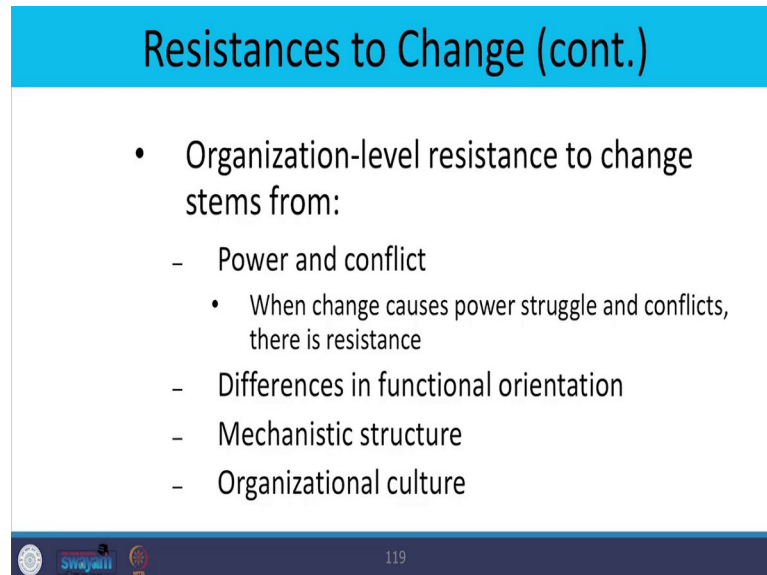
One of the main reasons for some organizations inability to change is organizational inertia that maintains the status quo. Resistance lowers an organizations effectiveness and reduces its chances of survival. So, why people resist let us; it is very important to understand why there is a resistance.

The ambiguity and uncertainty that change introduces resistance of the ambiguous nature of change or the comfort of old habits as generally said old habit dies hard.

So, people do not shun their old habits, a concern over personal loss of status, money, authority, friendship, and personal inconvenience is also sometimes one of the factors

why people resist, why people do not budge to change themselves. The perception that change is incompatible with the goal and interest of the organization.

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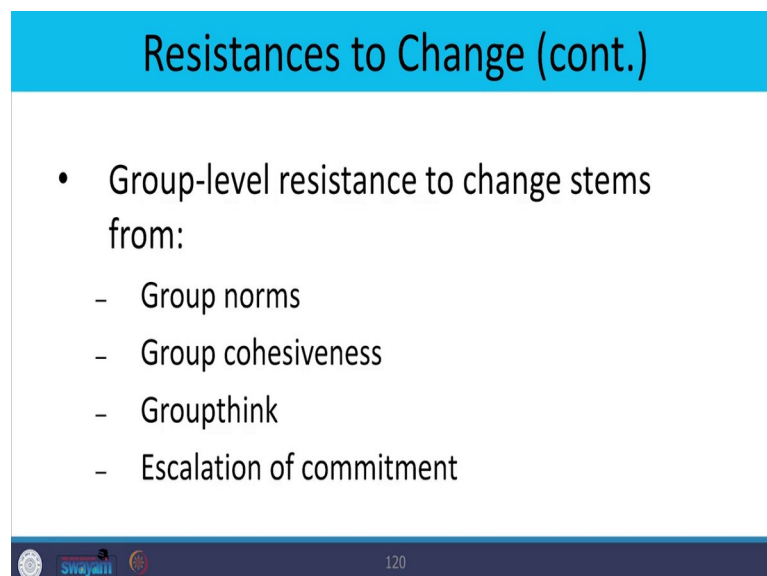
Resistances to Change (cont.)

- Organization-level resistance to change stems from:
 - Power and conflict
 - When change causes power struggle and conflicts, there is resistance
 - Differences in functional orientation
 - Mechanistic structure
 - Organizational culture

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Resistance also occurs because of organizational level resistance to change and some organizational level factors like power and conflict. When change causes power struggle and conflict there is resistance. Differences in functional orientation, mechanistic structure, and organizational culture. So, there is also differences or organizational level factors which can cause resistance.

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Resistances to Change (cont.)

- Group-level resistance to change stems from:
 - Group norms
 - Group cohesiveness
 - Groupthink
 - Escalation of commitment

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Similarly, there are some group level factors, group norms, group cohesiveness, groupthink, escalation of commitment.

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Resistances to Change (cont.)

- Individual-level resistance to change stems from:
 - Uncertainty and insecurity
 - Selective perception and retention
 - Habit

Individual level factors which may also lead to resistance like uncertainty, insecurity, selective perception and retention, and habit.

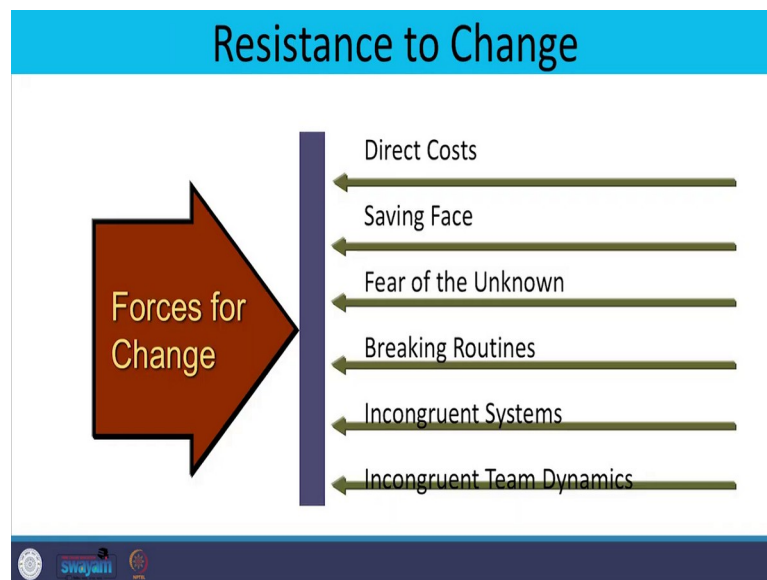
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Forces for and Resistances to Change	
Forces for Change	Resistances to Change
Competitive Forces	Organizational Level
Economic Forces	• Structure
Political Forces	• Culture
Global Forces	• Strategy
Demographic Forces	Functional Level
Social Forces	• Differences in Subunit Orientation
Ethical Forces	• Power and Conflict
	Group Level
	• Norms
	• Cohesiveness
	• Groupthink
	Individual Level
	• Cognitive Biases
	• Uncertainty and Insecurity
	• Selective Perception and Retention
	• Habit

So, forces for resistance to change like the competitive forces, economic forces, political forces, global forces, demographic forces, social forces, and ethical factors and its impact on resistance to change. Organizational level factors are structure cultural strategy.

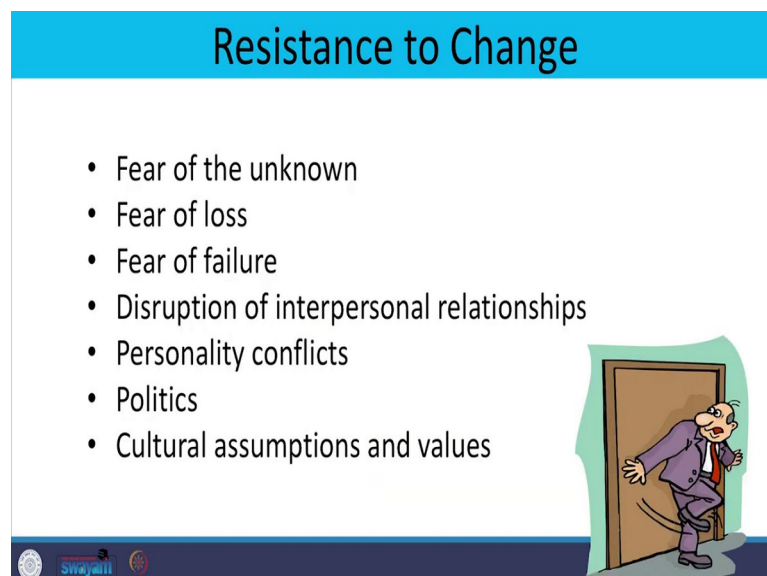
Functional level, the differences in structural orientation, subunit orientation, power and conflict. And group level factors are norms, coerciveness, groupthink. Individual level factors are cognitive biases, uncertainty, insecurity, selective perception and retention, and habit.

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So, what are these forces? Forces of change will have a direct cost, saving face, and fear of the known factors, and breaking routines, incongruent systems, incongruent team dynamics.

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Fear of unknown, fear of loss, fear of failure, disruptions of interpersonal relationship, personality conflicts, politics, organizational cultural assumptions.

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Resisting Change at the FBI

The FBI has been slow to shift from law enforcement to domestic intelligence due to:

- Incongruent systems -- career paths, reward system, decentralized structure
- Breaking routines -- unfamiliar with intelligence gathering roles
- Saving face -- past turf wars with CIA created an anti-investigation mindset



API Wide World Photos



After the resistance, let us discuss one of the cases where resisting change at FBI. The FBI has been slow to shift from law enforcement to domestic intelligence due to incongruent system, career path reward system, decentralized structure. Breaking routines unfamiliar with intelligence gathering roles. Saving face, past turf wars with CIA created an anti-investigation mindset.

So, we have seen that there are several factors which have led to the changes in various government organizations, changes in the various business organizations. I will give you one of the examples of Indian post. Indian postal service has completely changed. Nowadays, there is more focus on digitization and there is a complete transformation and a phase lift has been given.

As a catch-up response to the various private courier services which have been kicked up this particular space of the courier services. So, as a catch-up response there is a phase lift and when initially the change was brought there was a lot of resistance, but slowly people started to learn. So, we will discuss how resistance to change appears to be a natural and positive state.

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Resistance to Change

Resistance to change appears to be a natural and positive state

Forms of Resistance to Change:

- Overt and Immediate
 - Voicing complaints, engaging in job actions
- Implicit and Deferred
 - Loss of employee loyalty and motivation, increased errors or mistakes, increased absenteeism
 - Deferred resistance clouds the link between source and reaction

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Forms of resistance to change. Overt and immediate, people voice complaints, engage in job actions. Implicit and deferred, loss of employee loyalty and motivation, increased error or mistakes, increased absenteeism. Deferred resistance clouds the link between source and reaction.

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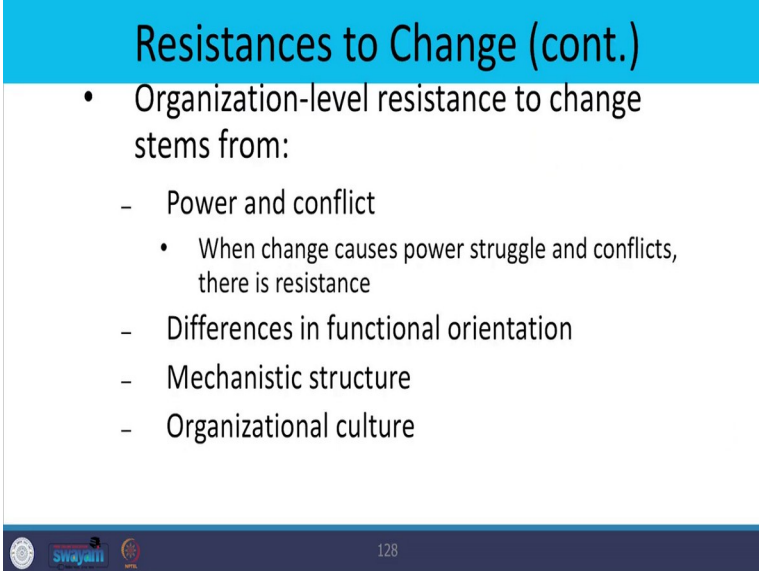
Resistances to Change

- One of the main reasons for some organizations' inability to change is organizational inertia that maintains the status quo
- Resistance to change lowers an organization's effectiveness and reduces its chances of survival

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Main reasons for some organization's inability to change is the inertia that maintains the status quo. Resistance to change lowers and organization's effectiveness and reduces its chance of survival.

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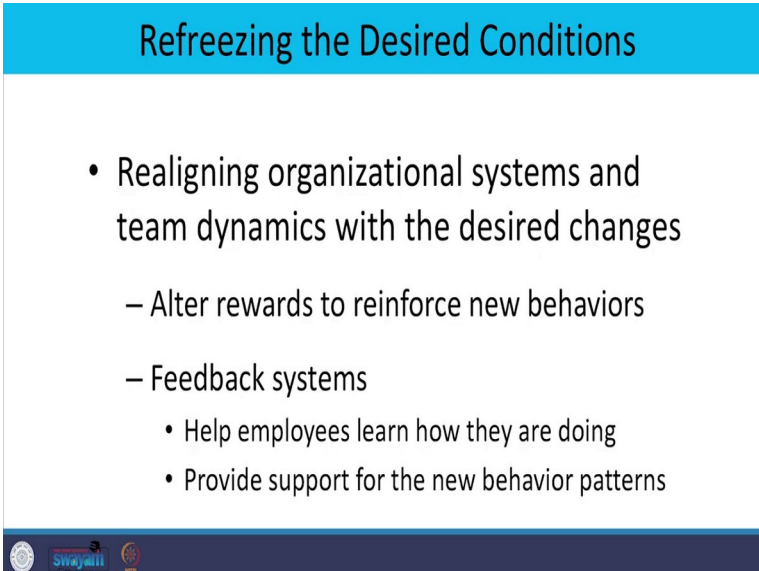
Resistances to Change (cont.)

- Organization-level resistance to change stems from:
 - Power and conflict
 - When change causes power struggle and conflicts, there is resistance
 - Differences in functional orientation
 - Mechanistic structure
 - Organizational culture

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Organizational level resistance stems from power and conflict, when change causes power struggles and conflicts when there is resistance, difference in functional orientation, like mechanistic and organizational culture.

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Refreezing the Desired Conditions

- Realigning organizational systems and team dynamics with the desired changes
 - Alter rewards to reinforce new behaviors
 - Feedback systems
 - Help employees learn how they are doing
 - Provide support for the new behavior patterns

Refreezing the desired conditions, realigning organizational systems and team dynamics with the desired changes. Alter rewards to reinforce new behavior. Feedback system help employees learn how they were doing, provide support to the new behavior pattern.

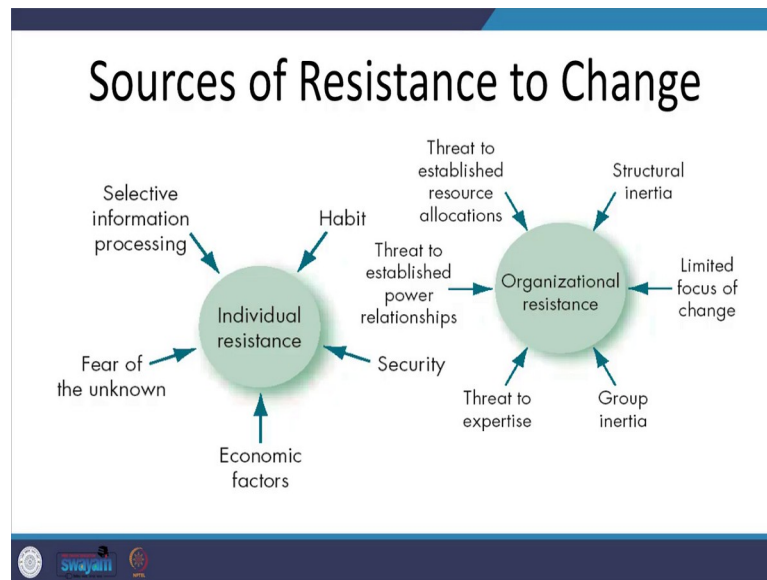
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Reasons of resisting change	
There are a number of reasons why people resist change, which should be addressed by management. Below is a list of these reasons:	
At Individual level	At Organization/Group level
Fear of the unknown.	Threats to power and influence.
Self-interest.	Lack of trust.
Selective attention and retention.	Different perceptions and goals.
Habit.	Social disruptions.
Dependence.	Resource limitations.
Need for security.	Fixed investments.

There are a number of ways why people resist change, which should be addressed by management. Below is a list of these reasons, at individual level, at organization or group level. As discussed earlier in this section fear of unknown, self-interest, selective attention and retention, habit, dependence, need for security are some of the individual level factors.

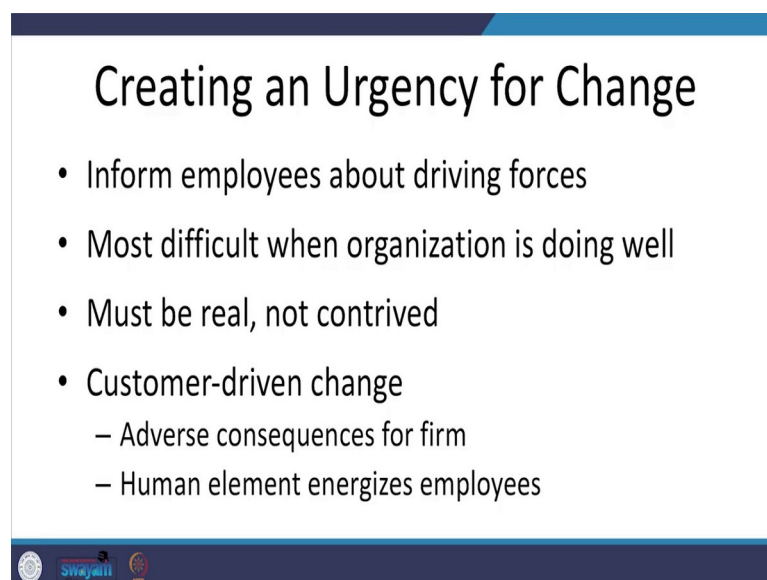
And organizational or group level factors are threats to power and influence, lack of trust, different perception and goals, social disruption, resource limitations, fixed investments.

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The sources of resistance to change, selective information processing, individual resistance, fear of unknown factor, economic factors, habit, security. Organizational or organizational resistance threat to established resource allocations, structural inertia, limited focus of change, group inertia, threat to expertise and threat to established power relationships.

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Creating an urgency for change, inform employees about driving forces, most difficult when organization is doing well. Must be real, not contrived. Customer-driven change, adverse consequences for firm, human element energizes employees.

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Minimizing Resistance to Change	
<p>(1) Education and Communication</p> <ul style="list-style-type: none">• Communicate with employees to help them see the logic of change.• Educate employees through one-on-one discussions, memos, group meetings, or reports.• Appropriate if source of resistance is either poor communication or misinformation.• Must be mutual trust and credibility between managers and employees. <p>(2) Participation</p> <ul style="list-style-type: none">• Allows those who oppose a change to participate in the decision.• Assumes that they have expertise to make meaningful contributions.• Involvement can reduce resistance, obtain commitment to seeing change succeed, and increase quality of change decision. <p>(3) Facilitation and Support</p> <ul style="list-style-type: none">• Provide supportive efforts such as employee counseling or therapy, new skills training, or short, paid leave of absence.• Can be time-consuming and expensive.	<p>(4 and 5) Manipulation and Co-optation</p> <ul style="list-style-type: none">• Manipulation is covert attempts to influence such as twisting or distorting facts, withholding damaging information, or creating false rumors.• Co-optation is a form of manipulation and participation.• Inexpensive and easy ways to gain support of resisters.• Can fail miserably if targets feel they've been tricked. <p>(6) Selecting People Who Accept Change</p> <ul style="list-style-type: none">• Ability to easily accept and adapt to change is related to personality.• Select people who are open to experience, take a positive attitude toward change, are willing to take risks, and are flexible in their behavior. <p>(7) Coercion</p> <ul style="list-style-type: none">• Using direct threats or force.• Inexpensive and easy way to get support.• May be illegal. Even legal coercion can be perceived as bullying.

So, minimizing resistance to change. What are the strategies to minimize resistance? Education and communication, communicate with employees to help them see the logic of change. Educate employees through one-to-one discussion, memos, group meetings or reports.

So, there should be a continuous exchange of information, so that there are more openness and people discuss at length about why there is a need for change. Appropriate if source of resistance is either poor communication or misinformation. And must be mutual trust and credibility between managers and employees.

Then participation, allow those employees, those who oppose change to participate in the decision. So, there will be call them or as them to participate in the discussion, so that they will start realizing with discussion, with deliberations and with an active involvement they will start understanding why there is a need for change.

And they will also give some suggestions for improvement which will be a kind of the first-hand experience with the change process.

So, assume that they have expertise to make meaningful contribution. And give them a scope, so that they can meaningfully contribute and later on recognize their contribution. Involvement can reduce resistance, obtain commitment to seeing change succeed and inequality, and increase quality of change decisions.

Facilitation and support, provides supportive efforts such that as such as employee counseling or therapy, new skills training, or short, paid leave of absence can be time consuming and expensive. Then manipulation and cooptation, manipulation is covered and attempt to influence such as twisting or distorting facts, withholding damaging information or creating false rumors.

So, manipulation and cooptation I would site one example when VRS voluntary retirement scheme was first launched. So, people the management representatives did not name it as voluntary retirement because the term retirement would be de-motivating. So, they termed it renamed it as a golden handshake offer to the employees of a certain age group.

So, the renaming, rechristening or the manipulated where the information was placed before the employees have really changed the scenario and management got a win-win, management had launched the offer of VRS successfully with a win-win approach.

So, corporation is a form of manipulation and participation. Inexpensive and easy way to gain support of resistors. Can fail miserably if targets feel they have been tricked. So, it is also to be taken care of that, the targets do not feel being cheated or being tricked.

Selecting people who will accept a change. So, ability to easily accept and adapt to change is related to personality. And select people who are open to experience. So, it is always good to identify people who can embrace change, who can accept, who can be having a positive attitude towards change, and are willing to take risk and are flexible in their behavior.

Coercion or by force, using direct threat or force. Inexpensive and easy way to get support. May be illegal, but even legal correct coercion can be perceived as bullying.

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Minimizing Resistance at Nissan



Carlos Ghosn launched a turnaround at Nissan Motor Company that saved the Japanese automaker and relied on change management practices rarely seen in Japan. Employee involvement was a key strategy to minimize resistance to the turbulent changes that occurred.

© Eriko Sugita/Reuters/Corbis

And then minimizing resistance at Nissan. Carlos Ghosn launched turnaround at Nissan Motors Company that saved the Japanese automaker and relied on change management practices rarely seen in Japan. Employee involvement was a key strategy to minimize resistance or otherwise what we discussed in the previous session employee participation, give them an ample scope to participate voice their concern to, so that there will be minimum resistance to the turbulent changes that occur.

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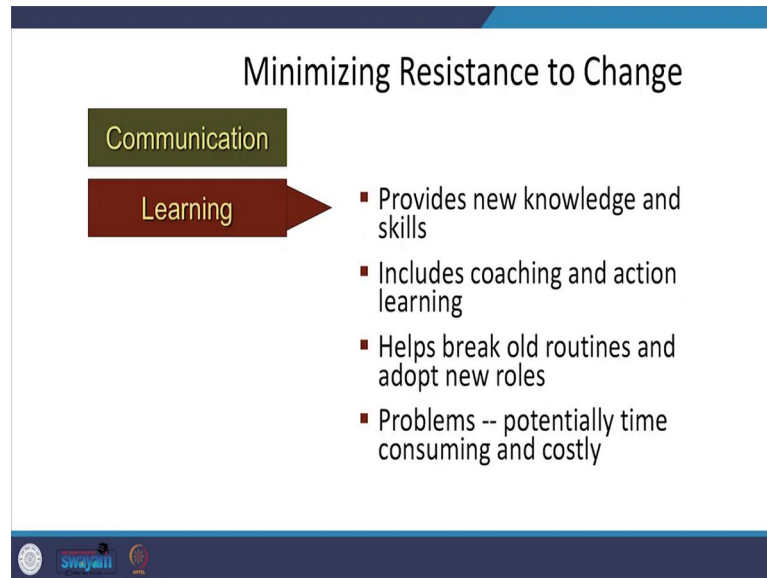
Minimizing Resistance to Change

Communication

- Highest priority and first strategy for change
- Improves urgency to change
- Reduces uncertainty (fear of unknown)
- Problems -- time consuming and costly

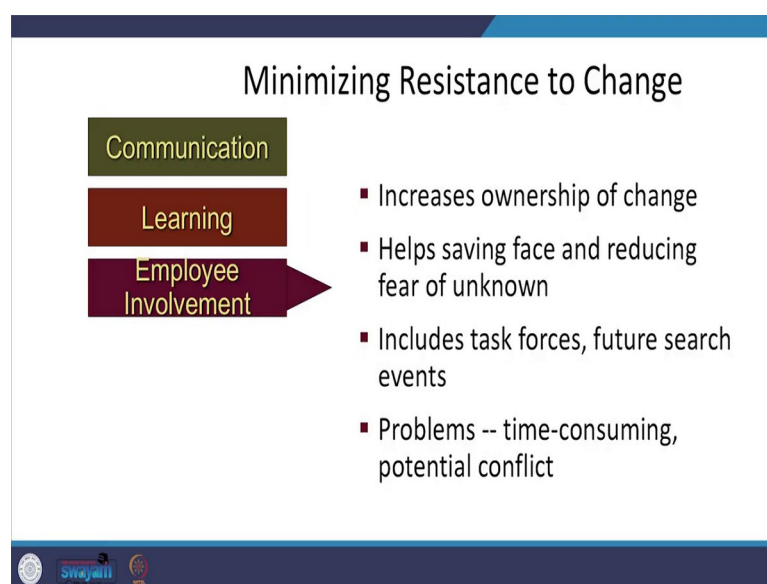
Minimizing resistance to change through communication. How this happens? Highest priority and first strategy for change, improves urgency to change, reduces uncertainty and problems, time consuming and costly.

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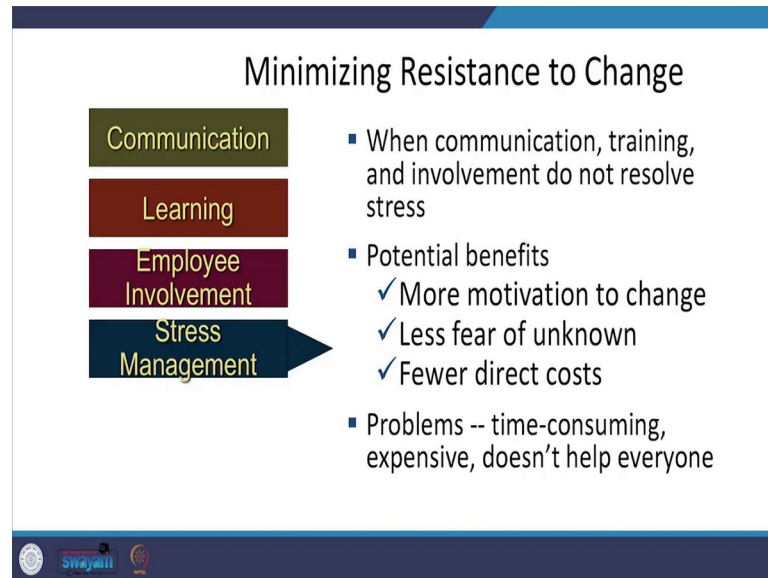
Learning provides new knowledge and skills, includes coaching and action learning, helps break old routines and adopt new roles, the problems are potentially time consuming and costly.

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Employee involvement increases ownership of change, help saving face and reducing fear of unknown, includes task forces, future search events, problems - time consuming, potential conflict.

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Stress management, when communication training and involvement do not resolve stress. Potential benefits are more motivation to change, less fear of unknown, fewer direct cost. Problems are time consuming, expensive, does not help everyone.

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Then, next is negotiation. When people clearly lose something and will not otherwise support change, influence by exchange reduces direct cost, problems are expensive, gains compliance, not committed.

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And the coercion or by force, when all else fail, assertive influence, firing people radical form of unlearning. Problems, reduce trust, may create more subtle resistance.

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So, how do we finally manage change? Managing resistance to change through communication, details, rational; participation in the process that is through ownership

and commitment empathy and support. With this, I would like to conclude the session here.

Thank you.