Management of Change

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I. Meaning:

Change is the law of nature and no organization is exception to this changes culture. When a business organization operates and functions for a long time, an equilibrium is established between its technical, human and structural set-up. But the changes in human behavior, their mentalities, their shifting values, evolution of new technologies, global competition, organizational restructuring, etc. impose the organizational change.

Management of change is the adaptability of management to theses changes for the survival and growth of the organization in the long run.

It requires a lot of flexibility, foresight, development and adoption of new techniques by the management.

II. Reasons for Organizational Changes:

1) **Changes in Production Method:**

Timely changes in production methods and systems, changes in kinds of goods produced, changes in marketing strategies, tax policies, industrial policies bring about change in the organizational set-up.

2) **Changes in Techniques:**

The changes in techniques and machinery demands appointment of new and skilled workers.

3) **Retirement of Old Employees:**

Retirement of old managers, director's board of director's gives place to new appointment of managers and directors. With the entry of new managers, there is evolution of new managers, there is evolution of new policies, schemes and intentions. This gives rise to organizational change.

4) **Technology:**

Technology brings about changes in an organization. Existing workforce has to be trained with respect to computer knowledge, updating of new techniques. etc. Many jobs have to be reshaped. Employes doing narrow specialized and routine jobs have to perform multiple tasks

5) **Economic Changes :**

Economic shocks like substantial changes in ooil prices, interest rates on loans etc. impose organizational changes.

6) **Globalisation:**

Due to entry ofr globalization, organization has to deal with lacal competitors as well as global competitors that come from across the oceans. In order to differently with different competitors

7) **Political situation**

Changes in world politics such as iraq's invasion of Kuwait, reunification of germany, break- up of Soviet union, recent india – Pakistan Kargil war, etc. impose organizational changes in response to such events

III) Reasons of Resistance to changes by people:

People generally resist to any kind of change because change demands readjustment which is not simple, possible and always favourable.readjustment which is not simple, possible and always favorable.

1) **Insecurity of Job:**
   Due to introduction of new technologies, automatic machines, employees have a fear of losting their jobs. This insecurity of jobs tends them to resist the change.

2) **Fear of Workload:**
   Sometimes with the proposed change in technology and new methods employees fear that their workload will be increased and correspondibgly, there will be no increase in their remuneration. This feeling result in resistances to change.

3) **Monotony in Work:**
   Sometimes a proposed change leads to more specialization and monotonous work. Such changes are also resisted.

4) **Participation fo subordinates :**
   Some changes totally deny or rule out the participation of subordinates in decision – making. Such changes are resisted because they imply criticism of the employees.

5) **Not Ready for Training:**
   Some changes in technology and work demand training of the employees some employees dislike to undergo refreshers or traning courses and hence, they resist the change

6) **Heavy Burden of Responsibilities :**
   Some changes in methods of working, changes in production processes impose heavy burden of responsibilities on managers. Such over – burdened managers tend to resist the change.

7) **Unfavorable Changes :**
   Some changes suggested by labour unions or Government are not favorable for an organization. Such changes are opposed by the management

(IV) Managerial Remedies to Overcome Resistance to Change

1) **Consultation with Employees:**
   Before introducing any change, the intention behind the change must be fully communicated to those who will be affected by it . Suggestions must be taked spent in consultation with the employees and their suggestions must be taken into consideration

2) **Proper Planning:**
   Changes should not be forced suddenly. A sufficient time should be spend in proper planning and installing it . Employees should be allowed to prepare themselves to accept it without any fear.

3) **Assurance About Economic Gains :**
   Management should ensure that the installed change would not cause any economic losses, loss in status and personal dignity at employee's end

4) **Group Dynamics:**
   Group dynamics refer to interactions among the group, adjustments in mutual perceptions and relationships maong the members of the group. It facilitates adaptation of change. Management should introduce it so that introduction of change is easily adopted

5) **Slowly Introduction of Change:**
Management should introduce the change slowly and in parts. The results of the change should be reviewed and necessary modifications must be made as per requirements. This will make the change easily acceptable.

6) **Suitable Training for Change:**
If a change demands training, the management should create a feeling in concerned employees that they are going to learn new techniques which will add to their knowledge. This will increase their enthusiasm and the change will be easily accepted.

V) Significance of organizational changes.

Change in organizations is inevitable. All organizations must adapt to the demands of their environments and their own stages of growth. The concept of change runs throughout all aspects of the study of organizational behavior. Significance of change can be gauged from the following aspects.

1) **Adapting to the Pace of Change:**
Advances in technology, internationalization of business, changes in the composition of the labour force, increased government intervention and many other factors provide a dynamic environment for modern organizations. The ever acceleration pace of change is one of the greatest challenges for contemporary managers and organizations. For a manager, change is a significant factor which must be understood with its full meaning and consequence.

2) **Resistance Must be Dealt With:**
Another significant matter arising form changes is resistance to change. Changes are resisted because of uncertainty, threats or vested interests, lack of trust, misunderstanding etc. but the significant factor is that the burden lies with the agent of change.

3) **Mutual Confidence:**
Most important is the human atmosphere that exists between the change agent and the change target if mutual confidence is not present, the strength of the resistance will greatly increased. It is here that the role of the change agent becomes more significant.

4) **Necessity of New Methods:**
It is essential that manager must change themselves. If necessary, they should give up traditional management practices and adopt new methods of management. From this point, change becomes an important factor.

5) **Change and Overuse of Authority:**
In spite of good intentions and positive efforts, resistance often persists. The manager must use positional power to enforce change. He must recognize though that authority can be used only sparingly. If authority is overused, it eventually becomes worthless or counter productive. This aspect of change in management is quite significant.

6) **Refreezing of Change:**
Manager must realize that making changes permanent (refreezing) is more difficult than bringing about the change. Steps such as altering the reward system, socialization of new staff, developing employee commitment may be necessary to bring permanent change. In addition a change intervention should be evaluated systematically to ensure that goals and objectives are being realized. This factor of change management is quite important in organizational development.

7) **Important feature and dimensions of managing changes:**
Change management is the process of systematically planning, organizing and implementing

change from the current state of disassembly to a fully functional state within an organization. Change management ensures that business continues while the change is occurring and thus it must begin before any change occurs. Main features of Change Management can be stated as follows.

A. Important Fearues of Successful Management of Change:

1) **Unfreezing:**
   This involves casting aside attitudes and value system, managerial behavior or organizational structure so that new ones can be learnt.

   For unfreezing the manager must understand the causes for resistance to change. It is common knowledge that there are people who desire status quo and there are individuals who push for change. The two groups may be equal in their force.

2) **Changing :**
   Actual change occurs at this stage. New value systems, behaviours or structures replace old ones. This is the action oriented stage. This could be a period of confusion, dis-orientation and despair mixed with hope and discoveries.

3) **Refreezing:**
   Here the change becomes permanent. The newly acquired values, beliefs and structures get refrozen. A new status quo is established at this stage. Refreezing is important becom without it there is a vacuum.

B. Dimensions of Managing Change :

Once change in an organization begins, the organisation is in a fluid state where business must continue. This transition stage has several dimensions as follows.

1) **Continuation of Business :**
   Change management ensures that business continues while change is occurring.

2) **Role of Management Staff :**
   Members of the regular management team must take on the role of transition managers and co-ordinate organizational activities with the change agent.

3) **Creation of Interim Strucure :**
   An interim management structure or interim positions may be created to ensure continuity and control of business during the change.

4) **Communication :**
   Communication of all the changes to all involved from employees to customers and suppliers play a key role in transition management. Communication is an important dimension of change management.

C. Examples of successful Change Management :

1) **State Bank of India :**
   In 1971, State Bank of India embarked on an organization wide restructuring exercise. Taking the help of external consultants, the top management implemented major changes in the organization a shift from functional structure to a market segment based structure, introduction of budgeting and performance review system, differentiation and strengthening of planning and staffing functions and creation of more unified channels of command of branches from the head office.

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2) **Richardson and Crudas Ltd :**
In 1981, Richardson and Crudas Ltd. Was in a bad shape. Profitability was low, return on equity went down by 25% in 4 years, industrial relations were poor and there was considerable politics among departments. When Mr. Gurucharandas took over the management, he went ahead creating "a people oriented culture" where "new ideas could thrive and people could develop their full potential". What followed was a major organizational development exercise for changing the values and attitudes of people at all levels. By 1984, the company hed a committed management team, union-management relations had improved, profits had more than doubled and sales went up by 30%.

3) **Steel Authority of India Ltd. :**
During 1980-84, Steel Authority of India Ltd. (SAIL) had suffered losses of Rs. 276 crores. In 1984, Mr. V. Krishnamurthy became the CEO. He had group discussions and individual discussions involving 25000 employees and he prepared a list of priorities for action, based on these discussions. This list was mailed to its 25 lakh employees. A great deal of decentralization was done as a result with great cost savings on fuel consumption and overtime. A flatter organization structure was evolved, human resource development programmes were strengthened.Whthin a span of 4 years, the company recorded a profit of Rs.360 crores.

VII) Methods for dealing with Resistance to Change:
Katter and Schlesinger have suggested six different approaches for introducing change as follows:
1) **Education and Communication :**
This approach entails education of concerned employees when there is a lack of information and erroneous analysis of information. The advantage of this approach is, once persuaded will often help will often help with the implementation of this change. The drawback of this approach is that if lots of people are involved it can be very time consuming.

2) **Participation and Involvement :**
Such an approach is used where the initiators do not have all the infrmation. They need to design the change and where others have considerable power to resist.
This approach is beneficial because pepole who participate become committed to implementing change and any relevant information they have will be integrated into the change plan. The disadvantage is that such a change can be very time consuming if the design change is not suitable.

3) **Facilitation and Support :**
This approach is used when people resist because there are adjustment difficulties. This method has a specific advantage where no other approach works towards adjustment. This approach is expensive, time consuming and has more than average chances of failure.

4) **Negotiations and Agreements:**
Where someone from the group loses out in the process of change despite strong resistance from the group, this approach is used. The advantage of the method is that it is relatively an easier way to avoid major resistasnce, while the limitations is that it can be expensive and it can motivate rivals to negotiate for compliance.

5) **Manipulation and Co-Opting:**
When other tactics do not work, or they are very expensive, this approach is taken, the advantage being that it can be a relatively quick and cheaper solution to resistance problem. At the same time, it can lead to future problems if people feel manipulated.

6) **Explicit and Implicit Coercion:**
This approach is necessary when speed is essential and initiators of change are quite powerful. The drawback is that if people get angry with the initiators, it can be very risky, though this approach is speedy and can overcome any kind of resistance.

VIII) Methods of Making Change Permanent:

The above approaches enable managers to introduce changes successfully. The next step is to make the change stay for a long time so that people do not revert back to the earlier position. Various methods suggested for this purpose are given below.

1) **Use of Group Force:**
The group generally has great influence on the behavior of member. The individual aggressiveness, Co-Cooperativeness, self-respect, confidence, energy and productivity, hopes and aspirations, likings, beliets and prejudices are all conditioned by the group in which an individual works. Therefore members, acceptance or rejection of the change depends on the group to a large extent. The manager must make use of group forces to effect the change.

2) **Changing the Perpetrator of Change:**
The change agent himself must undergo a change, then only he can reinforce a psychological climate of support for change. Unwillingness of managers to give up traditional managerial practices and their unwillingness to accept new methods are the most serius barriers to the introduction of change.

3) **Shared Rewards:**
Another way to build support for change is to ensure that the people affected derive benefit out of the change. Benefits can include traditional salary, promotions, training, recognition etc.

4) **Co-operation of Unions:**
Generally, unions are against changes but taken into confidence, they can act as change agents. As unions recognize benefits to change, they will agree to change slowly and once they are involved in decisions about the change, they will support the change.

5) **Concern for Employees:**
Changes should not be introduced just for the sake of change. Only when necessary changes should evolve themselves and ultimately benefit the employees. Need and requirements of employees should not be affected in the short term. Any problem that has taken place because of change needs to be looked into and corrected immediately.

IX) Conclusion:

Now days no enterprise can survive without habituation the cange management. Every element in the organization must adjust with the management of change. In compitative world Management of change must be practiced by each organization to survive in coming days.

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