There is a myth that people in organizations don’t like change. Actually, people do like change. What they don’t like is being changed

.... Marty Neumeier
INTRODUCTION

Change, today is inevitable for any Organisation in the light of Competitive, Technological and Demographic forces. Changes are increasingly common in areas such as Business models, Market focus, Strategic objectives, Cultural aspects, Processes, Programs, Policies, Technologies and Job roles.

Change is compulsively present in every aspect of life. In the Organisation, it manifests itself in various forms - Technological, Strategic, Process, Product, Quality improvement, Design and Human factor changes. Change is always painful, but, without change there is no growth and without growth, no development. Thus, Change becomes a necessity for survival. Organisations cannot stop the world from changing, the best they can do is to adapt. One of the major tasks facing the organizations today is managing change. Change management is the process of developing a planned approach to change in an organization. The discipline of change management deals primarily with the human aspect of change, and is therefore related to pure and industrial psychology. To be effective, change management should be multi-disciplinary, touching all aspects of the organization. However, at its core, change management is primarily a human resource management issue. This is because implementing new procedures, technologies, and overcoming resistance to change are fundamentally "people issues". The management of change is now commonly viewed as a complex and difficult area worthy of special attention and study. The fascinating, yet controversial concept of organizational change and, inevitably, change management, has been a major concern of business and academic research in recent years.
During the past few decades, the manufacturing sector has undergone considerable changes. The manufacturing industry today exists in a highly dynamic and interactive business environment where there are no geographic borders and companies are spread across the globe. Few years down the lane, there existed a monopolistic market but now there are many players in the market giving the customer a lot of choices. There is more stress now on the investment that goes into the research and development that was absent before, as today's customer expects innovative, new and better products.

People, now have new choices for employment, some of which are very appealing. Thus, the organizations are facing the problem of high employee attrition rates. The service sector has not only undergone a lot of changes but has done so at a very rapid rate. One reason for the growth in the service sectors in India is the liberalization in the regulatory framework that gave rise to innovation and higher exports from the service sectors. The service sector has taken on far greater importance in terms of sheer size and employment levels. In developed countries, the service sector is the major contributor to GDP. It also accounts for the major share of employment.

Change is happening all around in all organizations. Literature review indicates that most of the organizations have not considered this issue seriously and as a result “the Change” is engulfing them while Change could be well managed if the organizations plan for it and prepare themselves for the change. Most of the Organizations have neither made an attempt to educate their employees about change nor have they tried to find out the causes for resistance to change and reduce it. They have no quantitative measure of the level of resistance existing in their firms and no methodology
or model guiding them in their journey of change. Hence viewing this attitude of the organizations towards change as a very serious problem, in this study the author tries and help Organizations Manage Change effectively and efficiently. The sources of data to arrive at results and findings of this study is completely of primary in nature.

INTRODUCTION TO CHANGE

Change is inevitable but too often ignored. Change is all around us in organizations—whether planned or unplanned, voluntary or involuntary.\(^1\) Research indicates that organizations are undergoing major change approximately once every three years, whilst smaller changes are occurring almost continually. There are no signs that this pace of change will slow down.

In this context, managers should be able to introduce and manage change to ensure the organizational objectives of change are met, and they have to ensure that they gain the commitment of their people, both during and after implementation. For these reasons, it is important that the way change is managed is carefully considered by organizations. Whilst each change situation will be unique, there are still a number of common themes that will help ensure that the change process stands the greatest chance of success.

Change happens, and while we can't control much of the world changing around us, we can control how we respond. We can choose to anticipate and embrace changes or resist them. Resisting change is like trying to push water upstream. Generally we're quick to point to others who resist
change. It’s much harder to recognize or admit to our own change resistance. Change can also be defined as an alteration in the existing field of forces, which tends to affect the equilibrium. Change is inevitable in the history of any organization. Organizations that do not change or keep pace with the changing environment suffer from entropy and soon become defunct. Organizations have an internal environment but exist in an external environment. To function effectively, organizations have to achieve equilibrium within the internal variables in active interaction with each other and also with the external environment. However, this equilibrium is not static but dynamic. Hence, organizations have to modify and change to adapt to the changing internal and external environment.

Objectives:

1. To study the different models of management of change and develop suitable strategies to face the changes at the global level.
2. To investigate whether the change process will have the same influence on the manufacturing and service sectors.
3. To conduct field surveys and assess the employee and employer responses to the management of change and also interpret the factors influencing their resistance to change.
4. To carryout statistical analysis for predicting the behaviour of the target groups in dealing with the management of change in manufacturing and service sectors.
Methodology:

The study basically depends on primary sources of data to examine the objectives mentioned above. The study also draws inferences based on the information available in text books, research journals, etc., The Methodology of the study included Selection of the sample through convenient Sampling techniques, administering the Questionnaires to the selected sample, Interviews and Observation, thus collecting the required data for the study. The tools and techniques used to analyze the collected data were Bar graphs, Pie charts and other charts using Systat software and Microsoft Excel.

Findings of the survey:

The need for change has been found out by interacting with the managers of several organizations. The various reasons for resistance also, have been found out using the questionnaires. From the analysis, it has been found that the level of resistance existing in service industries is greater than that in manufacturing industries. For, the manufacturing sector, the results have been generalized using the technique of Normalization and the mean values are 31.67% for Employee resistance, 39.44% for Management resistance and 52.37% for Management resistance as viewed by Employees. ANOVA tests have been conducted for Employee resistance, Management resistance and Management resistance as viewed by Employees. After, taking into account, the findings of the survey, a Supplementary model for Change Management has been suggested. Also, suggestions regarding the conduction of Workshops and Change Management programmes are given to help people accept and embrace change more comfortably. The benefits of this study include realizing the various causes for resistance to change, measuring the
existing level of resistance to change. This helps the Organisation to take measures to reduce the resistance using Change Management programmes and also by following a suitable model along with the suggested Supplementary Model. This in turn results in the successful management and implementation of change.

Limitations of the study:

The study is based on the data collected from seven industries in the manufacturing and service sectors. The geographical area considered for the study is Bangalore. Hence, the findings obtained through this study cannot be generalized. Various factors such as culture, religion, attitude, etc will have a profound influence on the process of change management initiatives in various organizations. Hence, the findings obtained from one region may not be applicable to other regions.

Organization of the study:

The study has been presented in 9 chapters followed by bibliography. The first chapter begins with an introduction to the areas of change management and its significance in the present day context. The second chapter presents an overview of change management models which enable the organizations to understand nuances of change. The third chapter deals with the literature review based on the secondary sources such as journals research papers, text books, web sites, etc. Also its presents the need for the study and the objectives set to conduct the research.

Fourth chapter deals with the data collection plan and it provides an overview on the sampling technique used for the study and also the
questionnaire design which is the primary source of data collection. Fifth chapter explains the findings of the study. Also it explains the nominalization process involves and the ANOVA technique used to arrive at the results.

Sixth chapter explains the conduction of test of hypothesis to statistically infer the findings. Seventh chapter details about the results of the study in terms of the resistance levels to change in Manufacturing and Service Sectors. Eight chapter recommends a new model for the organizations to look into at the time of change process.

Finally the study ends with a chapter on conclusions, and future scope of research in the area of change management.

CHANGES IN THE WORLD INDUSTRIAL SCENE

Intense worldwide industrial competition has engendered volatile dynamics of business environment change. Both of them, in tandem, have brought about a number of important changes, in the nature and structure of global business and industry. Some of these observable changes are:-

- Shorter Product Life cycles.
- Shorter Product Change-over cycles.
- Higher rate of new product development.
- Shorter Production runs.
- Quality and Productivity-quality integration, in terms of zero-defect production.
- Total Quality Control or Companywide TQM.
- Equipment and Process technology as a Strategic resource.
- Flexible Manufacturing Systems.
- Increasing importance of Project management.
- New approaches to and styles of Marketing.
- Training of employees in multiple work skills, team participation and responsibility.
- Increasing role and use of I.T. in management including Internet, intranet and extranet.
- Increasing use of automated decision aids like D.S.S. (Decision support systems), Expert systems, E.I.S (Executive information systems) and simulation experiments.
- Redesign of Business processes and Work flows

WHY ORGANIZATIONS NEED TO CHANGE?

The major circumstances, which call for Organizational change, are:

A change of purpose: In this set of circumstances, the need arises for the organization to re-think its purpose and to set a new direction. This process will in turn lead to the need for a fresh approach to strategy and, in consequence, changes in organization so as to align it with the new purpose and new strategy.\(^3\)

A change in strategy: In these circumstances, the organization’s purpose remains but top management takes the view that it is necessary to rethink the strategy.

The search for more effective organization: This set of circumstances exists in cases where top management sees no reason to redefine purpose,
or to rethink the strategy, but does believe that the existing organization is ineffective in implementing and delivering the strategy.\textsuperscript{4}

The other causes being:

- Challenges of growth, especially global markets
- Phenomenal increase in the size of the organization
- Technological changes
- Competitive pressures
- Customer pressure, particularly shifting markets
- To learn new organization behaviour and skills
- Government legislation/initiatives
- Increased stress on quality

**FORCES FOR CHANGE**

More and more organizations today face a dynamic and changing environment. This, in turn, is requiring these organizations to adapt. “Change or die!” is the rallying cry among today’s managers worldwide.\textsuperscript{5} The following are the important specific forces that are acting as stimulants to change:
### Table-1.1 Examples for Forces of Change

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**NATURE OF ORGANIZATIONAL CHANGE**

An organization can be defined as a particular pattern of Tasks, Techniques, Structures and People. Tasks mean goals and the whole hierarchy of goals and subtasks required to secure them. For example, the task of earning a certain rate of profit implies a whole chain of sub-tasks like producing some specific product, allocating resources to marketing it, identifying market segments, establishing the appropriate advertising budget, and so on. Techniques are systematic procedures for converting inputs to outputs of given characteristics. Mass production technology is a technique; so are linear programming, Electronic data processing, and Strategic
planning. Structure is the network of roles in an organization that represent the legitimate and durable arrangements by which the organization's work gets done. It is usually visible in the form of departments, the organizational hierarchy, committees, and the like. In People are included particularly the skills and attitudes of the members of the organization, be they managers, white collar staff or clerical workers.

Organization Change means significant change in any one or more of the Tasks, the Techniques, the Structure and the People of the organization. Changes in these however tend to be correlated. Often, as a consequence of a change in one of the four components of the organization, there is a change not only in the other three components, but also in the relationships between the four components.

**TYPES OF ORGANIZATIONAL CHANGE**

Taking two variables-the magnitude of the change and the time-scale involved- it is possible to identify four types of Organisational change:

**Incremental or Evolutionary Change** consists of an ongoing process of moderate but linked steps none of which is particularly significant in itself, but which taken together result in sufficient adaptation to changed business conditions or modifications to strategy to enable the organization effective. The starting point for such an approach usually involves a combination of satisfaction with past success and a realization that the world is changing and that only by a continuous process of organizational change, can future success be assured. Thus this process is seen as one which has no time
limits, it will go on as long as the organization exists but, provided nothing happens to create a deep sense of crisis, it need never be traumatic.

**Transformational or radical change**, by contract, is extremely traumatic. It is seen as necessary either in response to a severe crisis in the Organization's affairs or a fundamental change in purpose or strategy. It involves challenging all the assumptions underlying existing organization arrangements and it results in changes so profound that after the event, the Organization is scarcely recognizable compared with its previous condition. Such a transformation takes years to work through. It cannot take place without significant and painful changes in culture. It is, however, limited in time. Once the transformation is complete, the organization can either revert to a process of continuous incremental change or, exhausted by the turmoil of radical change, it may sink into a period of inertia and stagnation, which in the end will necessitate a further bout of transformation. Transformational change is quite often achieved following a management buy-out.

**Quick Fix change**: Attempts at achieving organizational transformation in a short time period—say a year or so—are doomed to fail. However attractive the third option of a quick fix may appear (and in companies in deep crisis the appeal is obvious) the long-established and deeply entrenched patterns of organizational behavior, which prevail, cannot be uprooted and displaced by short-term panaceas. It is like weeding the garden by pulling of the heads of the weeds. For a short while, things look just fine but all too quickly the weeds are there just as thick as before. Frequently the quick fix approach involves implementing a ‘package’ of some kind which has an impressive label and
which is being promoted by expensive team of consultants. Sometimes these approaches fail because they focus on only one aspect of the total organization nexus - the structure or the systems or the culture.

**Tinkering:** This describes the process of making occasional unrelated relatively minor organization changes in the hope or belief that they will lead to improved performance. For example, a company might decide to introduce performance related pay in one year, then in the next year turn its attention to trying to improve quality without linking the issue of quality to the nature of the remuneration system. Organizations, which tinker typically, go through cycles - centralization followed by decentralization followed by recentralization, etc.

**WHY DO PEOPLE RESIST CHANGE?**

Change is the law of nature and it is bound to be resisted, being the very part of human nature. Any kind of change faces resistance. Resistance is any force that slows or stops movement. It is not a negative force out there just waiting to ruin our otherwise perfect idea. We all resist things that go against our interests. Life would be impossible without this protective mechanism. People resist in response to something. They don’t see it as resistance; to them it is survival. Without delving deeply into areas of Individual psychology, here is a wide range of typical causes of resistance. There are rarely simple cause and effect situations, and resistance is usually a complex mix of historic, factual and emotional issues, which are not always easy to disentangle. However, the following list does mention the most frequent sources of resistance to change and unwillingness to engage in new behavior:
• Fear of Unknown
• Lack of information
• Misinformation
• Historical factors
• Threat to core skills and competence
• Threat to Status and Power base
• No perceived benefits
• Low trust Organizational climate

Remember, people don’t resist change — they resist loss: loss of security, competence, territory, power or direction. As a manager, there are 5 essential things you can do to help colleagues through a period of change.

• Tell people the truth.
• Involve everyone in planning.
• Explain “why” and install a sense of urgency.
• Break it into steps.
• Be patient.

Resistance comes especially in two forms - Systematic and Behavioral. Systematic resistance arises from lack of appropriate knowledge, information, skills and managerial capacity. Behavioral resistance describes resistance deriving from reactions, perceptions, and assumptions of individuals or groups in the organization.
MANAGING RESISTANCE

Managing resistance will involve using resistance as a positive of the change process, preventing resistance, and coping with it. Some of the ways to reduce or prevent resistance relate to ownership of change, nature of change, and the process of changing.

Ownership: Resistance is likely to be low if the change is perceived as being the need of and suggested (owned) by those affected by it, and when it has the top management support.

Nature of Change: Resistance is likely to be less if change is seen as reducing problems and burdens, conforming to the core values of the groups, offering new and interesting experience to the group, and does not threatening autonomy and security.

Change process: Resistance can be reduced by joint and agreed diagnosis of the problem, consensus on the broad design of change, listening to "objections" (and learning from them), periodical review and feedback, development of high interpersonal trust and cohesive teams, and openness to revision.

FORMULA FOR CHANGE

The Formula was created by Richard Beckhard and David Gleicher and is sometimes called Gleicher's Formula. This formula provides a model to assess the relative strengths affecting the likely success or otherwise of organizational change programs.

\[ D \times V \times F > R \]
Three factors must be present for meaningful organizational change to take place. These factors are:

D = Dissatisfaction with how things are now;

V = Vision of what is possible

F = Initial, concrete steps that can be taken towards the vision.

If the product of these three factors is greater than R = Resistance, then change is possible. Because of the multiplication of D, V and F, if any one is absent or low, then the product will be low and therefore not capable of overcoming the resistance.

WHAT IS CHANGE MANAGEMENT?

Change management is the process, tools and techniques to manage the people-side of business change to achieve the required business outcome and to realize that business change effectively within the social infrastructure of the workplace.

Change management is the process of developing a planned approach (anticipating change and preparing for it) to change in an organization. Typically the objective is to maximize the collective efforts of all people involved in the change and minimize the risk of failure of implementing the change. The discipline of change management deals primarily with the human aspect of change, and is therefore related to pure and industrial psychology.

Change management can be either ‘reactive’, in which case management is responding to changes in the macro-environment (that is, the source of the change is external), or ‘proactive’, in which case management is
initiating the change in order to achieve a desired goal (that is, the source of the change is internal). Change management can be conducted on a continuous basis, on a regular schedule (such as an annual review), or when deemed necessary on a program-by-program basis. Change management can be approached from a number of angles and applied to numerous organizational processes. Its most common uses are in organizational development, information technology management, strategic management, and process management. To be effective, change management should be multi-disciplinary, touching all aspects of the organization. However, at its core, change management is primarily a human resource management issue. This is because implementing new procedures, technologies, and overcoming resistance to change are fundamentally "people issues".

THE CONVERGENCE OF TWO FIELDS OF THOUGHT:

To understand change management as we know it today, you need to consider two converging and predominant fields of thought: an engineer's approach to improving business performance and a psychologist's approach to managing the human-side of change.

Figure-1.1 The Convergence of Two Fields of Thought

Engineers
(Mechanical focus on change)

Convergence over time

Psychologists
(Human focus on change)
This mechanical system perspective focuses on observable, measurable business elements that can be changed or improved, including business strategy, processes, systems, organizational structures and job roles.  

From this perspective, a business is like a clock where each of the mechanical pieces can be changed or altered to produce a predictable and desirable solution. The change can be gradual as seen in continuous process improvement methods such as TQM, or radical.

The other side of the story begins with psychologists. Concerned with how humans react to their environment, the field of psychology has often focused on how an individual thinks and behaves in a particular situation. Humans are often exposed to change; hence psychologists study how humans react to change.

TWO PERSPECTIVES OF CHANGE MANAGEMENT

Change Management can be viewed from two perspectives—from those implementing the change and from the recipients of change. These two perspectives of change management can be referred to as:

- Organizational Change Management
- Individual Change Management

Organizational Change Management: is the management of change from the perspective of a manager or project team. It is the perspective of “business leadership" from the “top" looking down into the organization. The focus is around broad change management practices and skills that will help
the organization understand, accept and support the needed business change. The primary focus is around change management strategies, communication plans and training programs. The involved parties include project team members, human resources and key business leaders that sponsor the change. Organizational change management provides the knowledge and skills to implement a methodology and tools for managing change throughout an organization.\textsuperscript{13}

**Individual Change Management:** is the management of change from the perspective of the employees. They are the ones who ultimately must implement the change. The focus here is around the tools and techniques to help an employee transition through the change process. The primary concerns are the coaching required to help individuals understand their role and the decisions they make in the change process. In this arena, you will need to provide tools that employees can use to navigate their way through the change.\textsuperscript{14}

**PROCESS OF CHANGE MANAGEMENT**

The process of change management consists of three phases. This was explained through Prosci's research-based process is made up of three phases:

1. Preparing for change
2. Managing change
3. Reinforcing change
**Figure-1.2 Process of Change Management**

**Phase 1 – Preparing for Change**
- Define your Change Management Strategy
- Prepare your Change Management Team
- Develop your sponsorship Model

**Phase 2 – Managing Change**
- Develop Change Management Plans
- Take action and Implement Plans

**Phase 3 – Reinforcing Change**
- Collect & analyse Feedback
- Diagnose gaps & manage resistance
- Implement corrective actions & celebrate successes

**Outputs:**
- Change characteristics Profile
- Organizational attributes profile
- Change management strategy guidelines
- Change management team structure
- Sponsor structure and responsibilities

**Outputs:**
- Communications Plan
- Sponsor Roadmap
- Training Plan
- Coaching Plan
- Resistance Management Plan

**Phase 1 – Preparing for change:** In this phase, the various activities carried out are the definition of the change management strategies, selection and preparation of the change management team, and finally the development of the sponsorship model. Hence this phase mainly comprises of activities to prepare for change.

**Phase 2 – Managing change:** In this phase, the change management plans are developed. These plans are then put into action.

**Phase 3 – Reinforcing change:** Once the plans are implemented, it is important to reinforce and sustain this change. The major activity in this phase is to obtain feedback to assess the success of the plan. The final step is to celebrate in case of success or to implement corrective actions in case of failure.
STRATEGIES FOR CHANGE MANAGEMENT

These can be considered as the different strategies and procedures that are used to categorize the change environment. The relevance of different change strategies is that they build upon different assumptions about human motivation and hence willingness to engage in change at a particular point in time. Four differing views are presented below. These strategies are not intended to be mutually exclusive. Rather they may each be appropriate at a different stage of a particular change process. Once the environment is identified, an effective implementation plan can be composed.

**Normative-re-educative strategy:** This approach believes that changing the norms, attitudes and values of individuals will lead to changes in their behaviours. It is based upon core beliefs, values and attitudes. So change will occur as individuals change their attitudes and this leads them to want to behave differently.

**Rational-empirical strategy:** This strategy is based on persuasion, and assumes that individuals are rational and as such they will follow their own self-interest once this is made clear to them. The benefits of a change therefore need to be highlighted and sold to the individuals as being of personal benefit to them.

**Power-coercive strategy:** This strategy is based on the application of power, with the belief that most people are compliant to those who have greater power. A potential issue with this process is that once the power is removed, individuals may revert to previous behaviours.
**Action-centred strategy:** This focuses on problem solving, looking at problems and focusing on remedial actions.

**Environmental-Adaptive strategy:** People oppose loss and disruption but they adapt readily to new circumstances. Change is based on building a new organization and gradually transferring people from the old one to the new one.

**Summary:** Change is common with individuals and Industries. It may be planned or unplanned voluntary or involuntary change occurs and while we cannot control much of the world changing around us, we can control how we respond. There are many forces of change which includes technology socio-economic and political factors. There are four types of organizational changes. They are evolutionary change, transformational or radical change, Quick fix change and tinkering. Change is the law of nature and it is bound to be resisted, which is natural with all of us. Hence management of resistance is significant in modern life. There are two perspectives of change management, which includes organizational change management and individual change management. There are three phases of change management which include preparing for changes. Managing change and reinforcing change. There are four strategies which are not mutually exclusive, rather they may be appropriate at different levels of a particular change process.
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