Change Management-A critical Review on Communication and Resistance perspectives

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***Abstract* - As someone said, change is the only thing that is constant in the Almighty's creation and undoubtedly it's always been a reality to be perceived. We are living in a world of opportunities where everybody compete in one way or the other to grab those opportunities. Organizations are no more an exception to this and further trying to introspect more to reconstruct themselves. Yes it's true, we have been facing a tsunami of transformations in almost all aspects of the society and business in particular. Throughout this literature managers are advised to recognize that change is implemented by and has consequences for people, and that change can be made significantly less traumatic and more successful if these human aspects are anticipated and handled effectively. An entire literature has been developed emphasizing the importance and impact of involving employees effectively in organizational decision making and change initiatives. For this to happen, Communication and resistance dimensions should be considered as major factors in successful change management.**

***Index Terms* - Change, Communication, Employees, Managers, Resistance.**

INTRODUCTION

Organizations are continually in the process of change, with the hopes of becoming more productive, efficient, and effective in their mission (Chreim, 2007). Approximately 70 percent of planned organizational change initiatives fail. One of the primary causes for these failures is the lack of reliable and valid diagnostic instruments to assess and track an organization's capacity for change (Pellettiere, 2006). Unfortunately, scale development and construct measurement in the organizational sciences has been deficient (Armenakis and Bedian, 1999; Boyd et al., 2005), and this is particularly true with respect to organizational change (Martin, 1998).

FORCES OF CHANGE

Organizations are systems that exist in the context of an external environment, in a dependent relationship, and that interact with it in order to survive and grow. Any factor in the environment that interferes with the organization's ability to attract the human, financial and material resources it needs, or to produce and market its services/ products becomes a force of change. Internal to itself, a number of forces operate in the organization that could facilitate or hinder its functions, processes and actions. An organization is thus subject to two sets of forces: those of the external political, social, economic and competitive environment and those internal to the organization (Styhre,2002).

FORCES OF CHANGE STEMMING FROM EXTERNAL ENVIRONMENT

Political forces: The transition of the East-European nations to democracy and a market economy, the opening up of the economy of South-East Asia, the collapse of the erstwhile Soviet Union, the unification of Germany, the Gulf war, and the crisis in Yugoslavia are some examples of political upheavals that have had widespread repercussions around the world bringing in their wake a plethora of change.

Economic forces: The uncertainty about future trends in the economy is a major cause of change. For example, fluctuating interest rates, declining productivity, uncertainties arising from inflation, deflation, low capital investments, the fluctuating price of oil (petrol.), recessions, and the lowering of consumer confidence have a marked impact on different economies and, therefore, on organizations. The national financial system of countries are so interrelated that a change in one produces a ripple effect on the others-for example, the recent economic crisis in Thailand affecting markets across South-East Asia. Changes in capital markets arise out of changes in the accessibility of money in the banking systems of different economies.

Technological forces: The world is presently characterized by dramatic technological shifts. The technological advancements, particularly in communication and computer technology, have revolutionized the workplace and have helped to create a whole new range of products/services. For example, a super communication system is on the anvil in which about 20 Japanese companies will join a Motorola Inc. led project to set up a satellite cellular telephone system that can be used from anywhere on earth. The companies include Sony Corporation, Mitsubishi Corporation, Kyocera Corporation and a long-distance telephone carrier whose interests include Sony and Kyocera. They plan to form a fifteen billion yen (US$ 132 million) joint venture to coordinate the investment and policy in the US chip and Telecom Company's 'Iridium' project. Iridium facilitates worldwide voice, paging fax and data devices.

Advance in technology have contributed to the development of economies. A case in example is Singapore which, with almost no natural resources, has still created a powerful economic advantage by exploiting the use of information technology in its overall planning. It is poised to become the world's fully networked society-one in which all homes, schools, businesses, and government agencies will be electronically interconnected.

Information technologies may, in future, be replaced by bio-material technologies (combination of biology and material sciences) which could give rise to a whole set of commercial dynamics in medicine, agriculture and industry (Oliver, 2000).

Government forces: Governmental interventions in the form of regulations also lead to change. A few examples of government-regulated change are:

- Deregulation: this is the lessening of government rules and the increasing decentralization of economic intervention at the level of the state. What previously used to be essentially government sector services and industries are now being handed over to private companies for operation and maintenance.
- Foreign exchange: Foreign exchange affects international trade transactions. In these transactions payments are most often made in terms of a country's own currency, in US dollars, or the currency of third country. The exchange rate variations determine the currency payments. Predictions of exchange rate movements depend upon a number of factors such as a country's balance of payments, interest rates, and supply and demand, making it often difficult to predict. Constraints of foreign exchange prompt many governments to impose restrictions on the import of selected items along with measures to deregulate their economies to attract foreign exchange for investment purposes. Some of the examples of success are China and India.
- Anti-trust laws: Most government follows anti-trust laws in one form or the other to restrict unfair trading practices. In India, the government had restricted the unfair movements of business houses by enacting the Monopolies and Restrictive Trade Practices Act (MRTP) in 1971
- Anti-dumping duties: Anti-dumping duties are penalties imposed on nation by its trading partner if it feels that owing to an unfair reduction in cost, duties, etc., the partner country's products enjoy a price advantage
- Suspension agreements: These are the agreements between governments to waive anti-dumping duties. The recent suspension agreement reached between the United State and Japan stipulates that Tokyo must keep price and volume records of all chip shipments to the United States
- Protectionism: While most countries profess free trade, the reality is often otherwise. Intense competition has forced governments to put into place measures that protect some of their businesses and business firms. United States, for example, has tried to protect its motorcycle industry form Japanese competitions, and Japan its local markets, Canada its lumber industry, Mexico its cement and oil industries from foreign competition. Trade barriers to protect local industries may take various forms such as tariffs

or import duties, quantity quotas, anti-dumping laws and government subsidies.

- Changing customer needs and preferences: Customer needs and preferences are always changing. Organizations are forced to adapt and constantly innovate their product offerings to meet these changing needs. For example, Sony Corporation, Japan, known throughout the world for its technological innovations in tune with changing customer preferences, has developed a 2.5" hard disk drive for a ‘laptop computer’ that could hold as much as 1.5 billion bytes of data but which costs less than the current disk drive holding 80 megabytes.

INTERNAL FORCES OF CHANGE

A variety of forces inside an organization also cause change that relate to system dynamics, inadequacy of existing administrative process, individual/group expectations, technology, structure, profitability issues and resource constraints.

System dynamics: An organization is made up of subsystems similar to that of the sub personalities in the human brain. The sub personalities in the brain are in constant interaction with each other creating changes in human behavior. Similarly, the subsystems within an organization are in constant and dynamic interaction. The factors that influence the alignment and relationships among the various subsystems in the context of an organization are, for example, technology, internal politics, dominant groups/cliques, and the formal and informal relationships within it.

Inadequacy of administrative process: An organization functions through a set of procedures, rules and regulations. With changing times and the revision of organizational goals and objectives, some of the existing rules, procedures and regulations could be at a variance with the demands of reality. To continue with such functionally autonomous processes can lead to organizational ineffectiveness. Realization of their inadequacy is a force that induces change.

Individual/group expectations: The organization as an entity is a confluence of people, each one aiming to satisfy his/her needs and aspirations. In an anthropological context, man is a social animal whose needs and desires keep changing. This creates differing expectations among individuals and groups as to the needs they intend satisfying in the organizational context. Positive factors such as one’s ambition need to achieve, capabilities, career growth, and negative aspects such as one’s fears, insecurities, and frustrations operate as complex inter-individual and inter-group processes inducing change in an organization’s functioning and performance (which may or may not be to the organization’s best interests).

Structure-focused change: It is a change that alters any of the basic components of an organization’s structure or overall design. Organizations make structural changes to reduce costs and increase profitability. Structural changes can take the form of downsizing, decentralization, job re-design, etc. A number of organizations have resorted to downsizing. For example, IBM, the global computer conglomerate has been trying to downsize. While many people were asked to leave, IBM is now very selective about hiring new personnel. In the process of downsizing, IBM has also changed the firm’s strategy and operational procedures. Increasing global competition has virtually forced many companies to become lean and mean.

Technological change: Change that impacts the actual process of transforming input into output is referred to as technological change. Examples include the change in equipment, work process, work sequence, information-processing systems, and degree of automation.

Using new technology influences the subsystems in the organization. For example, the technological advancements in computers have revolutionized the design, development, and manufacture (e.g., CAD/CAM, robotics) of products. The electronic point of sales system, for instance, that permits improved stock control by updating records and assessing the actual effects of price change, has improved the sale and marketing of goods.

Person-focused change: This is change concerned with human resource planning and with enhancing employee competence and performance. Redefining organizational strategy and goals; structural change in terms of expansion, contraction or resizing; technological input – all these have implications for human resource management. For example, introduction of new technologies result in person focused change such as: replacement (when and employee cannot be trained further), re-placement (to where and employee’s current skills are best suited), and employee training and development. It may also lead to laying down new recruitment and selection policies in tune with changing technologies and their requirements. The availability or non-availability of employees with the required skills also influences and organization's plans for expansion, of venturing into new products/services, and of profitability.

Profitability issues: A significant change force that has necessitated quite a number of organizations to restructure (downsize, resize) and reengineer themselves relate to profitability issues such as loss of revenue, market share, and low productivity.

Resource constraints: Resources refers to money, material, machinery, personnel, information, and technology. Depletion, inadequacy or non-availability of these can be a powerful change force for any organization.

How Do Organizations Communicate Change?

Wheatley (2003) have revealed a solution for the question (how do organizations communicate with shareholders during times of great uncertainty such as during transformational change?).

Their research has identified five core change conversations in GE (General Electric), through which management should re assure shareholders and reduce uncertainty around the expected outcomes of GE's transformational changes.

- Warnings
- Actions
- Explanations
- Achievements
- Predictions

In a work conducted by Marshall (2009) argued in the paper that while Senge and Marcuse share several affinities for the nature of individual, organizational and social transformation. Senge's concept of PM (Personal mastery) leaves several questions un addressed, questions which concern the extent to which "The child's mind" may be usefully employed as a metaphor for the recovery of individuality and libratory work. Marcuese's Marxian appropriation of Freudian Psycho analysis retains the possibility of the creative impulse, and suggests that "Play" may entire work relations as the new sensibility for transformed work practices.

Reasons for Resistance to Change

The twenty first century has seen almost all organizations undergoing some kind of change varying from re-structuring, downsizing, retrenchment, layoffs, merger and acquisition, and even bankruptcy. These changes will mainly affect the employees within that organization. Many employee-related matters do not remain unchanged or become unclear such as job security, employee benefits, changes in job scope and work processes, and multi-tasking. Such changes will often create anxiety and uncertainty among employees. Generally, people naturally refrain from moving out of a current position especially if they feel comfortable in such positions. People resist change due to fear of the unknown, uncertainty due to any form of changes, and fear of moving out of comfort zones. This fear often creates resistance among the employees.

Fear of threat

Rebecca Van Dijk & Rolf Van Dick, (2009) in their study

- They proposed that employee resistance to change can be understood as a response to a perceived threat posed to their work based identity by the change processes.
- Interviews revealed three social classifications which were salient to employees. They are pre-merger firm membership, professional membership (legal or staff support),and change leadership, group membership (including partner or non-partner, and management or non-management)
- their findings also suggests that resistance is inversely related to the amount of influence and decision making authority a person has, rather than the degree to which they are involved in implementation of the changes.
- Resistance was correlated with identification with the new firm in both case study firms those individual works with greater resistance were those who identified less with the subordinate identify of the new post-merger firm.

Lack of Understanding

A study conducted by Chris Shanley, (2007) found that '

- There is not a clear understanding of the management of change fits into the role of facility managers, and the management of change in the background of management thinking and practice in the industry.

- The change management aspects of the facility manager's role have been largely taken for granted.
- This can lead to stress on the individual manager and reduces the effectiveness of the change process. There are many ways the facility managers can be better supported, including development of an analytical approach to change management, recognition of change management competencies and promotion of management development practices that support the management of change.
- Change management requires leadership, poses both personal and organizational stresses and challenges, and, if not done or done poorly makes things worse (Goodstein and Burke 1995). Even when an organization can figure out what to do, it still has to figure out how to make goals and methods transparent enough that employees are willing to take some calculated risks (Martin 1998).
- Change needs to be implemented over the long term, with careful attention to the disruptive aspects of change management. Periods of intense change need to be followed by periods of consolidation. Organizations need to plan for ten years of effort to accomplish a major transformational change (Kotter 1998).

Possible Solutions to be considered by Management

Lewin's (1951) model of change process has provided the required framework for other researchers to build on subsequent models/theories of organizational change. Lewin also identified three ways that lead to organizational change.

- Change the individual workers, implying change at the individual level.
- Change various organizational structures and systems
- Change the organizational climate, implying the interpersonal style.

The critical aspect of framework was to point out the centrality of change at the individual level, thereby recognizing the importance of individual in an organization, the resistance to change, and effective leadership that might affect the change process.

According to Beer and Nohria, (2000), about 70 per cent of all change initiatives fail. His reason behind such failures is that mangers, often get inundated with multiple initiatives, lose focus and get immersed in the pile of text available in print and online that is to "aid" them to carry on the change. Though every organisation's change initiative involves a unique process, these researchers gave forward two theories, in which most of the corporate change may be categorized and studied – theories, in which most of the corporate change may be categorized and studied – Theory E and Theory 0. As both these theories of change achieve the management's goals, either explicitly or implicitly, the models based on these theories are also valid.

Theory E views organizational change from the context of changing the economic value of the organization. The strategies that are involved take a hard approach to change, by giving prime importance to the shareholder value and considering it to be the only legitimate measure of corporate success. Such change, hence, includes a high usage of economic incentives, drastic layoffs, downsizing and restructuring (Beer and Nohria, 2000). The organizations operating in the US economy often use this theory.

Theory O views change to be based on organizational capacity. The organizations based on such lines do not focus solely on their stock prices but indulge in a soft approach to change. The goal is often to develop organizational culture and human capability through individual and organizational learning. These include the process of changing, obtaining feedback, reflecting, and making further changes. Such an approach to change is adopted by corporate houses operating in the Asian and European economies.

However, it is important to note that few companies subscribe exclusively to one theory and often their practices follow a mix of both the theories. Companies that can effectively combine both the hard and soft approaches to change can reap big payoffs in profitability and productivity. These companies are likely to achieve a sustainable competitive advantage.

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