

Management of Strategic Change

Subject: Commerce

Lesson: Management of Strategic Change

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Management of Strategic Change

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Learning Outcomes

After you have read this chapter, you should be able to

- define the term strategic change
- appreciate the need and importance of change
- describe the factors affecting strategic change
- explain the process of managing change
- understand why the individuals and organisations resist change
- understand the techniques of overcoming resistance to change
- differentiate between reactive and planned change

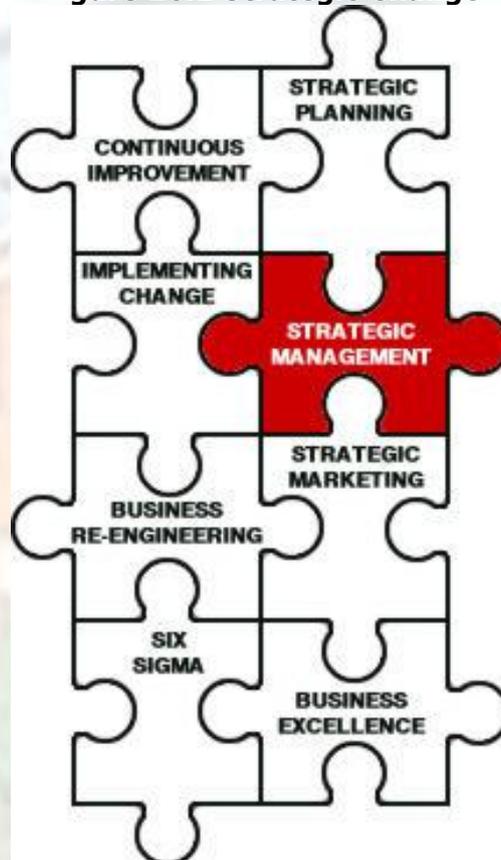


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26.0 Introduction

Change is the essence of life. Nothing is permanent in this world except change. Individuals change as well as organisations change. As you go through the chapter, you will realize that change is inevitable. It is required not only for the growth of an individual or an organisation, but is necessary for its very survival.

Figure 26.1 Strategic Change



Source: http://www.google.co.in/imgres?imgurl=http://www.townshend-ross.co.uk/images/puz_4_on_new.jpg&imgrefurl=http://www.townshend-ross.co.uk/services/management.htm&usq=__qrGe79QyAW58WNllfG7LCd8YQVA=&h=372&w=215&sz=18&hl=en&start=21&zoom=1&tbnid=EVXHmDqDRd6okM:&tbnh=124&tbnw=72&prev=/images%3Fq%3Dstrategic%2Bchange%26hl%3Den%26biw%3D1362%26bih%3D553%26gbv%3D2%26tbs%3Disc h:10%2C2860%2C2860%2C286&itbs=1&ei=pending&iact=hc&vpx=397&vpy=242&dur=182&hovh=220&hovw=127&tx=91&ty=101&oei=hrC5TP-YE5T6cJzroMAM&esq=11&page=2&ndsp=24&ved=1t:429,r:2,s:21&biw=1362&bih=553

26.1 Concept and Nature of Strategic Change

Value addition 26.1.1: Focus of the Section

26.1 Concept and Nature of Strategic Change

This section acquaints you with the concept of change, the nature of change and the necessity to bring forth a change. Change though desirable, is often resisted by people. When it comes to organisations, the resistance is all the more. There are various fears in the minds of employees. These real or perceived risks are to be overcome by managers in order to facilitate change.

The purpose of this section is to make you aware of the significance of strategic change in a business environment.

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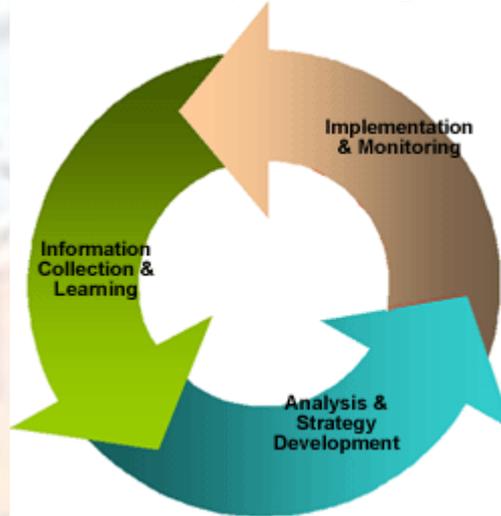


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26.1.1 Concept of Strategic Change

Business organisations interact with the environment. It adapts to the changes in the environment for its survival and growth. It also anticipates such environmental changes and incorporates them in its plans. Strategic change refers to collecting information and learning from it, analyzing it and developing a strategy based on it, and thereafter implementing the new strategy and constantly monitoring its adherence.

Figure 26.2 Concept of Strategic Change



Source: <http://www.msa.com/enterprise/images/entArrows.gif>

26.1.2 Nature of Strategic Change

Change is a pervasive activity – Change takes place everywhere although its nature and magnitude varies. It takes place within all organisations and its members.

Change involves moving from the existing to the new level of equilibrium – The basic tendency of people is to stick to their current state of circumstances with which they feel quite comfortable. Change involves a discomfort of moving from this state of equilibrium, and committing to a new state and creating a state of equilibrium there.

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Figure 26.3 Nature of Strategic Change



Source:

<http://www.google.co.in/imgres?imgurl=http://www.building4business.com.au/images/strategi%2520change%2520cycle%2520diagram.jpg&imgrefurl=http://www.building4business.com.a u/&usq= GMVHoKCFwuNkChESZa 2Z- FmXxY=&h=457&w=540&sz=27&hl=en&start=0&zoom=1&tbnid=FxZOYDxMDCpoEM:&tbnh=1 37&tbnw=158&prev=/images%3Fq%3Dstrategic%2Bchange%26hl%3Den%26biw%3D1362%2 6bih%3D553%26gbv%3D2%26tbs%3Disch:1&itbs=1&iact=hc&vpx=1075&vpy=252&dur=1250 &hovh=206&hovw=244&tx=141&ty=79&ei=hrC5TP-YE5T6cJzroMAM&oei=hrC5TP- YE5T6cJzroMAM&esq=1&page=1&ndsp=21&ved=1t:429,r:20,s:0>

Adoption of Change - The adoption of new ideas and techniques does not occur naturally but results from hard work, trial and error. A broad spectrum of skills is needed to lead to effective management of innovation and change. There is no magic formula for success.

Resistance to Change - The adoption of innovations involves altering human behaviour, and the acceptance of change. There is a natural resistance to change for several reasons.

Change is affected by factors internal and external to the organisation – There are a number of factors that demand a change. Sometimes these originate from within the organisation while at other times changes outside the organisation necessitate them.

Change may be responsive to environmental factors – If a change is brought about in consequence of a change in the environment, it is a responsive change.

Change may be consciously planned – If a change is consciously planned in anticipation of environmental opportunities or threats, then it is a planned change.

Change is a continuous process- Change is not a onetime process. In order to survive and grow, organisations need to change continuously.

Change is brought by change agents – Change is brought about by initiators who may be internal or external to the organisation. Internal change agents include top managers, whereas external change agents refer to outside experts or advisors appointed by executives to initiate the change process.

Value addition 26.1.2: Check Your Comprehension

26.1 Concept and Nature of Strategic Change

Have you understood the definition? Let's test this with a simple example.

A college library brings switches over to electronic ways of accessing and issuing books from its manual method. Does it involve a change?

Yes, you are right. It is a change.

So, now you should be able to answer following questions:

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1. Define strategic change.
 2. Give five examples of changes in organisations that you have witnessed or read recently.
- Pick the option that best suits.**
This section...

Completely understood	Partially Understood	Not understood
↓	↓	↓
Move on to next section	Move on to next section but note that you need to revise this.	You need to re read this and discuss it with your batch mates.

Value addition 26.1.3: Test Yourself

26.1 Concept and Nature of Strategic Change

1. What do you mean by 'change'?
2. Explain the nature of change.
3. What do you mean by strategic change?

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26.2 Factors of Change

Value addition
26.2.1: Focus of the Section
26.2 Factors of Change
You must have by now realized that change does not come on its own. It has to be brought about after being aware of its need. There are various factors that make it necessary to bring forth a change. These factors are sometimes internal to an organisation and at other times external to the organisation. The purpose of this section is to make you aware of different types of internal and external factors that force a firm to change.

26.2.1 Internal Factors of Change

Internal factors calling for a change includes the following:

Efficiency: Organisations desire to perform better than their competitors. This desire makes it necessary for them to review their existing policies and based on them reorganize their present set up.

Control: In order to have a better control system in the organisation managers at high levels constantly attempt to introduce new control systems. This leads to a change in the entire organisational design.

Attitude of employees: A number of times internal pressures such as workers' dissatisfaction with the working conditions, pay structures and interpersonal relations, pressurize the managers to change their policies and strategies.

Changes in managerial or operational personnel: Changes in the workforce at different levels lead to different types of changes in the organisation. While a change in the managerial personnel may have the effect of changing the overall values and philosophies of managing, the change in the operational level may require a change in the style of motivation and leadership.

Internal inefficiencies: There may appear imbalances with respect to span of management, centralization or decentralization, line and staff relationships. To correct such imbalances changes are required to be made in the organisation structure.

26.2.2 External Factors of Change

External factors calling for a change includes the following factors:

Market factors: These include changes in the demand and supply of the product, changes in customer tastes and preferences and changes in competitors' policies.

Economic factors: These include changes in economic conditions, exchange rates, interest rates, fiscal and monetary policies and rate of inflation.

Social factors: these include changes in working conditions, workers' safety norms, pollution norms and mobility of workers from one place to another.

Technological factors: These include changes in technology, information systems and decision support system.

Political factors: These include changes in the government policies related to taxation and corporate governance, new laws and court decisions.

Natural factors: these include natural calamities like floods, earthquakes, landslides and tsunamis.

Educational factors: These include changes in educational status of employees, shareholders, customers, suppliers and trade unions.

Global factors: Organisations may feel the need to change in order to compete with multinational corporations.

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Value addition 26.2.2: Did You Know?

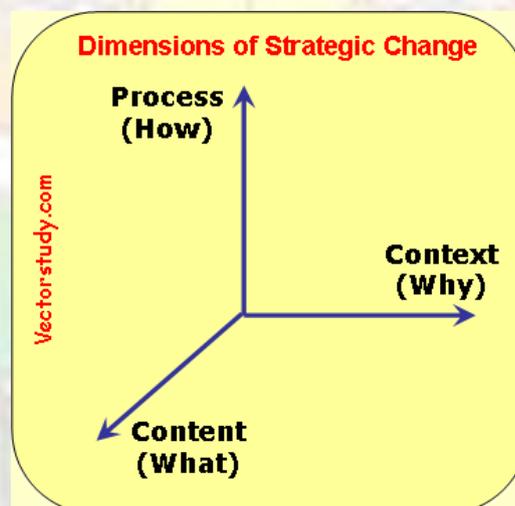
Determinants of Strategic Change

There are basically three dimensions of strategic change-what is to be changed, why is the change required or desired and how should the change be brought about. The what and why are answered by the internal and external factors of change while the how is answered by process of change. Both these topics are dealt with in further sections.

3 Dimensions of Strategic Change

In their book 'Managing Change for Competitive Success' (1991) [Andrew Pettigrew](#) and [Richard Whipp](#) distinguish between three dimensions of strategic change:

1. **Content** (objectives, purpose and goals) - The content of change aims to answer the question "WHAT"
2. **Process** (implementation) - The process of change aims to answer the question "HOW"
3. **Context** (the internal and external environment) - The context of change aims to answer the question "WHERE"



Pettigrew and Whipp emphasize the continuous interplay between these change dimensions. The implementation of change is an "iterative, cumulative and reformulation-in-use process." Successful change is a result of the interaction between the content or what of change (objectives, purpose and goals); the process or how of change (implementation); and the organizational context or where of change (the internal and external environment)

Source:

http://www.vectorstudy.com/management_theories/3_dimensions_of_strategic_change.htm

Value addition 26.2.3: Check Your Comprehension

26.2 Factors of Change

It is assumed that you have understood the internal and external factors necessitating change in an organisation. If you have, you should be able to identify the factors as internal or external. Let us test.

26.2.1 From the list of words given below, pick out the internal and external factors and segregate them in separate list:

Natural factors, Efficiency, Leadership, Economic factors, Internal pressures, Technological

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factors, Work force, Global factors and Span of control.

Pick the option that best suits.

This section...

Completely understood	Partially Understood	Not understood
↓	↓	↓
Move on to next section	Move on to next section but note that you need to revise this.	You need to re read this and discuss it with your batch mates.

Value addition 26.2.4: Test Yourself

26.2 Factors of Change

1. What are the internal factors causing change? Why are they called so?
2. What are the external factors causing change in an organisation? Why are they so called?

26.3 Process of Strategic Change

Value addition 26.3.1: Focus of the Section

26.3 Process of Strategic Change

This section appraises you with the stages a person undergoes before a change becomes visible. A change as you now know is moving and accepting something new in place of something old. This transition involves three major steps. After a person has felt a need for change, he needs to first give up his current ways of doing things. He then has to adopt a new method. He thereafter has to follow that new method consistently to make it permanent.

The three-step "unfreeze-change-refreeze" model was first described by Kurt Lewin. Kurt Lewin argued that successful change in organisations should follow these three steps of unfreezing the status quo, movement to new state and refreezing the new change to make it permanent. The status quo can be considered to be an equilibrium state. To move from this equilibrium or in other words to overcome the pressures of both individual resistance and group conformity, unfreezing is necessary. Unfreezing involves the process of letting go of certain restricting attitudes. The second step movement or change involves alteration of self-conceptions and ways of thinking. Finally refreezing involves solidifying or crystallizing the changes into a new, permanent form for the individual.

Steps in the process of strategic change - These three steps are described further:

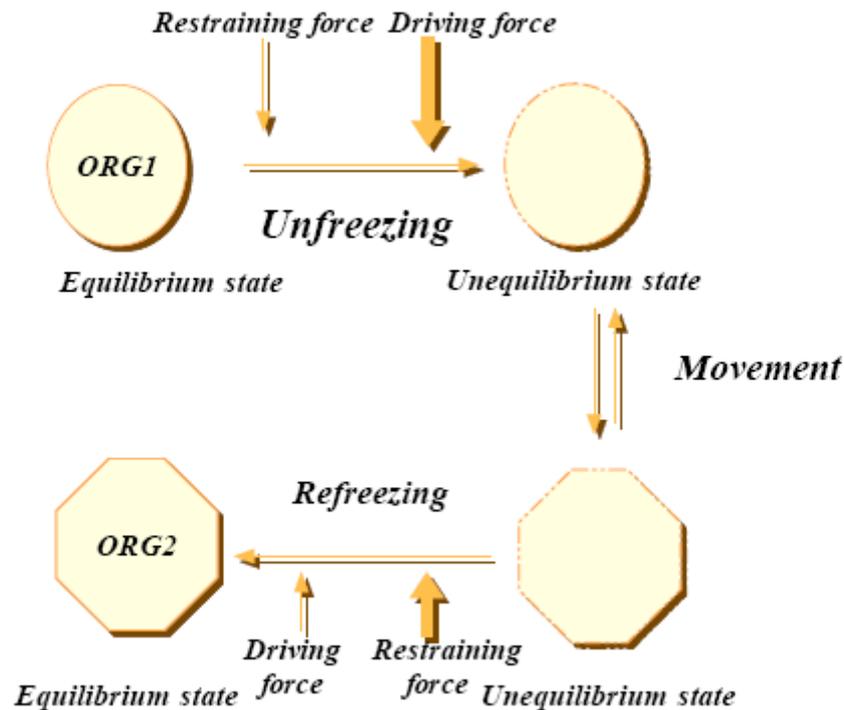
1. Unfreezing – It requires personnel to say goodbye to the way things used to be. Managers must realize that employees are being asked to give up tasks and processes that have made them successful in the past and all the emotional and resistance factors will kick in if enough time is not allotted for this step.

Current thinking can be unfrozen and resistance to change can be eliminated by following any of the following techniques:

- a. Building employees' trust and confidence,
- b. Enhancing employees' motivation,
- c. Improving communication,
- d. Challenging the employees to achieve remarkable things,
- e. Having participative decision making.

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Figure 26.4 Process of Strategic Change
LEWIN'S THREE-STEP MODEL



Source: <http://www.rocw.raifoundation.org/management/bba/organizationalbehavior/lecture-notes/lecture-26.pdf>

2. Changing or Moving – It happens when everyone shifts into neutral. Employees may have given up their old ways of accomplishing tasks, but they may not quite be ready to start using the new process. During this step, employees may seem a little uncomfortable and there is often confusion. Managers must manage this step carefully or employees may try to revert back to the old process.

Driving people to change their behaviour and attitudes can take two forms:

- Negative: Managers announce the change and the members are subject to threats and punishments in case they do not follow. Such a change does not have a lasting impact, and has to be closely monitored.
- Positive: Managers motivate the individuals to feel the need for change and thereby accept it as a positive force. Since it is willingly accepted, it is permanent in nature.

Having unfrozen the people, the managers can have them going by following techniques:

- Delegating responsibility to subordinates,
- Developing two-way relationship between the initiator and those who are affected by the change.

3. Refreezing – It takes place when everyone moves forward and starts accomplishing tasks in the new manner. Again, great care must be taken when managing this step to identify resistance and prevent personnel from going back to the original process. It means locking the new behaviour pattern into place by supporting or reinforcing mechanisms, so that it becomes the new norm.

To refreeze the behaviour, it may be reinforced by any of the following techniques:

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- Ensuring there is no way back by understanding reasons for resisting change and overcoming resistance,
- Building change in their formal systems and structures,
- Relating changed behaviour with the reward system,
- Relating individual goals with organisational goals so that fulfilment of organisational goals is viewed as fulfilment of individual goals.

Value addition 26.3.2: Check Your Comprehension

26.3 Process of Strategic Change

It should be clear that change involves unfreezing the existing state of equilibrium, moving to a different desired stage and then refreezing at the new state of equilibrium.

Remember refreezing is very important else change will not be effective and the person may revert back to his old state of equilibrium.

Let us take an example: Do you exercise in the morning? Suppose you don't and you now want to work out daily in the morning. You do so for the first week but thereafter you fail to carry it on consistently. You skip a few days, then workout for some and then again skip following your exercise regime. Will you call it a change when you take it up again? *Certainly not.*

Now, arrange the elements of change in proper order: Developing a strategy for change, collecting information and learning, implementing and monitoring change.

Hint: The correct order is collecting information and learning, developing a strategy for change, implementing and monitoring change.

Pick the option that best suits.

This section...

Completely understood	Partially Understood	Not understood
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Move on to next section	Move on to next section but note that you need to revise this.	You need to re read this and discuss it with your batch mates.

Value addition 26.3.3: Test Yourself

26.3 Process of Strategic Change

- Briefly explain the process of change with the help of a diagram.
- What do you mean by change? What stages a person undergoes in the process of change?

26.4 Resistance to Change

Value addition 26.4.1: Focus of the Section

26.4 Resistance to Change

This section is very important from examination point of view, so it is advised that you read it carefully.

This section appraises you with the meaning of resistance towards change and the factors responsible for such resistance.

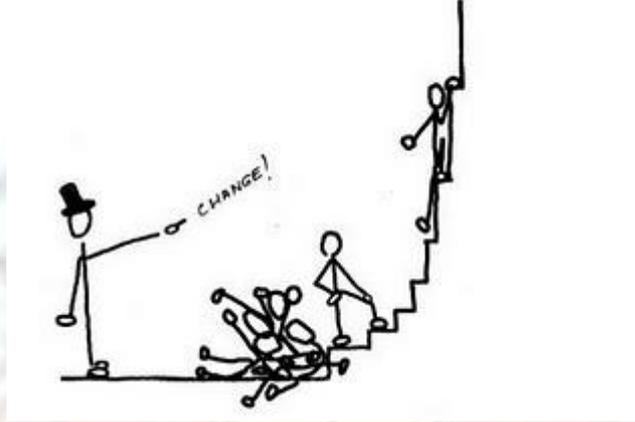
26.4.1 Concept of Resistance to Change

Resistance to change is reflex action on the part of the individuals and groups when they perceive that a change that is occurring or about to occur is a threat to them. Key words here are 'perceive' and 'threat'. The threat need not be real or large for resistance to occur, it may be unreal or abstract or

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very trivial. Individuals generally resist change because they consider it as a threat to their habits, security and economic conditions. Organizational resistance occurs mainly because of structural inertia, group inertia, and fear of losing power, expertise or control over resources. Resistance is the equivalent of objections in sales and disagreement in general discussions. Resistance may take many forms, including active or passive, overt or covert, individual or organized, aggressive or timid.

Figure 26.5 Resistances to Change



Source:

http://www.google.co.in/imgres?imgurl=http://2.bp.blogspot.com/_Bo2OkHBt4Ng/SR5qUkLLF4I/AAAAAAB5A/PPJYOic3A8w/s320/Learning_curve4%2Bchange%2Bmanagement.jpg&imgrefurl=http://howtomanagehumanresources.blogspot.com/2008_11_01_archive.html&usq=_vhFp6rsinkJ8E7aUHqL9Y_VV4Es=&h=211&w=320&sz=9&hl=en&start=44&zoom=1&tbnid=rPIYuRIRrJQAjM:&tbnh=123&tbnw=164&prev=/images%3Fq%3Dresistance%2Bto%2Bchange%2Bin%2Borganisations%26hl%3Den%26biw%3D1362%26bih%3D553%26gbv%3D2%26tbs%3Disch:10%2C877&itbs=1&iact=hc&vpx=478&vpy=257&dur=4082&hovh=156&hovw=237&tx=143&ty=75&ei=pending&oei=D2y6TPenAceGcYDI1eqM&esq=5&page=3&ndsp=24&ved=1t:429,r:10,s:44&biw=1362&bih=553

Value addition 26.4.2.: Activity

Defining Resistance to Change

Define resistance to change in your own words using the keywords 'perceive' and 'threat'. List some of the common fears amongst the employees in an organisation that may cause them to resist change.

Hint: Your response may be something like: 'Resistance to change is a threat that is perceived by the individuals or groups within or outside the organisations because of some internal or external reason.'

Your response may include some of the fears cited below or similar ones:

- Fear of going away from the known to the unknown.
- Fear of losing the peer group.
- Fear of lack of competence to take up the new responsibility.
- Fear that the proposed change is a wrong decision altogether and will affect your career adversely.
- Fear of criticism from others.

Value addition 26.4.3: Pause and Think

Defining Resistance to Change

Enumerate the latest change that you have heard or read of in the corporate sector recently. Do you think it would have been resisted initially? If yes, on what grounds.

26.4.2 Factors Causing Resistance to Change

Factors causing resistance to change - Most people don't like change because they don't like being changed. They don't want to leave their familiar zone of comfort and enter into the unfamiliar. When change comes into view, fear and resistance to change follow, often despite its obvious benefits. Resistance to change occurs from one or more of the following factors:

- they fear to lose something they value,

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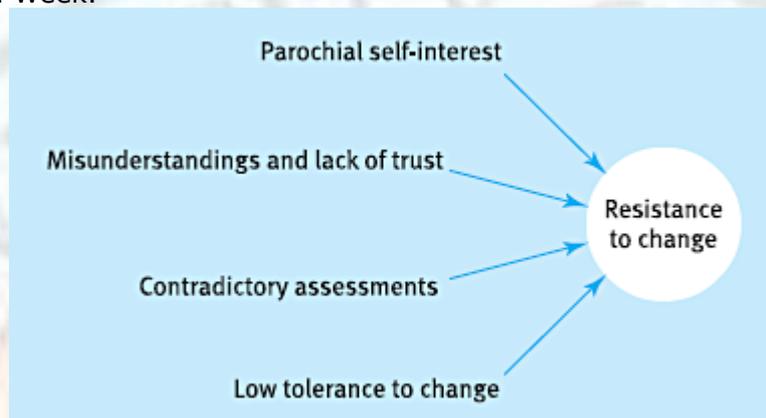
- they don't understand the change and its implications,
- they don't think that the change makes sense,
- they find it difficult to cope with either the level or pace of the change.

Resistance emerges when there is a threat to something the individual value. As described earlier, the threat may be real or it may be just a perception. It may arise from a genuine understanding of the change or from misunderstanding, or even almost total ignorance about it.

Value addition 26.4.4.: Case study

Resistance to Change is all pervasive

This is the article that was featured as a guest post on SheGeeks as part of the She Geeks in Tech Week.



A recent case study that was undertaken as part of social media research project, that provided evidence to back up the suggestion that resistance to change is by no means confined to employees within business organizations. Although much of the literature related to change and the successful management thereof is primarily focused upon organizational change, many of the lessons and implications can be equally well applied to changes in all aspects of life including that of online communication.

The case study examined in detail the issues faced by members of an online community when attempting to move from Web 1.0 forums where they were comfortable and were used to posting in one single forum thread, to a Web 2.0 online social network offering a much wider range of facilities, but also what appeared to many members to be a bewildering array of choices that they found confusing and threatening.

Because change can be rewarding for some people and an unpleasant experience for others, perceptions can differ greatly, depending on your standpoint. Those who propose change not unnaturally tend to view it in positive terms, but in most cases these are people leading a group, community or organization who are likely to either remain relatively untouched by the change or to actually benefit from it. Those lower down often see matters in a different light, particularly if they think that those who advocate the change will not be affected. For these reasons there is a widespread assumption that resistance to change is inevitable, and this has led to a strong interest in studying this phenomenon in the change process.

In the case study, the proposer of the change thought that the extra features available in online networks would considerably enhance the community and therefore viewed the change as a predominantly positive and exciting experience. Unfortunately, the members who had not been sufficiently prepared for the degree of change that they were about to undertake did not share this sense of excitement and were more inclined to dwell upon the negative aspects.

The Management Theorists, Kotter and Schlesinger (1979), quantified four generic reasons why individuals resist change:

Parochial self-interest: People have often invested a great deal of time, energy and commitment into a project and this is a 'sunk cost' that cannot be recovered unless things stay the same. This creates a force for maintaining the status quo and

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engenders a degree of resistance. Members of the group in the study had already registered with two online forums, had become conversant with the software and were stuck in a fairly comfortable rut.

Misunderstandings and Lack of Trust: The less a person knows about the reasons for change and how it will impact upon them, the more likely it is that they will resist the change and if there is an inherent suspicion about the proposer of change and their motivation, this will result in selective perceptions about the proposal. Some members were wholeheartedly behind the move away from the old forum and were more likely to try to get to grips with the new platform but others who saw less need to move found the new surroundings irritatingly complicated.

Contradictory Assessments of The Change: People differ in their personal assessments of the costs and benefits of a change. The proposer tends to see only the positive outcomes and often forgets that what they perceive to be a benefit, others may see as a threat. If this happens, evidence suggests that there will continue to be resistance to changes long after their initial implementation.

Low Tolerance to Change: There are often wide variations in the capacity of people to absorb change. To some extent this depends on their ability to tolerate ambiguity and to those persons with a low tolerance, changes with unknown consequences can be highly threatening.

Source: <http://ffynnonweb.com/2008/06/21/applying-change-management-techniques-online/>

Value addition 26.4.5.: Activity

Factors Causing Resistance to Change

If you are asked by your parents to change your stream of study and your college and take up a new course for which you need to go away from your family and take hostel accommodation, will you readily accept it, or will you have some fears in your mind.

You may have one or similar fears as given below:

- *Fear of going away from the family and parents.*
- *Fear of losing your childhood and adolescence friends.*
- *Fear of lack of competence to take up the new course of study.*
- *Fear that the proposed change is a wrong decision altogether and will affect your career adversely.*
- *Fear of loss of quality time.*
- *Fear that the course under consideration does not have a good placement value.*

Individuals in an organisation resist change because of one or more of the following reasons:

- Change implies uncertainty, and an uncertain and unpredictable situation is not very comfortable. The employees may become highly anxious as they do not know what may potentially happen and therefore they resist change.
- The fear of failure in the new environment leads an individual to resist change. The new order may require additional skills and abilities that may be beyond their capabilities. There is resistance to trying a new approach because of the comfort level achieved in the existing operating environment. This is further coupled with the fear that they will not be able to acquire the new skills and behaviour that will be expected of them.
- A general disagreement with the need for change on the part of individuals may lead to their resisting behaviour. Associates may feel that the new direction is a wrong direction and hence may not approve of it.
- Individuals are apprehensive of losing something they value as a result of change. They wish to know how the change will affect them. If people believe they will end up losing as a result of the change, they will resist.
- People are afraid to go after what they want because it would force them to stretch their comfort zones. It's only natural to put off things that scare us, to sidestep goals that require us to leave our comfort zone and take a risk.

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- People have irrational and illogical beliefs to put themselves at ease and thus avoid taking the risk. Many people remain ignorant and deceive themselves into believing everything will all work out someday by itself.
- People resist change when they misunderstand or show lack of trust in the implications and perceive that it might cost them much more than they gain. Such situations often occur when the person initiating the change and the employees not share trust amongst them.
- All organizations try to maintain a status quo and suffer from inertia to some degree. Change requires effort.

Value addition 26.4.6: Check Your Comprehension		
26.4 Resistance to Change		
Have you understood the different factors causing resistance to change in an organisation? If yes, you should be able to answer following questions besides doing the activities given in the text:		
1. Name any five reasons why employees in an organisation resist change.		
2. Explain any two reasons why managers in an organisation may fear to bring forth a change.		
Pick the option that best suits.		
This section...		
Completely understood	Partially Understood	Not understood
↓	↓	↓
Move on to next section	Move on to next section but note that you need to revise this.	You need to re read this and discuss it with your batch mates.

Value addition 26.4.7: Test Yourself
26.4 Resistance to Change
1. What do you mean by 'resistance to change'?
2. Why do people resist change in an organization?
3. How can managers overcome employees' resistance to change in an organisation?

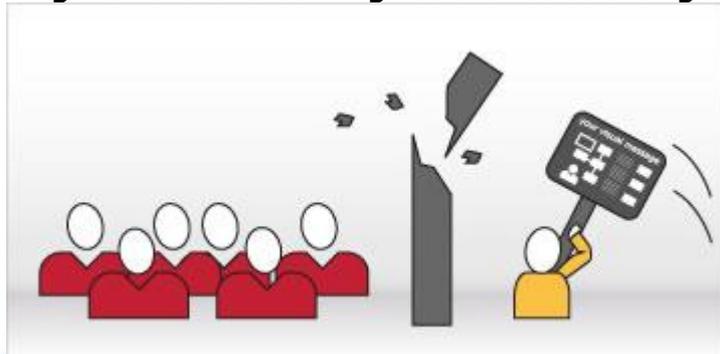
26.5 Overcoming Resistance to Change

Value addition 26.5.1: Focus of the Section
26.5 Overcoming Resistance to Change
This section makes you familiar with the ways resistance to change is overcome. Different tactics are suitable under different situations. The managers in an organisation make use of such tactics to win over the employee's resistance to change.

People will be more responsive and welcome to change if the information presented to them coincides with their current values, beliefs, and attitudes. Also if they perceive that the change will benefit them more than it will cost them, they shall be more receptive to it. A change shall be readily accepted if the innovation requires only marginal rather than major changes in their views or lives. A change brought about at a time when people have demonstrated need for the innovation and such innovation is introduced gradually with suitable training programmes shall gain everyone's consensus.

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Figure 26.6 Overcoming Resistance to Change



Source: http://www.google.co.in/imgres?imgurl=http://www.cognac.co.uk/img/case-solution-overcome-larger.jpg&imgrefurl=http://www.cognac.co.uk/cases-solution-resistance-to-change/&usq=_Zn-nsVQ3-uidxynsp75eLkdbklk=&h=178&w=360&sz=11&hl=en&start=0&zoom=1&tbnid=Q6r36AMfz_F5rM:&tbnh=83&tbnw=168&prev=/images%3Fq%3Dovercoming%2Bresistance%2Bto%2Bchange%26hl%3Den%26sa%3DG%26biw%3D1362%26bih%3D553%26gbv%3D2%26tbs%3Disch:1&itbs=1&iact=rc&dur=80&ei=bHO6TLWKHNG6cZfbxKOM&oei=bHO6TLWKHNG6cZfbxKOM&esq=1&page=1&ndsp=24&ved=1t:429,r:7,s:0&tx=100&ty=58



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Value addition 26.5.2: Activity

Overcoming Resistance to Change

People generally fear what they do not understand. It is said that an unwilling user can always make an idea fail, no matter how good it is. Have you ever experienced people resisting to adopt new technology. Make a list of such instances that come to your mind, try to ascertain the reasons behind them and also the ways they were or they could have been overcome.

Your response may include some of instances cited below or similar ones:

- *Resistance towards introduction to computers in your curriculum, or at the work place of an elder you know.*
- *Resistance towards use of mobile by some old person in your family, say your grandparent.*
- *Resistance towards the methods of online ticketing in railways and airlines.*
- *Resistance towards web shopping.*

Difficulty in adopting credit cards, debit cards or ATM cards by few people, etc.

"It is easier to resist at the beginning than at the end."

– Leonardo da Vinci

Overcoming resistance to change was addressed by Kotter et al. (1986) who set out seven ways of overcoming resistance. These can be used singly or in combination and Kotter et al. stress the need to choose a tactic that is most appropriate to the circumstances.

Figure 26.7 Choosing the Right Tactic for Overcoming Resistance to Change



Source: http://www.google.co.in/imgres?imgurl=http://www.crosscollaborate.com/wp-content/uploads/2009/09/Tangled-Resistance-Network-300x300.jpg&imgrefurl=http://www.crosscollaborate.com/2009/09/resistance-to-change-is-new-always-better-than-old/&usq=__7e67yqnSD3MQvzx0CeSDZINvXNs=&h=300&w=300&sz=17&hl=en&start=0&zoom=1&tbid=PvXLWKCEWSCOoM:&tbnh=135&tbnw=135&prev=/images%3Fq%3Dovercoming%2Bresistance%2Bto%2Bchange%26hl%3Den%26sa%3DG%26biw%3D1362%26bih%3D553%26gbv%3D2%26tbs%3Disch:10%2C7&itbs=1&iact=hc&vpx=371&vpy=194&dur=1130&hovh=225&hovw=225&tx=136&ty=188&ei=pending&oei=vXO6TOWg28pwvo64nwU&esq=4&page=1&ndsp=24&ved=1t:429,r:18,s:0&biw=1362&bih=553

The advice on this matter, together with the strengths and weaknesses of the tactics, is summarized in the graphic below:

Tactic	Most appropriately used where	Advantages	Disadvantages
Education and/or communication	Resistance is based on lack of information or inaccurate information and analysis	Once persuaded, people will often help with the implementation of the change	Can be very time-consuming if large number of people are involved

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Participation and involvement	Initiators do not have all the information needed to design the change and where others have considerable power to resist	People who participate are usually more committed to implementing change. Any relevant information that participants have will be integrated into the change plan	Can be very time-consuming. Participants may design an inappropriate change
Facilitation and support	People resist because of adjustment problems that are involved	No other tactics work as well where there are adjustment problems	Can be time-consuming, expensive and still fail
Negotiation and agreement	Someone or some group will clearly lose out in a change and where they have considerable power to resist	Sometimes a relatively easy way to avoid major resistance	Can be too expensive in many cases. Can trigger other groups to negotiate
Manipulation	Other tactics will not work, or are too expensive	Can be relatively very quick and inexpensive solution to resistance	Initiators are likely to lose some of their credibility and this can lead to future problems
Co-optation	There is a specific situation in which other tactics are too expensive	Can help generate support for implementing a change as the change is brought by the most influential resister	Can create problems if people recognize the co-optation
Explicit and implicit coercion	Speed is essential and change initiators possess considerable power	Speed can sometimes overcome a great deal of resistance	Risky: can leave people angry with the initiators

Table 26.1: Tactics for dealing with resistance to change

Source: <http://shegeeks.net/she-geeks-in-tech-resistance-to-change-online-and-techniques-to-overcome-it/>

Besides the tactics the managers may also follow the following:

- A Build trust and confidence among the employees by communicating with them the benefits of proposed changes,
- B Providing guarantee of job security for overcoming resistance to technological changes.

Value addition 26.5.3: Check Your Comprehension

26.5 Overcoming Resistance to Change

Have you understood the tactics? If yes, you should be able to answer following questions:

1. What do you mean by overcoming resistance to change?
2. Enumerate the different ways to overcome resistance to change.

Pick the option that best suits.

This section...

Completely understood	Partially Understood	Not understood
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Move on to next section	Move on to next section but note that you need to revise this.	You need to re read this and discuss it with your batch mates.	
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Value addition 26.5.4: Test Yourself

26.5 Overcoming Resistance to Change

- | |
|---|
| <ol style="list-style-type: none">1. Enumerate the different reasons for resistance to change and the methods in which it could be overcome.2. Briefly describe the advantage and disadvantage of using a particular tactic for overcoming resistance to change. |
|---|

26.6 Types of Strategic Change

Value addition 26.6.1: Focus of the Section
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26.6 Types of Strategic Change

In this section you will study that a change may be unplanned or it may be planned. It depends on whether a change has been introduced in consequence of a need that has occurred or in anticipation of a need that is felt to occur. When the change is a planned one, it goes through various stages. This is referred to as the process of change.

Effective management depends upon the way managers deal with different types of changes. Some changes occur suddenly and without any conscious effort of the people. Such changes in the organization are called unplanned changes or reactive changes. On the other hand, some changes are initiated consciously by the management to accomplish certain goals and objectives. Such changes are called planned changes or proactive changes.

26.6.1 Reactive Change

Reactive or Unplanned Change occurs when an organization makes changes in its practices after some threat or opportunity has already occurred. Such changes are initiated due to pressures of external forces that are environmental threats and opportunities. Example: immediate increase in production of drugs by the pharmaceutical industry in case an epidemic breaks.

26.6.2 Proactive Change

Proactive or Planned Change involves actively attempting to make alterations to the work place and its practices. Companies that take a proactive approach to change are often trying to avoid a potential future threat or to capitalize on a potential future opportunity. These changes are important for the survival of the firm. As they involve huge amount of financial and non-financial resources, they are planned in a scientific way.

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Figure 26.8 Types of Strategic Change



Source: <http://www.ibtimes.com/articles/46861/20100827/forex-education-fx-currency-tradging-trading-psychology-learn-to-trade.htm>

Components or Approaches to Planned Change – It refers to the elements of the organisation that are subjected to change. The key areas that are affected by introducing a change are:

Organisation structure – structural changes demand reorganization of work groups, change from centralization to decentralization or vice versa and from wide span of control to narrow span of control or vice versa. A change may also be required in the job design, work schedules, communication system or job responsibilities. Such a change is brought about to improve the productivity, employee morale and motivation thus improving the overall organisational performance.

Technology – Technological changes refer to changes in the tools, equipment, processes, knowledge and techniques used for producing goods and services. Such changes are necessary to compete in the domestic and international markets.

People – When structural and technological changes are brought about, they need to be implemented by human resources in the organisation. This calls for changing human behaviour, skills, knowledge, attitudes and beliefs to implement the change in the interest of the organisation. Change in peoples’ attitudes can be brought about through recruitment and selection, training and development and other organisational development techniques.

Areas of Organisational Change

Structural Changes	Technological Changes	People Changes
Job design Departmentalization Reporting relationships Authority distribution Coordination mechanism Line-Staff structure Overall design Culture Human resource management	Equipment Work processes Work sequences Information systems Control systems	Abilities and Skills Performance Perceptions Expectations Attitudes values

Table 26.3 Approaches to Planned Change

26.6.3 Difference between Reactive and Proactive Change

Basis	Reactive Change	Proactive Change
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Management of Strategic Change

Scope	Narrow scope	Wide scope
Nature	These are changes of routine and simple nature	These are crucial changes affecting the survival of organisations
Implementation	Changes are made on the occurrence of the events	Changes are planned in anticipation of events
Commitment of resources	Not too many resources in terms of time, money, knowhow and skill are required	Huge amount of resources are required
Impact of non-implementation	Results in operating losses	Endangers the survival of firms

Table: 26.2 Reactive vs. Proactive approach

Value addition 26.6.2: Activity
Types of Change
<p>Now that you are familiar with the reactive and proactive changes, try to identify which of the following is a reactive change and which is proactive in nature:</p> <p>A. Hotel executives in a hill station expect an early summer break in schools due to increase in the level of temperature in Delhi, and expecting a large number of travellers they create an additional block of rooms in their hotel.</p> <p>B. Hotel executives have received repeated requests for accommodation by travellers due to unexpected break of summer vacations prior to the scheduled time, and reservation could not be made due to unavailability of additional rooms. Later they decided to create an additional block of rooms to meet the increase in demand.</p>
<p><i>Hint: A- This would be a proactive response to change because it was made in anticipation of customer demand. B- This would be a reactive response as the hotel executive waited to enact such a change until he had to deny reservations to many prospective customers.</i></p>

26.6.4 Process of Planned Change

Planned change is a complex process and requires intensive planning and monitoring of the change process. Managers take the following steps in the management of change:

- Step 1. **Perceive a situation for change** The first step in the management of change is to feel the need for change, which is defined by the organisation's desire to move from the existing situation (equilibrium) to the desired situation (new equilibrium).
- Step 2. **Analysis of existing situation** the desire to reach a new state of equilibrium requires analysis of the organisation's existing goals, structure, technology and people. A careful analysis of organisation's existing structure and the desired planned situation helps managers to identify the type of change to be made (structural, technological or people).
- Step 3. **Prepare a plan for change** When the existing situation is analyzed and the need for change is felt, managers prepare a plan for initiating the change. Preparing plans for change offers the following advantages:
 - a. It leads to systematic implementation of the change.
 - b. It increases people's participation in the change process rather than people resisting the change.
 - c. It improves communication amongst the organisational members.
 - d. It leads to optimum utilization of capital resources.
 - e. It fosters departmental coordination towards proposed change.
 - f. Decisions regarding change agent, methodology for implementing the change, time for initiating it, are made in advance.
 - g. Future requirements of jobs in the new structure with respect to people, training programmes required can also be ascertained.

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Step 4. **Pre-testing of the plan** Resources committed in the change plan cannot be easily reversed. The plan should therefore be pre-tested in a unit or a department and the problems encountered should be corrected.

Step 5. **Overcome resistance to change** Managers must try to overcome resistance from the members to accept the change. This, until achieved, will not ease the process of transition from present situation to the ideal situation.

Step 6. **Implement the change** Once resistance to change is overcome, resources are committed to various functional areas, new authority-responsibility relationships are established, people are trained and placed at their respective jobs, a sound communication system is designed and other operative and administrative arrangements are made to implement the change.

Step 7. **Monitor or review the change** A successfully planned and implemented change may not always bring the desired results. The change process must, therefore, be regularly monitored and reviewed to analyze the after effects of change. Deviations must be brought to the notice of the managers and corrective action should be taken to smoothen the process of change.

Value addition 26.6.3: Check Your Comprehension

26.6 Types of Strategic Change

Have you understood the types of change? Is the process of change clear to you? Here you need to remember that there is a difference between the process of change a person undergoes and the process of managing change. If the question asks you to describe the stages an individual passes through in the process of change, you are expected to write Lewin's three step model of change. However if you are asked to describe the process of managing change, you are expected to write the process of planned change. This section is more important than the former one.

1. Define unplanned change.
2. Define planned change.
3. Enumerate the components that are affected by a strategic change in an organisation.

Pick the option that best suits.

This section...

Completely understood	Partially Understood	Not understood
↓	↓	↓
Move on to next section	Move on to next section but note that you need to revise this.	You need to re read this and discuss it with your batch mates.

Value addition 26.6.4: Test Yourself

26.6 Types of Strategic Change

1. Differentiate between planned and unplanned change.
2. Give a few examples of structural, people and technological change.
3. What do you mean by reactive change?
4. Explain the term proactive change.

Value addition 26.6.5: Activity

Strategic Change

Visit any organisation and try to find out the strategic changes that it has undergone (if any) with respect to its people, organisation structure and technology in the past five years. Also try to know whether such changes were resisted initially and what steps were taken to overcome such resistance. If the firm has not undergone any such change, has its growth been affected in some or the other way? Note down your findings and discuss with your friends and your tutor if possible.

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Summary

- Change, in general, indicates any act of making something different.
- The factors that necessitate change in organizations are broadly categorized into internal and external factors.
- Change due to internal factors includes change to enhance efficiency, change the control system or the leadership style, and change caused by internal pressures.
- Whereas change may also become desirable due to change in external factors such as, market forces, economic factors, social factors, technological factors, political factors, natural factors, educational factors and global factors.
- Some changes in the organization occur suddenly without the conscious efforts of the people. These are called unplanned changes.
- On the other hand, some changes are initiated by the management to accomplish certain goals and objectives. These are called planned changes.
- More often, change is met with resistance. The resistance can be implicit (or covert) or explicit (or overt).
- Resistance to change can be classified into individual resistance and organizational resistance. Individuals resist change because they consider it as a threat to their habits, security and economic conditions. Organizational resistance occurs mainly because of structural inertia, group inertia, and fear of losing power, expertise or control over resources.
- To overcome resistance to change, management can educate employees, involve employees in change decisions, and go for negotiation, manipulation, co-optation and coercion. Lewin's three step model is one approach to manage planned change. The model suggests that organizations can bring permanent changes in employee behaviour by making them unlearn old behaviours and work procedures. This is a complex task and involves perceiving a situation for change, analyzing the existing situation, preparing a plan for change, pre-testing the plan, overcoming resistance to change, implementing the change and monitoring or reviewing the change.

Value addition 26.6.6 Key Words
Summary
Adopting a new strategy for the organisation
Perceived threat
Making people responsive to change
Change in response to something
Change in anticipation
Change in the organisation structure
Change in the use of tools and equipment
Change in the human behaviour

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Exercises

Short Questions

- 26.1 What do you mean by 'change'?
- 26.2 Why do people resist change in an organisational setting?
- 26.3 What do you mean by planned change?
- 26.4 Define unplanned change
- 26.5 Explain the nature and process of change.
- 26.6 Briefly explain the process of planned change.

Long Questions

- 26.7 Explain strategic change. State the various factors which cause strategic change.
- 26.8 Why are organisational changes often resisted by individuals in an organisation?
- 26.9 Explain the various strategies for overcoming resistance to change. What are the main steps in the process of managing change?
- 26.10 Discuss the process of planned change. Why is such a change resisted?

Value addition 26.6.7 Past University Questions
Strategic Change
2006 Why are organisational changes resisted by individuals in an organisation? Discuss.
2007 Explain the various strategies for overcoming resistance to change. What are the main steps in the process of managing change?
2007 Discuss the process of planned change. Why is such change resisted?

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Glossary

Equilibrium: Equilibrium is simply a state where forces are balanced and in the absence of external influences the (equilibrium) values of variables will not change. For example: Market equilibrium, refers to a condition where a market price is established through competition such that the amount of goods or services sought by buyers is equal to the amount of goods or services produced by sellers and in absence of a change in demand or supply conditions, price will not change. Here the term is used to mean that a person is comfortable in his current state and does not want to change his behaviour.

Fiscal policy: Fiscal policy is a macroeconomic policy tool used by the government to regulate the total level of economic activity within a nation. Examples of fiscal policy include setting the level of government expenditures and the level of taxation.

Monetary policy: Monetary policy is a policy often implemented by a central bank to control credit and the money supply in the economy, in an attempt to control inflation and stimulate or slow an economy. One tool of monetary policy is the setting of short-term interest rates.

Corporate governance: Corporate governance is the system or process by which companies are directed and controlled. It is based on the principle that companies are accountable for their actions and therefore broad-based systems of accountability need to be built into the governance structures of companies.

Active resistance: Active resistance is state where people actively resist to accept a change.

Passive resistance: Passive resistance refers to peaceful resistance to a person, an organisation or a government by fasting or refusing to cooperate.

Overt resistance: Overt or explicit resistance is resistance that is openly expressed and is not secretive or concealed.

Covert resistance: Covert or implicit resistance is hidden, secretive, or concealed resistance.

Aggressive resistance: Aggressive resistance refers to unwillingness to adhere to a scheme of change in a harsh way. For example, going on a strike.

Timid resistance: Timid resistance refers to where the person who resists is fearful and lacks courage or confidence to express his resistance openly.

Co-optation: Co-optation refers to the selection of a new member (usually by a vote of the existing membership). Here it refers to selection of a person who is most influential amongst the resisters.

Coercion: Coercion is the practice of compelling a person to behave in an involuntary way (whether through action or inaction) by use of threats, intimidation or some other form of pressure or force. It means absence of free will to do something.

Management of change: Management of change refers to planning, implementing and reviewing of change.

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3. Web Links:

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- 26.2 Visit the URL <http://www.tapsterrock.com/change.html> to know more about meaning and process of strategic change.
- 26.3** To study more about planned change, features of planned change, its process and techniques and on resistance to change, visit the URL and scroll down to page 515 and read to page 518
http://books.google.co.in/books?id=clbd46JTIQcC&pg=PA516&lpg=PA516&dq=process+of+planned+change+in+organisations&source=web&ots=M2hBenfHP&sig=8tunN6x2-mP53WXYw9nCTSC6ass&hl=en&sa=X&oi=book_result&resnum=1&ct=result#PPT1,M1
- 26.4** Visit the URL <http://www.msa.com/enterprise/index.htm> and learn more on process of strategic change.
- 26.5 View more on Strategic Change at the URL <http://www.building4business.com.au/>
- 26.6 Visit the URL http://www.vectorstudy.com/management_theories/3_dimensions_of_strategic_change.htm to know more on the dimensions of strategic change.