# MANAGING CHANGE IN ORGANIZATIONS

**MIHAELA IOANA IACOB, VASILE VOICU PANTEA**

*Aurel Vlaicu" University of the Aard, Arad, Romania*

**Abstract:** *How do we come to acknowledge that a change is necessary and what do we do to render it useless?! Quite easy: when the door closes and you realize the keys are inside you need another key, another door ... Unfortunately, you find yourself in the midst of a situation you have to solve as quickly as possible, with as less costs and consequences as possible. It is important, nevertheless, to find out what caused the problem so that next time you avoid it, for instance, instinctively closing the door. Independent of our choice, sometimes the door may stand for a chronic problem, a serious dysfunction of concentration capacity, and the draught that shut the door only for a favourable element. Change represents a quasi - obsessive preoccupation of organizational sociology, a tendency generated by the importance given to bureaucratic inefficiency, by an unstable external environment, by the problems organization managers come across. A clear and profound perception for change in the case of organization members is essential in the change process. Change perception is important, but not enough, reason for which it must be supported by organization staff, managers and employees.The organization staff needs support in understanding that present organizational structure has to be adapted to new imposed needs, dictated by the market they activate in, that the present IT system has to be improved and turned into an efficient tool at manager's hand, and their decisions need a participant substantiation, by using modern management methods and techniques. This step is essential as it supposes, in fact, the emergence of organization staff conviction that present management system and staff policy are not compatible with market demands. Understanding the necessity of change requires, first of all, the knowledge of the fact that a continuation of all management level and execution processes adopted by the organization can lead, inevitably, to critical situations for that organization.*

**Rezumat:** *De unde ştim când e nevoie de schimbare şi cum facem ca să nu fie nevoie să schimbăm?! E simplu: când s-a închis uşa şi constaţi că ai uitat cheile înăuntru ai nevoie de altă cheie, altă uşă... Din păcate, deja eşti în mijlocul fenomenului şi trebuie să îl depăşeşti cât mai repede, cu costuri cât mai mici şi urmări cât mai puţin grave. Este însă important să afli ce a generat disfuncţia pentru ca data viitoare să eviţi, de pildă, închiderea uşii din instinct. Fără să fie de dorit, uneori se întâmplă ca o uşă să fie semnul unei probleme cronicizate, a unei disfuncţii profunde a capacităţii de concentrare, iar curentul să nu fi fost decât un element favorizant. Schimbarea reprezintă o preocupare cvasi-obsesivă în sociologia organizaţiilor, această tendinţă este generată de importanţei acordată ineficienţei birocratice, de mediul extern instabil, de problemele concrete cu care se confruntă managerii de organizaţii. Perceperea clară şi profundă a nevoii de schimbare de către managerii organizaţiei este indispensabilă procesului schimbării. Perceperea schimbării este importantă, dar nu suficientă şi de aceea trebuie susţinută de o serie de reacţii efective din partea managerilor. Prin urmare, unul dintre cele mai importante aspecte este înţelegerea de către personalul organizaţiei, manageri şi subordonaţi, a nevoii de schimbare. Personalul organizaţiei trebuie ajutat să înţeleagă că actuala structură organizatorică trebuie adaptată la noile cerinţe pe care le presupune piaţa pe care îşi desfăşoară activitatea, că actualul sistem informaţional trebuie perfecţionat şi transformat într-un instrument eficace la îndemâna managerilor, iar deciziile acestora au nevoie de o fundamentare participativă, folosindu-se metodele şi tehnicile moderne de management. Această etapă este esenţială pentru că presupune, de fapt, crearea convingerii personalului din organizaţie, că actualul sistem de management şi actuala politică de personal nu sunt compatibile cu cerinţele pieţei. Înţelegerea nevoii de schimbare presupune, în primul rând, cunoaşterea faptului că o continuare a proceselor de la toate nivelurile de management şi de execuţie utilizate de organizaţie poate conduce, în mod inevitabil, la situaţii critice pentru organizaţia respectivă.*

**INTRODUCTION**

Companies constantly face pressures to change. Forecast of changing economic conditions, consumer purchasing patterns, technological and scientific factors, and competitions, both foreign and domestic, force top management to evaluate their organization and consider significant changes.

The organizations encounter many different forces for change. These come from external sources outside the organization and from internal sources.

The external forces come from outside the organization and have global effects. There are four important external forces for change: demographic characteristics (age, education, skill level, gender, immigration), technological advancements (manufacturing automation, office automation), market changes (mergers and acquisitions, domestic and international competition, recession), social and political pressures (war, values, leadership).

The internal forces come from inside the organization and may have the roots in human resource problems and leadership.

It is necessary that the organization can anticipate the change, prepare for it through planning and incorporate it in the organization strategy. Organization change can be viewed from a static point of view, such as Lewin's Process Model, or from a dynamic perspective, such as the Continuous Change Process Model.

**MATERIALS AND METHOD**

Lewin's Process Model

Kurt Lewin suggested that efforts to bring about planed change in organizations should approach change as a multistage process. The assumptions that underlie Lewin's model are:

• The change process involves learning something new, as well as discontinuing current attitudes, behaviours, or organizational practices.

• Change will not occur unless there is motivation to change. This is often the most difficult part of the change process.

• People are the hub of all organizational changes. Any change, whether in terms of structure, group process, reward system, or job design, requires individuals to change.

• Resistance to change is found even when the goals of change are highly desirable.

• Effective change requires reinforcing new behaviours, attitudes, and organizational practices.

Lewin's process model of planned change is made up from three steps: unfreezing, change and refreezing (figure 1).
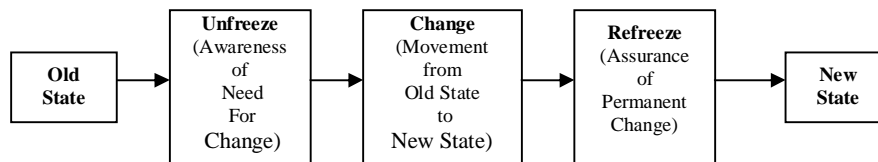


Figure 1 Lewin's process of Organization Change
*Source*: Moorhead G., Griffin R. Organizational behaviour, Managing people and organizations, Houghton Mifflin Company, Boston, New York, 1998, p. 545

Unfreezing is the process by which people become aware of the need for change. If people are satisfied with current practices and procedures, they may have little or no interest in making changes. The essential factor in unfreezing is making employees understand the importance of a change and how their jobs will be affected by it. The employees who will be most affected by the change must be made aware of why it is needed, which effect makes them dissatisfied enough with current operations to be motivated by change. The mechanisms necessary to facilitate change are: models, mentors, experts, trending.

Changing suppose the movement from the old way of doing things to a new way. Change may entail installing new equipment, restructuring the organization, implementing a new performance appraisal system, providing employees with new information, new behavioural models.

Refreezing makes new behaviours relatively permanent and resistant to further change. Change is stabilized during refreezing by helping employees integrate the changed behaviour or attitude into their normal way of doing things. This is accomplished by first giving employees the chance to exhibit the new behaviours or attitudes. Once exhibited, positive reinforcement is used to reinforce the desired change.

The Continuous Change Process Model

Perhaps because Lewin's model is very simple and straightforward, virtually all models of organization change use his approach. However, it does not deal with several important issues. A more complex, and more helpful, approach treats planned change from the perspective of top management and indicates that change is continuous. As change becomes continuous in organizations different steps are probably occurring simultaneously throughout the organization. The model incorporates Lewin's concept into the implementation phase.

In this approach, top management perceives that certain forces or trends call for change, and the issue is subjected to the organization's usual problem-solving and decision-making processes. Usually, top management defines its goals in terms of what the organization or certain processes or outputs will be like after the change. Alternatives for change are generated and evaluated, and an acceptable one is selected.

Early in the process, the organization may seek the assistance of a change agent - a person who will be responsible for managing the change effort. The change agent may also help management recognize and define the problem or the need for the change and may be involved in generating and evaluating potential plans of action. The change agent may be a member of the organization, an outsider such as a consultant, or even someone from headquarters whom employees view as an outsider. An internal change agent is likely to know the organization's people, tasks, and political situations, which may be helpful in interpreting data and understanding the system; but an insider may also be too close to the situation to view it objectively. An outsider is often received better by all parties because of his or her assumed impartiality. Under the direction and management of the change agent, the organization implements the change through Lewin's unfreeze, change, and refreeze process.

The final step is measurement, evaluation, and control. The change agent and the top management group assess the degree to which the change is having the desired effect; that is, they measure progress toward the goals of the change and make appropriate changes if necessary. The more closely the change agent is involved in the change process, the less distinct the steps become. The change agent becomes a "collaborator" or "helper" to the organization as she or he is immersed in defining and solving the problem with members of the organization. When this happens, the change agent may be working with many individuals, groups, and departments within the organization on different phases of the change process. When the change process is moving along from one stage to another it may not be readily observable because of the total involvement of the change agent in every phase of the project.

Throughout the process, however, the change agent brings in new ideas and viewpoints that help members look at old problems in new ways. Change often arises from the conflict that results when the change agent challenges the organization's assumptions and generally accepted patterns of operation.

Through the measurement, evaluation, and control phase, top management determines the effectiveness of the change process by evaluating various indicators of organizational productivity and effectiveness or employee morale. It is hoped that the organization will be better after the change than before. However, the uncertainties and rapid change in all sectors of the environment make constant organization change a certainty for most organizations.

Transition management is the process of systematically planning, organizing, and implementing change, from the disassembly of the current state to the realization of a fully functional future state within an organization. Once change begins, the organization is in neither the old state nor the new state, yet business must go on. Transition management ensures that business continues while the change is occurring, and thus it must begin before the change occurs. The members of the regular management team must take on the role of transition managers and coordinate organizational activities with the change agent. An interim management structure or interim positions may be created to ensure continuity and control of the business during the transition. Communication about the changes to all involved, from employees to customers and suppliers, plays a key role in transition management.

### Resistance to Change

Change is inevitable; so is resistance to change. Paradoxically, organizations both promote and resist change. As an agent for change, the organization asks prospective customers or clients to change their current purchasing habits by switching to the company's product or service and asks current customers to change by increasing their purchases. The organization resists change in that its structure and control systems protect the daily tasks of producing a product or service from uncertainties in the environment. The organization must have some elements of permanence to avoid mirroring the instability of the environment. Yet it must also react to external shifts with internal change to maintain currency and relevance in the marketplace.

A commonly held view is that all resistance to change needs to be overcome, but that is not always the case. Resistance to change can be used for the benefit of the organization and need not be eliminated entirely. By revealing a legitimate concern that a proposed change may harm the organization or that other alternatives might be better, resistance may alert the organization to re-examine the change. Resistance may come from the organization, the individual, or both. Determining the ultimate source is often difficult, however, because organizations are composed of individuals.

Organizational Sources of Resistance

Daniel Katz and Robert Kahn have identified six major organizational sources of resistance: over determination, narrow focus of change, group inertia, threatened expertise, threatened power, and changes in resource allocation.

Organizations have several systems designed to maintain stability. For example, consider how organizations control employees' performance. Job candidates must have certain specific skills so that they can do the job the organization needs them to do. New employees are given a job description, and the supervisor trains, coaches, and counsels the employee in job tasks. The new employee usually serves some type of probationary period that culminates in a performance review; thereafter, the employee's performance is regularly evaluated. Rewards, punishment, and discipline are administered depending on the level of performance. Such a system is said to be characterized by over determination, or structural inertia, in that one could probably have the same effect on employee

performance with fewer procedures and safeguards. In other words, the structure of the organization produces resistance to change because it was designed to maintain stability.

*Table 1*
Organizational and Individual Sources of Resistance

| Organizational Sources | Examples |
| --- | --- |
| **Over determination** | Employment system, job descriptions, evaluation and reward system |
| **Narrow Focus of Change** | Structure changed with no concern given to other issues, jobs, people |
| **Croup Inertia** | Group norms |
| **Threatened Expertise** | People move out of area of expertise |
| **Threatened Power** | Decentralized decision making |
| **Resource Allocation** | Increased use of part-time help |
| **Individual Sources** | **Examples** |
| **Habit** | Altered tasks |
| **Security** | Altered tasks or reporting relationships |
| **Economic Factors** | Changed pay and benefits |
| **Fear of the Unknown** | New job, new boss |
| **Lack of Awareness** | Isolated groups not heeding notices |
| **Social Factors** | Group norms |

Many efforts to create change in organizations adopt too narrow a focus. Any effort to force change in the tasks of individuals or groups must take into account the interdependencies among organizational elements such as people, structure, tasks, and the information system. For example, some attempts at redesigning jobs fail because the organization structure within which jobs must function is inappropriate for the redesigned jobs.

When an employee attempts to change his or her work behaviour, the group may resist by refusing to change other behaviours that are necessary complements to the individual's changed behaviour. In other words, group norms may act as a brake on individual attempts at behaviour change.

A change in the organization may threaten the specialized expertise that individuals and groups have developed over the years. A job redesign or a structural change may transfer responsibility for a specialized task from the current expert to someone else, threatening the specialist's expertise and building his or her resistance to the change.

Any redistribution of decision-making authority, such as with reengineering or team-based management, may threaten an individual's power relationships with others. If an organization is decentralizing its decision making, managers who wielded their decision-making powers in return for special favours from others may resist the change because they do not want to lose their power base.

Groups that are satisfied with current resource allocation methods may resist any change they believe will threaten future allocations. Resources in this context can mean anything from monetary rewards and equipment to additional seasonal help to more computer time.

These six sources explain most types of organization-based resistance to change. All are based on people and social relationships. Many of these sources of resistance can be traced to groups or individuals being afraid of losing something-resources, power, or comfort in a routine.

Individual sources of resistance to change are rooted in basic human characteristics such as needs and perceptions. Researchers have identified six reasons for individual resistance to change: habit, security, economic factors, fear of the unknown, lack of awareness, and social factors.

It is easier to do a job the same way every day if the steps in the job are repeated over and over. Learning an entirely new set of steps makes the job more difficult. For the

same amount of return (pay), most people prefer to do easier rather than harder work.

Some employees like the comfort and security of doing things the same old way. They gain a feeling of constancy and safety from knowing that some things stay the same despite all the change going on around them. People who believe their security is threatened by a change are likely to resist the change.

Change may threaten employees' steady pay checks. Workers may fear that change will make their jobs obsolete or reduce their opportunities for future pay increases.

Some people fear anything unfamiliar. Changes in reporting relationships and job duties create anxiety for such employees. Employees become familiar with their bosses and their jobs and develop relationships with others within the organization, such as contact people for various situations. These relationships and contacts help facilitate their work. Any disruption of familiar patterns may create fear because it can cause delays and foster the belief that nothing is getting accomplished.

Because of perceptual limitations, such as lack of attention or selective attention, a person may not recognize a change in a rule or procedure and thus may not alter his or her behaviour. People may pay attention only to things that support their point of view. As an example, employees in an isolated regional sales office may not notice - or may ignore - directives from headquarters regarding a change in reporting procedures for expense accounts. They may therefore continue the current practice as long as possible.

People may resist change for fear of what others will think. As we mentioned before, the group can be a powerful motivator of behaviour. Employees may believe change will hurt their image, result in ostracism from the group, or simply make them "different." For example, an employee who agrees to conform to work rules established by management may be ridiculed by others who openly disobey the rules.

### CONCLUSIONS

In conclusion, there are six keys to managing change in organizations. Each can influence the elements of the social system and may help the organization avoid some of the major problems in managing the change.

One factor to consider is how international environments dictate organization change. The environment is a significant factor in bringing about organization change. Given the additional environmental complexities multinational organizations face, it follows that organization change may be even more critical to them than to purely domestic organizations.

A second point to remember is that acceptance of change varies widely around the globe. Change is a normal and accepted part of organization life in some cultures. In other cultures, change causes many more problems. Managers should remember that techniques for managing change that have worked routinely back home may not work at all and may even trigger negative responses if used indiscriminately in other cultures.

Managers must take a holistic view of the organization and the change project. A limited view can endanger the change effort because the subsystems of the organization are interdependent. A holistic view encompasses the culture and dominant coalition as well as the people, tasks, structure, and information subsystems.

The support of top management is essential to the success of any change effort. As the organization's probable dominant coalition, it is a powerful element of the social system, and its support is necessary to deal with control and power problems. For example, a manager who plans a change in the ways tasks are assigned and responsibility is delegated in his or her department must notify top management and gain its support. Complications may arise if disgruntled employees complain to high-level managers who have not been

notified of the change or do not support it. The employees' complaints may jeopardize the manager's plan - and perhaps her or his job.

Problems related to resistance, control, and power can be overcome by broad participation in planning the change. Allowing people a voice in designing the change may give them a sense of power and control over their own destinies, which may help to win their support during implementation.

Open communication is an important factor in managing resistance to change and overcoming information and control problems during transitions. Employees typically recognize the uncertainties and ambiguities that arise during a transition and seek information on the change and their place in the new system. In the absence of information, the gap may be filled with inappropriate or false information, which may endanger the change process. Rumours tend to spread through the grapevine faster than accurate information can be disseminated through official channels. A manager should always be sensitive to the effects of uncertainty on employees, especially in a period of change; any news, even bad news, seems better than no news.

Although this last point is simple, it can easily be neglected. Employees who contribute to the change in any way need to be rewarded. Too often, the only people acknowledged after a change effort are those who tried to stop it. Those who quickly grasp new work assignments, work harder to cover what otherwise might not get done in the transition, or help others adjust to changes deserve special credit - perhaps a mention in a news release or the internal company newspaper, special consideration in a performance appraisal, a merit raise, or a promotion. From a behavioural perspective, individuals need to benefit in some way if they are to willingly help change something that eliminates the old, comfortable way of doing the job.

In the current dynamic environment, managers must anticipate the need for change and satisfy it with more responsive and competitive organization systems. These six keys to managing organization change may also serve as general guidelines for managing organizational behaviour, because organizations must change or face elimination.

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