

14.3: Organizational Change

Learning Objectives

1. Identify the external forces creating change on the part of organizations.
2. Understand how organizations respond to changes in the external environment.
3. Understand why people resist change.

Why Do Organizations Change?

Organizational change is the movement of an organization from one state of affairs to another. Organizational change can take many forms. It may involve a change in a company's structure, strategy, policies, procedures, technology, or culture. The change may be planned years in advance or may be forced upon an organization because of a shift in the environment. Organizational change can be radical and alter the way an organization operates, or it may be incremental and slowly change the way things are done. In any case, regardless of the type, change involves letting go of the old ways in which work is done and adjusting to the new ways. Therefore, fundamentally, it is a process that involves effective people management.

Workforce Demographics



Figure 14.3.7: Organizations change in response to changes in their environment. One of the current changes is in the demographics of the workforce. Emilio Labrador – [Business Meeting](#) – CC BY 2.0.

Organizational change is often a response to changes in the environment. For example, both the United States Department of Labor and Organization for Economic Co-operation and Development (OECD) estimate that the age of the workforce is on the rise (Lerman & Schmidt, 2006). What does this mean for companies? Organizations may realize that as the workforce gets older the types of benefits they prefer may change. Work arrangements such as flexible work hours and job sharing may become more popular as employees remain in the workforce even after retirement. As the workforce rapidly ages, it also becomes possible that employees who are unhappy with their current work situation will choose to retire, resulting in a sudden loss of valuable knowledge and expertise on the part of organizations. Therefore, organizations will have to devise strategies to retain these employees and plan for their retirement. Finally, a critical issue is finding ways of dealing with age-related stereotypes, which act as barriers in the retention of these employees.

Technology

Sometimes change is motivated by rapid developments in *technology*. Moore's law (a prediction by Gordon Moore, cofounder of Intel Corporation) dictates that the overall complexity of computer circuits will double every 18 months with no increase in cost (Moore's Law, 2008). Such change is motivating corporations to rapidly change their technology. Sometimes technology produces such profound developments that companies struggle to adapt. A recent example is from the music industry. When CDs were first introduced in the 1980s, they were substantially more appealing than the traditional LPs. Record companies were easily able to double the prices, even though producing CDs cost a fraction of what it cost to produce LPs. For decades, record producing companies benefited from this status quo. Yet when peer-to-peer file sharing through software such as Napster and Kazaa

threatened the core of their business, companies in the music industry found themselves completely unprepared for such disruptive technological changes. Their first response was to sue the users of file-sharing software, sometimes even underage kids. They also kept looking for a technology that would make it impossible to copy a CD or DVD, which has yet to emerge. Until Apple Inc.'s iTunes came up with a new way to sell music online, it was doubtful that consumers would ever be willing to pay for music that was otherwise available for free (albeit illegally so). Only time will tell if the industry will be able to adapt itself to the changes forced upon it (Lasica, 2005).

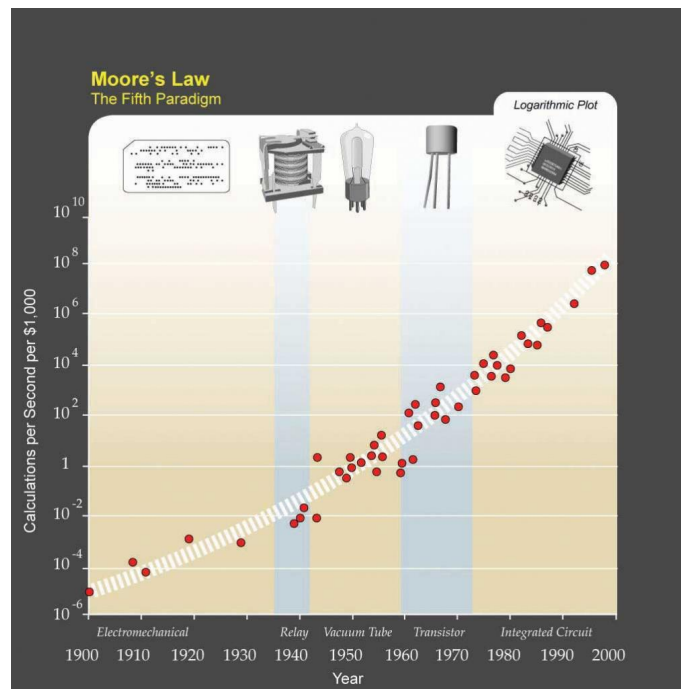


Figure 14.3.8: Ray Kurzweil expanded Moore's law from integrated circuits to earlier transistors, vacuum tubes, relays, and electromechanical computers to show that his trend holds there as well. [Wikimedia Commons](#) – public domain.

Globalization

Globalization is another threat and opportunity for organizations, depending on their ability to adapt to it. Organizations are finding that it is often cheaper to produce goods and deliver services in some countries compared to others. This led many companies to utilize manufacturing facilities overseas, with China as a popular destination. For a while, knowledge work was thought to be safe from outsourcing, but now we are also seeing many service operations moved to places with cheaper wages. For example, many companies have outsourced software development to India, with Indian companies such as Wipro Ltd. and Infosys Technologies Ltd. emerging as global giants. Given these changes, understanding how to manage a global workforce is a necessity. Many companies realize that outsourcing forces them to operate in an institutional environment that is radically different from what they are used to at home. Dealing with employee stress resulting from jobs being moved overseas, retraining the workforce, and learning to compete with a global workforce on a global scale are changes companies are trying to come to grips with.

Market Conditions

Changes in the market conditions may also create changes as companies struggle to adjust. For example, as of this writing, the airline industry in the United States is undergoing serious changes. Demand for air travel was affected after the September 11 terrorist attacks. Also, the widespread use of the Internet to book plane travels made it possible to compare airline prices much more efficiently and easily, encouraging airlines to compete primarily based on cost. This strategy seems to have backfired when coupled with the dramatic increases in the cost of fuel. As a result, airlines are cutting back on amenities that were taken for granted for decades, such as the price of a ticket including meals, beverages, and checking luggage. Some airlines, such as Delta Air Lines Inc. and Northwest Airlines Inc., have merged to deal with this climate, and talks involving other mergers in this industry continue.

How does a change in the environment create change within an organization? Note that environmental change does not automatically change how business is done. Whether or not the organization changes in response to environmental challenges and

threats depends on the decision makers' reactions to what is happening in the environment.

Organizational Growth



Figure 14.3.9: In 1984, brothers Kurt and Rob Widmer founded Widmer Brothers, which is now the 11th largest brewery in the United States. Sarah McDevitt – [Widmer Family Photo](#) – CC BY 2.0.

It is natural for once small start-up companies to grow if they are successful. An example of this growth is the evolution of the Widmer Brothers Brewing Company, which started as two brothers brewing beer in their garage to become the 11th largest brewery in the United States. This growth happened over time as the popularity of their key product—Hefeweizen—grew in popularity; the company had to expand to meet demand, growing from the 2 founders to 400 employees in 2008 after Widmer Brothers merged with Redhook Ale Brewery to become Craft Brewers Alliance Inc. The newly formed company has five main departments, including Operations, Sales, Marketing, Finance, and Retail, who report to the CEO. Anheuser-Busch Companies Inc. continues to have a minority stake in both beer companies. So, while 50% of all new small businesses fail in their first year (Get ready, 2008), those that succeed often evolve into large, complex organizations over time.

Poor Performance

Change is more likely to happen if the company is performing poorly and if there is a perceived threat from the environment. In fact, poorly performing companies often find it easier to change compared to successful companies. Why? High performance actually leads to overconfidence and inertia. As a result, successful companies often keep doing what made them a success in the first place. When it comes to the relationship between company performance and organizational change, the saying “nothing fails like success” may be fitting. For example, Polaroid Corporation was the number one producer of instant films and cameras in 1994. The company filed for bankruptcy in less than a decade, unable to adapt to the rapid advances in the 1-hour photo development and digital photography technologies. Successful companies that manage to change have special practices in place to keep the organization open to changes. As a case in point, Nokia finds that it is important to periodically change the perspective of key decision makers. For this purpose, they rotate heads of businesses to different posts to give them a fresh perspective. In addition to the success of a business, change in a company's upper level management is a motivator for change at the organization level. Research shows that long-tenured CEOs are unlikely to change their formula for success. Instead, new CEOs and new top management teams create change in a company's culture and structure (Barnett & Carroll, 1995; Boeker, 1997; Deutschman, 2005).

Resistance to Change

Changing an organization is often essential for a company to remain competitive. Failure to change may influence the ability of a company to survive. Yet, employees do not always welcome changes in methods. According to a 2007 survey conducted by the Society for Human Resource Management (SHRM), resistance to change is one of the top two reasons why change efforts fail. In fact, reactions to organizational change may range from resistance to compliance to being an enthusiastic supporter of the change, with the latter being the exception rather than the norm (Change management, 2007; Huy, 1999).

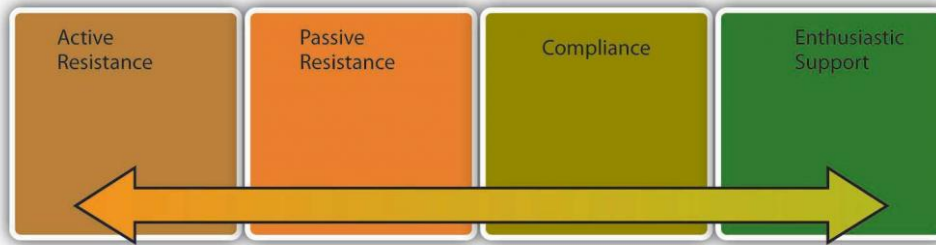


Figure 14.3.10: Reactions to change may take many forms.

Active resistance is the most negative reaction to a proposed change attempt. Those who engage in active resistance may sabotage the change effort and be outspoken objectors to the new procedures. In contrast, passive resistance involves being disturbed by changes without necessarily voicing these opinions. Instead, passive resisters may quietly dislike the change, feel stressed and unhappy, and even look for an alternative job without necessarily bringing their point to the attention of decision makers. Compliance, on the other hand, involves going along with proposed changes with little enthusiasm. Finally, those who show enthusiastic support are defenders of the new way and actually encourage others around them to give support to the change effort as well.

Any change attempt will have to overcome the resistance on the part of people to be successful. Otherwise, the result will be loss of time and energy as well as an inability on the part of the organization to adapt to the changes in the environment and make its operations more efficient. Resistance to change also has negative consequences for the people in question. Research shows that when people negatively react to organizational change, they experience negative emotions, use sick time more often, and are more likely to voluntarily leave the company (Fugate, Kinicki, & Prussia, 2008).

The following is a dramatic example of how resistance to change may prevent improving the status quo. Have you ever wondered why the letters on keyboards are laid out the way they are? The QWERTY keyboard, named after the first six letters in the top row, was actually engineered to slow us down. The first prototypes of the typewriter keyboard would jam if the keys right next to each other were hit at the same time. Therefore, it was important for manufacturers to slow typers down. They achieved this by putting the most commonly used letters to the left-hand side, and scattering the most frequently used letters all over the keyboard. Later, the issue of letters being stuck was resolved. In fact, an alternative to the QWERTY named the Dvorak keyboard provides a much more efficient design and allows individuals to double traditional typing speeds. Yet the shift never occurred. The reasons? Large numbers of people resisted the change. Teachers and typists resisted, because they would lose their specialized knowledge. Manufacturers resisted because of costs inherent in making the switch and the initial inefficiencies in the learning curve (Diamond, 2005). In short, the best idea does not necessarily win, and changing people requires understanding why they resist.



Figure 14.3.11: The Dvorak keyboard is a more efficient design compared to the QWERTY keyboard. Due to resistance from typists, manufacturers, and teachers, it never gained widespread adoption.

Why Do People Resist Change?

Disrupted Habits

People often resist change for the simple reason that change disrupts our habits. Do you think about how you are driving when you drive? Most of the time probably not, because driving generally becomes an automated activity after a while. You may sometimes even realize that you have reached your destination without noticing the roads you used or having consciously thought about any of your body movements. Now imagine you drive for a living, and even though you are used to driving an automatic car, you are now

forced to use a stick shift. You can most likely figure out how to drive a stick, but it will take time, and until you figure it out, you cannot drive on auto pilot. You will have to reconfigure your body movements and practice shifting until you become good at it. You may find that for this simple reason, people sometimes are surprisingly outspoken when confronted with simple changes such as updating to a newer version of a particular software or a change in their voice mail system.

Personality

Some people are more resistant to change than others. Research shows that people who have a positive self-concept are better at coping with change, probably because those who have high self-esteem may feel that whatever the changes are, they are likely to adjust to it well and be successful in the new system. People with a more positive self-concept and those who are more optimistic may also view change as an opportunity to shine as opposed to a threat that is overwhelming. Finally, risk tolerance is another predictor of how resistant someone will be to stress. For people who are risk avoidant, the possibility of a change in technology or structure may be more threatening (Judge et al., 1999; Wanberg & Banas, 2000).

Feelings of Uncertainty

Change inevitably brings feelings of uncertainty. You have just heard that your company is merging with another. What would be your reaction? Such change is often turbulent, and it is often unclear what is going to happen to each individual. Some positions may be eliminated. Some people may see a change in their job duties. Things can get better—or they may get worse. The feeling that the future is unclear is enough to create stress for people, because it leads to a sense of lost control (Ashford, Lee, & Bobko, 1989; Fugate, Kinicki, & Prussia, 2008).

Fear of Failure

People also resist change when they feel that their performance may be affected under the new system. People who are experts in their jobs may be less than welcoming of the changes, because they may be unsure whether their success would last under the new system. Studies show that people who feel that they can perform well under the new system are more likely to be committed to the proposed change, while those who have lower confidence in their ability to perform after changes are less committed (Herold, Fedor, & Caldwell, 2007).



Figure 14.3.12: One common reason employees resist change is the fear of failure under the new system. Shaun Murphy – Stressed – CC BY-NC-ND 2.0.

Personal Impact of Change

It would be too simplistic to argue that people resist all change, regardless of its form. In fact, people tend to be more welcoming of change that is favorable to them on a personal level (such as giving them more power over others, or change that improves quality of life such as bigger and nicer offices). Research also shows that commitment to change is highest when proposed changes affect the work unit with a low impact on how individual jobs are performed (Fedor, Caldwell, & Herold, 2006).

Prevalence of Change

Any change effort should be considered within the context of all the other changes that are introduced in a company. Does the company have a history of making short-lived changes? If the company structure went from functional to product-based to geographic to matrix within the past 5 years, and the top management is in the process of going back to a functional structure again, a certain level of resistance is to be expected because people are likely to be fatigued as a result of the constant changes. Moreover, the lack of a history of successful changes may cause people to feel skeptical toward the newly planned changes. Therefore,

considering the history of changes in the company is important to understanding why people resist. Also, how big is the planned change? If the company is considering a simple switch to a new computer program, such as introducing Microsoft Access for database management, the change may not be as extensive or stressful compared to a switch to an enterprise resource planning (ERP) system such as SAP or PeopleSoft, which require a significant time commitment and can fundamentally affect how business is conducted (Labianca, Gray, & Brass, 2000; Rafferty & Griffin, 2006).

Perceived Loss of Power

One other reason why people may resist change is that change may affect their power and influence in the organization. Imagine that your company moved to a more team-based structure, turning supervisors into team leaders. In the old structure, supervisors were in charge of hiring and firing all those reporting to them. Under the new system, this power is given to the team itself. Instead of monitoring the progress the team is making toward goals, the job of a team leader is to provide support and mentoring to the team in general and ensure that the team has access to all resources to be effective. Given the loss in prestige and status in the new structure, some supervisors may resist the proposed changes even if it is better for the organization to operate around teams.

In summary, there are many reasons individuals resist change, which may prevent an organization from making important changes.

Is All Resistance Bad?

Resistance to change may be a positive force in some instances. In fact, resistance to change is a valuable feedback tool that should not be ignored. Why are people resisting the proposed changes? Do they feel that the new system will not work? If so, why not? By listening to people and incorporating their suggestions into the change effort, it is possible to make a more effective change. Some of a company's most committed employees may be the most vocal opponents of a change effort. They may fear that the organization they feel such a strong attachment to is being threatened by the planned change effort and the change will ultimately hurt the company. In contrast, people who have less loyalty to the organization may comply with the proposed changes simply because they do not care enough about the fate of the company to oppose the changes. As a result, when dealing with those who resist change, it is important to avoid blaming them for a lack of loyalty (Ford, Ford, & D'Amelio, 2008).

OB Toolbox: Life After Being Downsized

Organizational change sometimes means reducing the number of people working in the company to make operations more efficient. Sometime in your career, you may find that you go through this painful, sometimes traumatic experience. What do you do to recover in the aftermath of a downsizing?

- *Be calm.* This is easier said than done, but it happens to the best of us. Remember that it was not your fault. Many companies lay off employees during downsizing despite their stellar performance, so do not take it personally.
- *Do not get angry.* When you hear the news, make sure that you do not express your disappointment in a way that would burn your bridges. In fact, many companies rehire workers they lay off or bring them in as external consultants. Do not say or do something in anger that closes all doors. Remember, during downsizing companies are often forced to let go of employees they want to keep.
- *Know your rights.* Are you getting a severance package afterward? Are you going to have continued access to some benefits? Does the company provide assistance to those who are laid off? Find out what is being offered. You may also want to ask for a letter of recommendation from your former boss to help with your job hunt.
- *Think about your ideal job situation.* Are you in the right field? Do you have all the skills and education you need to work in the right field? Some people will look at a layoff as a time to settle for any job that comes along, but this may not be an effective long-term strategy. Instead, imagine your ideal situation and find out what you can do to get there.
- *Get help.* There are many organizations and career coaches offering career support, advice, and networking opportunities. Surround yourself with positive people who are supportive. Getting assistance may help you make yourself more marketable or simply provide you with necessary emotional support.
- *Polish your resume and job hunting skills.* You may benefit from someone else proofreading your resume and practicing interviews with you.
- *Do not give up!* You found a job once, you will find it again. Stay positive, be patient, and do not lose hope.

Sources: Based on information in How to maximize your take when you get laid off. (2008, November). *Money*, 37(11), 132; Kamberg, M. L. (2000, May–June). Surviving the ups & downs of corporate restructuring. *Women in Business*, 52(3). Palmer, K. (2008, March 24). Re-energizing your career. *U.S. News & World Report*, 144(9). Weinstein, B. (2008, September 29).

Planning and Executing Change Effectively

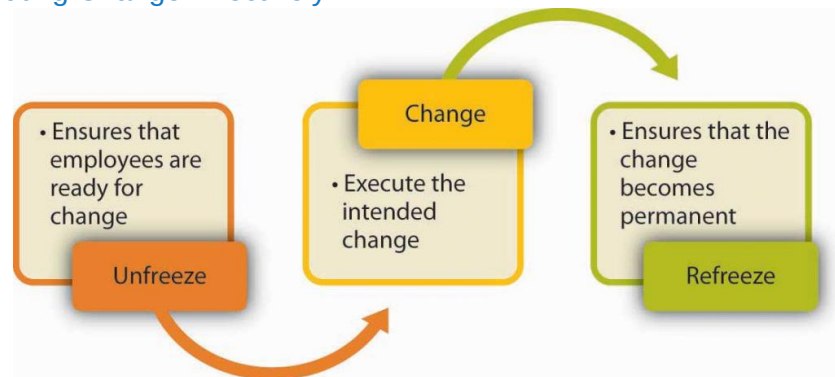


Figure 14.3.13: Lewin's three-stage process of change emphasizes the importance of preparation or unfreezing before change, and reinforcement of change afterward or refreezing.

How do you plan, organize, and execute change effectively? One of the most useful frameworks in this area is Kurt Lewin's three-stage model of planned change (Lewin, 1951). The assumption is that change will encounter resistance. Therefore, executing change without prior preparation is likely to lead to failure. Instead, organizations should start with unfreezing, or making sure that organizational members are ready for and receptive to change. This is followed by change, or executing the planned changes. Finally, refreezing involves ensuring that change becomes permanent and the new habits, rules, or procedures become the norm. John Kotter, a Harvard University professor, wrote a book in 1996 titled *Leading Change* in which he discussed eight steps to changing an organization (Kotter, 1996). In the next section, we integrate the two models with more recent work in the area to present a roadmap to how organizations may want to approach change.

Unfreezing Prior to Change

Many change efforts fail because people are insufficiently prepared for change. When employees are not prepared, they are more likely to resist the change effort and less likely to effectively function under the new system. What can organizations do prior to change to prepare employees? There are a number of things that are important at this stage.

Create a Vision for Change

In successful change efforts, the leader has an overall vision for the change (Herold et al., 2008). When this vision is exciting and paints a picture of a future that employees would be proud to be a part of, people are likely to be more committed to change. For example, Toyota is a master of *kaizen*, or continuous improvement. They also follow the philosophy of *kakushin*, or revolutionary change, as needed. Regardless of the nature of the particular change, there is an overall vision for the company that justifies and explains why change is necessary "to build the dream car of the future" (Stewart & Raman, 2007).

Communicating a Plan for Change

Do people know what the change entails, or are they hearing about the planned changes through the grapevine or office gossip? When employees know what is going to happen, and when and why, they may conquer their discomfort with change. Research shows that those who have more complete information about upcoming changes are more committed to a change effort (Wanberg & Banas, 2000).

Ensuring that top management communicates with employees about the upcoming changes also has symbolic value (Armenakis, Harris, & Mossholder, 1993). In any organization, many changes are done on a daily basis, with some taking root and some disappearing after a short while. When top management and the company CEO discuss the importance of the changes in meetings, employees are provided with a reason to trust that this change is a strategic initiative. For example, while changing the employee performance appraisal system, the CEO of Kimberly-Clark Corporation made sure to mention the new system in all meetings with employees, indicating that the change was supported by the CEO.

Develop a Sense of Urgency

People are more likely to accept change if they feel that there is a need for it. If employees feel their company is doing well, the perceived need for change will be smaller. Those who plan the change will need to make the case that there is an external or internal threat to the organization's competitiveness, reputation, or sometimes even its survival, and failure to act will have dire consequences. For example, Lou Gerstner, the former CEO of IBM, executed a successful transformation of the company. In his biography *Elephants Can Dance*, he highlights how he achieved cooperation as follows: "Our greatest ally in shaking loose the past was IBM's eminent collapse. Rather than go with the usual impulse to put on a happy face, I decided to keep the crisis front and center. I didn't want to lose the sense of urgency" (Gerstner, 2002; Kotter, 1996).

Building a Coalition

In order to convince people that change is needed, the change leader does not necessarily have to convince every person individually. In fact, people's opinions toward change are affected by opinion leaders, or those people who have a strong influence over the behaviors and attitudes of others (Burkhardt, 1994; Kotter, 1995). Instead of trying to get everyone on board at the same time, it may be more useful to convince and prepare the opinion leaders. Once these individuals agree that change is needed and will be useful, they will become helpful allies in ensuring that the rest of the organization is ready for change (Armenakis, Harris, & Mossholder, 1993). For example, Paul Pressler, after becoming the CEO of Gap Inc. in 2002, initiated a culture change effort in the hope of creating a sense of identity among the company's many brands such as Banana Republic, Old Navy, and Gap. For this purpose, management segmented the employees into groups instead of trying to reach out to all employees at the same time. Gap Inc. started by training the 2,000 senior managers in Leadership Summits, who in turn were instrumental in ensuring the cooperation of the remaining 150,000 employees of the company (Nash, 2005).

Provide Support

Employees should feel that their needs are not ignored. Therefore, management may prepare employees for change by providing emotional and instrumental support. Emotional support may be in the form of frequently discussing the changes, encouraging employees to voice their concerns, and simply expressing confidence in employees' ability to perform effectively under the new system. Instrumental support may be in the form of providing a training program to employees so they know how to function under the new system.

Allow Employees to Participate

Studies show that employees who participate in planning change efforts tend to have more positive opinions about the change. Why? They will have the opportunity to voice their concerns. They can shape the change effort so that their concerns are addressed. They will be more knowledgeable about the reasons for change, alternatives to the proposed changes, and why the chosen alternative was better than the others. Finally, they will feel a sense of ownership of the planned change and are more likely to be on board (Wanberg & Banas, 2000). Participation may be more useful if it starts at earlier stages, preferably while the problem is still being diagnosed. For example, assume that a company suspects there are problems with manufacturing quality. One way of convincing employees that there is a problem that needs to be solved would be to ask them to take customer calls about the product quality. Once employees experience the problem firsthand, they will be more motivated to solve the problem.

Executing Change

The second stage of Lewin's three-step change model is executing change. At this stage, the organization implements the planned changes on technology, structure, culture, or procedures. The specifics of how change should be executed will depend on the type of change. However, there are some tips that may facilitate the success of a change effort.

Continue to Provide Support

As the change is underway, employees may experience high amounts of stress. They may make mistakes more often or experience uncertainty about their new responsibilities or job descriptions. Management has an important role in helping employees cope with this stress by displaying support, patience, and continuing to provide support to employees even after the change is complete.

Create Small Wins

During a change effort, if the organization can create a history of small wins, change acceptance will be more likely (Kotter, 1996; Reay, Golden-Biddle, & Germann, 2006). If the change is large in scope and the payoff is a long time away, employees may not

realize change is occurring during the transformation period. On the other hand, if people see changes, improvements, and successes along the way, they will be inspired and motivated to continue the change effort. For this reason, breaking up the proposed change into phases may be a good idea, because it creates smaller targets. Small wins are also important for planners of change to make the point that their idea is on the right track. Early success gives change planners more credibility, while early failures may be a setback (Hamel, 2000).

Eliminate Obstacles

When the change effort is in place, many obstacles may crop up along the way. There may be key people who publicly support the change effort while silently undermining the planned changes. There may be obstacles rooted in a company's structure, existing processes, or culture. It is the management's job to identify, understand, and remove these obstacles (Kotter, 1995). Ideally, these obstacles would have been eliminated before implementing the change, but sometimes unexpected roadblocks emerge as change is underway.

Kotter's Eight-stage Process for Change

Harvard Business School professor John P. Kotter proposed that companies should follow eight stages when instituting change. Here is a summary of his suggested steps.

1. Create a sense of urgency when introducing the change effort.
2. Build a coalition.
3. Create a vision for change and make change a part of the vision.
4. Communicate a plan for change
5. Eliminate obstacles to change
6. Create small wins
7. Build on change
8. Make change a part of culture.

Source: Kotter, J. P. (1996). *Leading change*. Boston, MA: Harvard Business. School Press.

Refreezing

After the change is implemented, the long-term success of a change effort depends on whether change becomes part of the company's culture. In other words, the revised ways of thinking, behaving, and performing should become routine. For this reason, there are a number of things management can do.

Publicize Success

In order to make change permanent, the organization may benefit from sharing the results of the change effort with employees. What was gained from the implemented changes? How much money did the company save? How much did the company's reputation improve? What was the reduction in accidents after new procedures were put in place? Sharing concrete results with employees increases their confidence that the implemented change was a right decision.

Build on Prior Change

Once results start coming, it is important to benefit from the momentum created by these early successes by pushing for even more change. Following the philosophy of continuous improvement may be a good idea here. Instead of declaring victory early, the company is advised to make continuous improvements to how business is conducted.

Reward Change Adoption

In order to ensure that change becomes permanent, organizations may benefit from rewarding those who embrace the change effort. The rewards do not necessarily have to be financial. The simple act of recognizing those who are giving support to the change effort in front of their peers may encourage others to get on board. When the new behaviors employees are expected to demonstrate (such as using a new computer program, filling out a new form, or simply greeting customers once they enter the store) are made part of an organization's reward system, those behaviors are more likely to be taken seriously and repeated, making the change effort successful (Gale, 2003).

Make Change a Part of Organizational Culture

If the change effort has been successful, change will have become a part of corporate culture. In other words, in addition to the changes in procedures, processes, or technology, the mindset of people will also have changed. If change occurs only in superficial elements, it would be misleading to declare change a success. For example, if a company institutes a wellness program emphasizing healthy habits, rewarding employees for adopting healthy choices and providing resources to maximize health, this change effort would be deemed a true success if valuing employee health and well-being also becomes a part of the organization's culture. Creating a Web site, and printing booklets and distributing them are all tools leading to this goal, but achieving the true goal also necessitates a change in ingrained assumptions of management and employees putting work before employee health and well-being.

OB Toolbox: Overcome Resistance to Your Proposals

You feel that change is needed. You have a great idea. But people around you do not seem convinced. They are resisting your great idea. How do you make change happen?

- *Listen to naysayers.* You may think that your idea is great, but listening to those who resist may give you valuable ideas about why it may not work and how to design it more effectively.
- *Is your change revolutionary?* If you are trying to dramatically change the way things are done, you will find that resistance is greater. If your proposal involves incrementally making things better, you may have better luck.
- *Involve those around you in planning the change.* Instead of providing the solutions, make them part of the solution. If they admit that there is a problem and participate in planning a way out, you would have to do less convincing when it is time to implement the change.
- *Do you have credibility?* When trying to persuade people to change their ways, it helps if you have a history of suggesting implementable changes. Otherwise, you may be ignored or met with suspicion. This means you need to establish trust and a history of keeping promises over time before you propose a major change.
- *Present data to your audience.* Be prepared to defend the technical aspects of your ideas and provide evidence that your proposal is likely to work.
- *Appeal to your audience's ideals.* Frame your proposal around the big picture. Are you going to create happier clients? Is this going to lead to a better reputation for the company? Identify the long-term goals you are hoping to accomplish that people would be proud to be a part of.
- *Understand the reasons for resistance.* Is your audience resisting because they fear change? Does the change you propose mean more work for them? Does it impact them in a negative way? Understanding the consequences of your proposal for the parties involved may help you tailor your pitch to your audience.

Sources: McGoon, C. (1995, March). Secrets of building influence. *Communication World*, 12(3), 16; Michelman, P. (2007, July). Overcoming resistance to change. *Harvard Management Update*, 12(7), 3–4; Stanley, T. L. (2002, January). Change: A common-sense approach. *Supervision*, 63(1), 7–10.

Key Takeaways

Organizations change in response to changes in the environment and in response to the way decision makers interpret these changes. When it comes to organizational change, one of the biggest obstacles is resistance to change. People resist change because change disrupts habits, conflicts with certain personality types, causes a fear of failure, can have potentially negative impacts, can result in a potential for loss of power, and, when done too frequently, can exhaust employees. Change effort can be conceptualized as a three-step process in which employees are first prepared for change, then change is implemented, and finally, the new behavioral patterns become permanent.

Exercises

1. Can you think of an organizational or personal change that you had to go through? Have you encountered any resistance to this change? What were the reasons?
2. How would you deal with employees who are resisting change because their habits are threatened? How would you deal with them if they are resisting because of a fear of failure?
3. What are the benefits of employee participation in change management?
4. Imagine that you are introducing a new system to college students in which they would have to use a special ID number the university creates for them for activities such as logging onto campus computers or using library resources. How would you

plan and implement the change? Explain using Lewin's three-step framework.

5. Why are successful companies less likely to change? What should companies do in order to make organizational change part of their culture?

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