

MANAGEMENT OF ORGANIZATIONAL CHANGES IN ENTERPRISES

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Summary

This article discusses problems related to the significance of the management of changes in contemporary enterprises. The issues concerning the essence of changes in enterprises, stages of organizational changes, communication processes, resistance anticipation and overcoming processes have been presented.

Key words: changes, organization, communication, resistance, barriers.

Introduction

It could have been noticed in recent years that change is the only constant, as far as the functioning of modern organizations is concerned. Running a business in a knowledge- and information-based economy obliges to approve the notion that continuous change is the basis of success. It has to be treated as a vital opportunity improving the condition of companies and their employees, while at the same time it must be a continuous process, not an incidental undertaking.

The essence of organizational changes

It could have been noticed in recent years that change is the only constant, as far as the functioning of modern organizations is concerned. Running a business in a knowledge- and information-based economy obliges to

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approve the notion that continuous change is the basis of success. It has to be treated as a vital opportunity improving the condition of companies and their employees, while at the same time it must be a continuous process, not an incidental undertaking.

The last decade has brought about a period of unprecedented changes. Although changes are constant elements and are continuously accelerating, the fundamental dilemma still remains unsolved. People need time to become familiar with changes and times that used to be. The process of constant changes and faster change rate causes that one's stay on the market is dependent on fast response skills. Many enterprises fail to stay. Average company and product life cycles are increasingly shortened, therefore new ways and solutions have to be found. That is why change management in organizations has become a key element of competitive advantage³.

Nevertheless, management of change or, in other words, chaos or lack of continuity, does not seem to be easy. Bill Gates aptly presented this issue. He claimed that "we are faced with difficulties while preparing for the upcoming century, since we cannot fully imagine all consequences of the changes that we are now able to anticipate. Let alone the rest"⁴. This is a challenge addressed mainly to entrepreneurs and managers, but in the future it will be related to all employees of a given company within its full scope. Moreover, a relatively common approval for changes does not always translate into real actions. Both managers and employees are accustomed to stabilization rather than to change⁵.

As is known, a natural tendency of man is to strive for stabilization. Yet, stabilization means dullness, which is immediately used by competitors. Changes have to be introduced when one is on the top, when success comes. But who can wake and lead people to fight, people who have just achieved success and stabilization⁶?

It often occurs that change success depends on the selection of proper moment for introduction of this change. This process has been very accessibly provided by Ch. Handy in his book "The Age of Unreason". According to him, an S-shaped curve is a summary of company life history. A product or company life goes along the curve and at a given moment you should dodge the close of its existence. This dodge consists in shifting into a second curve at a proper moment, and this (according to Handy) is a secret of constant company growth.

³ Clarke L., *Management of change*, Gebethner & Ska, Warsaw 1997.

⁴ Gates B., *The Road Ahead*, Prószyński i S-ka, Warsaw 1997.

⁵ Gonciarski W., 21st century challenges (3), [in:] *Personnel* no 4 (61), April 1999.

⁶ Wilk E., Big boss, "Polityka" no 46/99.

A proper place to begin the next curve is point A, where there is enough time, means, and energy to survive through the initial experiments and fluctuations of the new curve before the old one starts to decline. Everything would seem to be evident, but apart from the fact that all information received by men or institutions in point A indicate that everything is fine and it would be mad to introduce changes while all current solutions work well. All our knowledge of change, both individual and intraorganizational, tells us that the real energy to make a change is generated not earlier than when we come face to face with a disaster in point B of the first curve. But it is too late then ⁷.

The selection of a proper moment to introduce a change is largely dependent on the manager. If you compare a manager with a designer, in case of the process of management of lack of continuity he/she comes across definitely more strenuous situations. A bridge designer may base his/her work on the laws of mechanics and knowledge of material strength, while a manager has no such possibility, since social and economic systems are not only variable, but also have a random parameter⁸.

Changes may be voluntary or compulsory. When organizations change their forms because they have noticed new opportunities in their environment, we can define them as voluntary. If changes arise from hardships or crises, we call them compulsory. Changes usually originate in managerial initiatives or external sources. Due to the phases of organizational movement, we can distinguish the following types of change:

1. changes related to the identification of organization (new market, capital, etc.),
2. changes in the manners of coordination of actions that allow adapting structures to organization life cycle,
3. changes in the manners of behaviour and situation control, and in properties reflecting power structure and interests of dominating coalitions.

To name phenomenon a change, the following conditions have to be met⁹:

- changes have to be perceived, brought out of general movement potential and marginal existence; it assumes the intentionality of the new and different,

⁷ Handy Ch., *The Age of Unreason*, ABC Publishing House (Dom Wydawniczy ABC), Warsaw 1996

⁸ Sitko Wł., *Future leader*, TNOiK, Lublin 1998.

⁹ Masłyk–Musiał E., *Management of changes in company*, UMCS Publishing House (Wydawnictwo UMCS), Lublin 2008.

- changes have to be empirical; it assumes the necessity of proving that something has changed; it consists in the so-called changes with capital “C”, not merely cosmetic changes; great changes connect with the changes of organizational character and require modifying behavioural patterns,
- changes unrelated to organizational character are superficial; character of an organization is rooted in its structure, therefore its transformation is particularly important from organization’s perspective.

In contemporary world, management of change appears to be an essential ability of all leaders. Success of their companies and environment in which they live rests on their understanding of the notion of change¹⁰.

Changes are unavoidable and inevitable. Then, it is odd that we insist on acting on the grounds of a false premise stating that the reality will not be subject to change. Unfortunately, solutions effective in the past will not do in the future – this is the hardest lesson to assimilate for enterprises which are successful on the market and want to rely on their own mythology. The fact that history is useless for business significantly disturbs one’s actions. Large-size enterprises fall into a trap when they assume that the surrounding world is unchanging. A new market competitor or new technology may cause that even the most renowned companies may feel as if their world suddenly collapses around them¹¹.

Not earlier than as a result of the environment-related changes, intra-organizational adjustment changes and activities encouraging personnel to accept the changes are introduced.

Changes take on the forms of¹²:

- new relations with environment accompanied by the change of character of market contacts, redefinition of own limitations, and redefinition of organization,
- new internal connections and actions when organization experiences advanced age and new leaders; it is accompanied by the change coordination methods, and new structures and habits,
- new power structures and division within organization, since it is shaped by internal struggles; goals, interests coalitions, and resource allocation and distribution are also subject to change.

Apart from organizations, changes in the modern world also affect individuals. These changes may harass and motivate. They can generate new

¹⁰ Ibid.

¹¹ Clarke L., 1997.

¹² Muszyński A., Gercheva G., Multinational corporation in global economy (selected problems), Globalization, the State and the Individual 2014. No 2.

ideas and enthusiasm, confront with challenges, wake from comfort-loving disposition, or can improve our lives while at the same time bring numerous problems and anxieties. The existence-related ones are usually associated with risks of job cut, the necessity of retraining, or unemployment.

Present times and current changes require using widely understood knowledge and professional qualifications. Alvin Toffler, a futurologist, in his book entitled "The Third Wave" distinguished three basic stages of civilization development¹³:

- the agrarian era,
- the industrial era,
- the post-industrial era.

The agrarian civilization has extensive history, because until the 19th century the cultivation of land and gathering of fruit were fundamental for economic growth.

As R. Cameron has noticed, however, the industrialization began as early as in the Middle Ages. Its landmark stage was the industrial revolution. The industrial era was characterized by mass production of goods using more and more improved machinery and equipment. Modern economy, that is the economy of the post-industrial era, is a challenge for managers and entrepreneurs, since it breaks with traditional business concepts and triggers off the necessity of redefinition of attitudes and mentalities of both employers and employees. The main characteristics of the post-industrial era include:

- knowledge and information as the basic production factors,
- the significance of traditional industrial sectors decreases, the power of service sector increases,
- development of supranational companies and new forms of small business,
- modern companies renounce centralized structures for flat and flexible ones, but having complex set of relations,
- the significance of classical production lines decreases,
- management fields of application are extended,
- the view that benefits are means, not aims, gradually prevails,
- high quality goods and services are provided for individual clients,
- along managers, other company employees possess the major part of capital,
- employees become the most valuable resource of organizations being trained.

¹³ Toffler A. and H., Creating a New Civilization. Third Wave Policy, Zysk i S-ka Publishing House, Poznań 1996.

The post-industrial economy is primarily based on effective use of knowledge and information related to all aspects of life. As a consequence, the significance of traditional industries, particularly the mining and heavy industry, decreases.

Individuals response to unpredictable changes and situation development, which may occur to be unfavourable, in different ways. The ones leave, the others revive in a constantly changing environment. They do not withdraw but face challenges and regain balance more quickly. The essence of flexibility consists in the ability to return to previous state of affairs faster than the others. Successful introduction of changes depends on proper change management and planning, based on a flexible and adaptable structure¹⁴.

Stages of organizational changes in enterprises

A change is not forced in a single moment. It constitutes a certain process. Changes are unclearly defined and cannot be transformed with the passing of time, thus their introduction is troublesome, and success is hardly predictable. In order to understand the process of changes, it is essential to take on an assumption that:

- company transformations are a constant phenomenon,
- this process is based on mutual training of strategists and change recipients within organizations.

While introducing changes, many unpopular decisions are being made, and their recipients often experience the feeling of renouncement. Long-standing process of changes is characterized by¹⁵:

- multidimensionality of transformations,
- incompleteness of transformations,
- uncertainty regarding future organization form,
- long-standing introduction period, so limited predictability of dynamics of behaviours of organization members and change success process.

Change management is not only an intellectual process consisting in transmitting information related to “facts”. Standing in the face of changes, people often nod, but their emotions and feelings remain untouched. It occurs, because we have failed to control fear and doubts, and develop motivation in the persons concerned. Until we achieve this, nothing will happen.

¹⁴ Carr D.K., Hard K.J., Trahant W.J., Change process management, PWN, Warsaw 1998.

¹⁵ Masłyk– Musiał E., 2008.

The core of the change process includes thorough and far-reaching actions directly influencing organization's ability to survive and bloom in such economy and on such market, in/on which changes remain the only constant and predictable element. In such dynamic environment, company leaders abandon the philosophy of "command and control" for "leadership, support, and consultancy". Such a change is not easy, and sometimes even impossible for every one of us. It calls for a clear vision, willingness to take up new challenges and attitudes, understanding differences between the process and their functions, focusing entirely on achieving goals, and a conviction that new work efficiency standards are attainable. Without a vision of target results and without open, constantly growing support of the organization leaders, the initiatives of change may result in something even worse than direct failures. They often lead to the occurrence of additional and unexpected issues putting individuals in a position of a ceaseless fight with difficult challenges easy to win over. Without leader's vision and initiative, they are doomed regardless of the limited range and value; they should be a part of a continuously developing company strategy. The aim of this strategy is to create a flexible organization able to bring about successful organizational changes, being an answer to constantly changing organizational environment.

An essential factor for proper functioning of an organization is the human factor. Investments in human capital are indispensable due to current and strategic development aims, which should harmoniously take economic and social aspects into account¹⁶.

New generation of managers entering the world of business has already become aware of this. For them, the human factor is a priority in change planning process, particularly when it comes to predict the result of their impact on employees and the process of preparation to these changes. Strictly speaking, workforce management in the course of the change process is a key element of the change management process¹⁷.

Numerous changes are introduced simultaneously, and the processes of their implementation overlap. Organizational changes of behaviour are not immediate: they are produced in subsequent stages. It often occurs that the initial stages are disappointing. Instead of protecting essential corrections, disappointment results in attempting to reject it. K. Lewin emphasized the necessity of presence of three stages (shown in Fig. 2):

¹⁶ Kicka E., Rudowicz E., Agri-environment programs as a support of human capital development on rural areas with the cooperation of agricultural advisory centres, [in:] Studies and works of Faculty of Economics and Management no 8, Szczecin 2008, p. 341.

¹⁷ Carr D.K., Hard K.J., Trahant W.J., 1998.

- defrosting,
- changing,
- another freezing of human feelings and behaviours, change of relations, so that they satisfy people, and provide stimuli consolidating the change.

The two first stages are indispensable conditions of stable changes. In all stages, we can distinguish their basic mechanisms. Change of attitudes begins when balance has been violated, e.g. when a training member has received a piece of information, as a result of which he/she feels bad, since the information has been unexpected or invalidated his/her idea of own self. This disturbing information makes him/her feel anxious and guilty.

“Defrosting-changing-freezing” model presented on Figure 2 very simply summarizes numerous complex issues which are the underlying reasons for abandoning the past and maintaining changes for a longer period. In order to allow an organization to be changed, it is necessary to destabilize or defrost it. The change should be transformed from “solid” into “liquid” state. To hasten learning, we must speed up the “defrosting” process. If a change is always related to anxiety, “defrosting” means the creation of even greater anxiety focused on the belief that current methods do not provide expected results and that people will fail if they learn nothing new. “Defrosting” means using infrastructure of systems, procedures, structures, and scope of duties which will allow guaranteeing that there will be no decline to the previous state and that the change will be deeply rooted¹⁸.

Communication in change management

Organization employees connected with various relations strive to reach their goals. Mutual relationships demand that people working on various levels should continuously communicate. The state of interpersonal relationships in a company depends on the effectiveness of this process and determines work efficiency, loyalty, and company commitment of teams and individual employees.

Company success, competitiveness, and (as a consequence) market survival is getting more and more dependent on employee competence and commitment. The increase of commitment is favoured by the atmosphere of openness, honesty, and trust in mutual relations of management staff and personnel. Therefore, the creation of an effective internal company communication system is so important.

¹⁸ Clarke L., 1997.

Communication is a process of mutual exchange of information between the sender and receiver. Efficient communication must be distinguished by clarity of form, its understanding, and significance for both parties. It is not only a simple transmission and reception of information. Its form – formal, informal, direct, bilateral, unilateral, oral, written, etc. – affects employee conduct, level of understanding and support for the decisions being made and introduced. When employees are insufficiently aware of company goals and mission, communication crisis occurs. It deals with lack of understanding or wrong interpretation of management interpretation by subordinates¹⁹.

An organization, which works out changes but does not notify its employees about its intentions, will condemn itself to inevitable difficulties, since if this is not a complete loss, the change process will be very harsh and onerous. All secrets kept by a business organization create an atmosphere of tension and resistance, which directly affects mediocre results of its actions. Good communication related to the change process should be planned in advance. Employees who are well-informed about changes concerning them in person, or teams in which they operate as companies or entireties, will be more willing to accept them. Apart from explaining the purposes and methods of introducing changes in the company to the employees, it would be advised that the management board provides them with reports on progress of the planned changes. Basic priorities, usually determined by change management process consultants, include initial preparation and monitoring of an effective communication plan.

If the cooperation between the management and employees on a partnership basis has to be efficient, dialogue will be a necessity. Then, emphasis should be placed on continuous and comprehensive communication in both directions. That is why some of Japanese managers place a “PLEASE DISTURB” notice on their office door²⁰.

The core of a change is to turn from the known to the unknown. Crisis and change periods are always risky. Ambiguity and uncertainty inseparably connected with change indicate that an open, active, and genuine communication is the main reason to be successful. The faster we try to change ourselves, the greater openness will be required. It is interesting that the inability to communicate, being quoted as the major reason of divorce, is also the most frequent cause of failure of organizational change programs. Special efforts should be made to ensure flow of information across and

¹⁹ Olsztyńska A., Well-informed employee, [in:] *Personnel* no 10 (67) October 1999.

²⁰ Walters D., *Management in the 21st century – how to overtake the Japanese and Chinese*, Scientific and Technical Publishing Houses (Wydawnictwa Naukowo-Techniczne), Warsaw 1995.

along organizations. Transmission of information to employees – the main function of IT systems nowadays – is the superior issue: not only with the aim of transferring “change title” and handing over entitlements to a local level, but also integrating the divided parts of organization and ensuring quick responses to changes irrespective of geographical restrictions or time barriers.

Communicating vision, aim, and reason of changes is important, but, in the end, the majority of us is interested in the influence of changes on our future lives. The faster was the change rate in the 1990s, the greater number of organizations establishes close contact with the environment and learn how to identify signals heralding the upcoming danger. It is probably known why one has to change, it is even known what should be changed, yet the problem is how to do it! When we have to deal with fast and incessant change rate, it could be necessary to invent new means of communication and ensure more comprehensive use of the existing ones.

Active and open communication is an antidote to uncertainty related to changes. The more dynamic is the economic environment of our company, the greater is the need of continuous and unbroken communication. A manager responsible for the execution of the change process has to reach a state of communication “overdose”. Lack of communication is the most common reason for failures of the change programs. A top-down and at the same time imposed change will bring no effects. A down-top change, early involvement in the employee process, and honest consultations are needed. The use of multitude of group, individual, formal, and informal communication channels will be vital. A short audit of company communication channels confirming that the line has not been damaged can also be helpful²¹.

Anticipation and overcoming of resistance against changes

One of the most difficult elements in the course of the change management process is the creation of positive attitudes towards changes. If changes are to be permanent, it is hazardous to ignore resistance against them, since it will be an integral part of the process. It happens because the effect of “defrosting” has not been fully achieved, therefore it is possible that people will return to their previous behavioural patterns when market situation will become critical. Paradoxically, resistance may in fact form a peculiar power plant supplying the changes with energy. Finding opportunities on the internal market means not only increasing change-related benefits,

²¹ Clarke L., 1997.

Resistance originates from: fear of the unknown, lack of information, threat of status, threat of one's skills, fear of loss, aversion to break up with the past, lack of perceived benefits, threats of power structure, threats of organizational climate characterized by insufficient trust, threats of history of old habits, fear of looking like a fool and being exposed to blows and dangers, threats of having high self-esteem, the possibility of losing control over one's fate, and the possibility of losing team relations.

While analyzing change processes, we often come across manager euphoria and restrained employee interest. It is expressed in the decrease of number of fluctuations, complaints, and absences. Employees want to know what will change in their work. Enthusiasm of managers does not infect the employees. They are rather a group that awaits course of future events. Thus, resistance against changes is not their necessary by-product. They are not triggered only by emotions. If their recipients oppose changes, they do it for specific, sensible reasons. Managers who understand the change process are often able to anticipate such behaviours and prevent them in time. They can also change the direction of energy, from negative to positive. Such actions require specific knowledge of how to "sell" changes. It is worth remembering that it is easier to "sell" changes to employees satisfied with their job and quality of life rather than to the dissatisfied ones. It is essential, however, that they would not feel as change users²².

The identification and anticipation of sources of resistance at the beginning of the process becomes the critical issue. Nevertheless, they must feel that they exist in a safe environment promoting the learning process, not in an environment, in which the carrot and stick approach is still used. The identification of resistance against changes indicates the necessity of playing the role of pawns on a war game board and of retaining in one's memory the feelings of a person remaining on the bottom level. If you do not take such actions, your lack of knowledge of the scope of resistance against changes can be so profound that the change introduction process will end in a fiasco²³.

Change recipients may accept them if they have positively assessed their usability or have adapted to them. They can also make this introduction more difficult. In case of changes, employees may show positive (supporting), indifferent (but only until they are perceived as a real threat), or negative (hindering and hostile) attitudes. The latter occur most frequently when employees have not been informed about aims and scope of changes and they do not feel as their co-authors. Proper change management may

²² Masłyk–Musiał E., 2008.

²³ Clarke L., 1997.

turn opponents into allies. People will accept the destruction if they simultaneously notice its creative character and identify with its aims. Change is impossible without acceptance. Leaders play the role of social architects in this process. They institutionalize the stage of changes and create motivation systems.

The knowledge of how we oppose changes is essential in change overcoming therapy. The therapist's logic is compared with the client's logic. The former wants to know the reasons for anxieties, uses persuasion, conversations, jokes, and provides a list of positive aspects of changes. The latter tries to overcome his/her fears, such as discomfort, embarrassment, success, and feeling of helplessness. We will use different techniques when we will try to break the resistance originating from ourselves (negotiations, participation, information), and different when the resistance is interpersonal. Training people to be creative and to believe in own self seems to be one of the most efficient methods.

There are various techniques of overcoming resistance against changes. Among others, they include:

- consultations – there are numerous business techniques within this scope, starting from unofficial beer discussions, individual consultation meetings, management by way of maintaining close contact with employees, to official meetings with the entire team,
- force field analysis – this technique was worked out many years ago by Kurt Lewin on the basis of his research carried out in the US; this is a practical method that in any change-related situation allows determining a probable balance of support and resistance forces; the first stage deals with the determination of forces supporting the change process and forces that will probably stand in opposition,
- commitment map – every shift will have its winners and losers; for obvious reasons, it is important to orientate actions to potential losers, so that they might be treated with proper sensitivity and reduce their discomfort to the minimum; there is also a matter of obtaining a specific critical mass, indispensable to carry the changes out.

Conclusions

The majority of people oppose changes in a natural way. Anticipating, identifying, and even taking resistance on with satisfaction, we create for ourselves a possibility of transforming open charges into energy driving the change process. Instead of counterattacking using arguments proving how perfect this change will be for all of you, better effects can be produced

from a judo stance, when we get carried away while listening and pondering. It is astonishing how the very creation of the possibility of expressing one's anxieties and resistance helps transforming people into the followers of change.

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