

FACTFILE: GCE BUSINESS STUDIES

UNIT A2 2: THE COMPETITIVE BUSINESS ENVIRONMENT STRATEGIES TO OVERCOME RESISTANCE TO CHANGE



Learning Outcomes

Students should be able to:

- apply knowledge and understanding of – and analyse and evaluate the strategies to overcome resistance to change, including Kotter and Schlesinger's Model



Change

In a business context, things change on a continual basis. Examples of change include:

- Change of personnel in a business, e.g. Managing Director, Chairman, Department Manager.
- Opening of a new office/factory by an overseas business in Northern Ireland.
- Closure of a factory in Northern Ireland by a Multinational Enterprise (MNE), causing redundancies.
- Loss of key contract/order or customer by a business.
- Increase in operating costs experienced by a local business.

Change as experienced by a business entity may be advantageous, or on the other hand, it may be difficult. Change can lead to increased levels of resistance to change (by staff) in a business organisation.

A number of approaches to minimize resistance to change have been proposed by Kotter and Schlesinger.



Reasons for resistance to change:

1. **Staff self-interest** – individual members of staff may appear to be more concerned about the consequences of change for themselves, which implies that they focus on their own personal interests instead of organisational interests;
2. **Misunderstanding** – arises as a result of communication problems; also, incorrect or inadequate information may be provided by managers in the business organisation;

3. **Low tolerance** – existing working practices may provide a degree of security and stability, however, staff may find it hard to adapt from a position of certainty to a position of uncertainty with no defined outcome;
4. **Different assessments of the situation** – throughout the change process two distinct cohorts of staff tend to emerge:
 - (i) staff who appear subservient to change and adapt to change as it happens;
 - (ii) staff who appear to resist change and fail to exhibit flexible, co-operative behaviour in response to change.



Approaches to overcome change:

Kotter and Schlesinger suggest a number of approaches to deal with resistance to change:-

1. **Education and Communication** – Advising staff in advance might create opportunities for staff participation in the change process. This may reduce the likelihood that information provided by the organisation's management team about the change process is perceived as inaccurate. Effective communication between all staff can be achieved by staff training or other forms of education. This strategy should provide staff with a more detailed understanding of the purpose of the change process and reduce the levels of resistance to change.
2. **Participation and involvement** – Increasing the participation of individual members of staff (or delegating specific assignments to staff teams) in the change management process, might reduce the likelihood of resistance to change. Staff loyalty, teamworking and levels of motivation may increase, therefore implementation of the desired changes can be achieved.
3. **Facilitation and Support** – Resistance to change might be reduced through the provision of facilitation and support arrangements to staff, anxious about the change event – e.g. counselling or mentoring. This will assist staff during a transition period (for instance, when they experience loss of employment, downgrading or alternative forms of reorganisation activity) and reduce resistance to change.
4. **Negotiation** – Change might result in a reduction of the power, authority or roles of specific members of staff. As a result, it is essential to maintain motivation. A process of negotiation and the provision of financial/non-financial incentives might reduce resistance to change. Negotiations might result in voluntary/compulsory redundancies, redeployment or promotion to an alternative role. Such incentives are typically offered to personnel in key positions in order to reduce resistance to change.
5. **Co-option and manipulation** – A strategy of co-opting staff (who are initially resisting proposed changes) to a 'change agent' role might reduce the likelihood of resistance to change. This is due to their initial leadership role, whereby they are likely to continue to yield a large influence on the rest of the staff. The use of open communication means that such staff members are more easily managed, since they are involved in a symbolic role during decision making activities and the change management process, thus reducing any residual resistance to change (by staff).
6. **Explicit and implicit coercion** – A strategy of coercion may be used to expedite the change management process and reduce the likelihood of resistance to change. This may be required when the implementation of change is required quickly, deemed to be essential or taken as a last resort. This approach implies that the anticipated change is of a greater priority than the interests of the staff. Examples of change activities included in this strategy include redundancies, redeployment or downgrading. Resistance to change is likely to be minimal in this instance.



REVISION QUESTIONS

1. Explain what is meant by the term 'change'.
2. State two factors in business, which might give rise to change.
3. Using a business with which you are familiar, and which has experienced a downturn in economic performance (e.g. loss of profits, or market share), explain four reasons why people might resist change in such a business.
4. Using a business which has experienced a downturn in economic performance, evaluate the use of Kotter and Schlesinger's model to overcome resistance to change. The primary objective of the management team is to improve the economic performance of the business.



SUMMARY

There are many reasons for change in a business – as a result of the interplay of internal and external factors relative to the business. It is essential that the management team understand the reasons for change, the reasons why people resist change and the appropriate strategies which might be used to overcome resistance to change, as proposed by Kotter and Schlesinger.

