

“A Study on Organizational Change and the Reactions of Employees to It”

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Abstract – Organizational change is necessary for businesses to remain competitive in today’s market. To successfully implement change initiatives, change agents must understand that the role of employees is highly important, and employees’ reactions to change are influenced by a number of factors, including employees’ emotions and cognitions, communication, and participation in decision making. Change agents can apply the Spectrum of Employees’ Reactions to Organizational Change as a unique model that illustrates how employees react to change. This model is based in the concept that the degree of employees’ acceptance of or resistance is an important factor that change agents should examine. Overall, this paper provides OD practitioners important information about employees’ reactions to change, and organizations will benefit from further research in this field.

INTRODUCTION

Literature indicates that a high proportion of change initiatives are unsuccessful (Beer & Nohria, 2000). Researchers generally agree that employee resistance is one of the leading causes for the failure of change initiatives (Bovey & Hede, 2001b; Waldersee & Griffiths, 2006). Such findings indicate that change agents focusing on employee reactions—including resistance and acceptance—during organizational change is of utmost importance to the success of the initiative. In response, this paper provides a model that illustrates the process of how employees’ reactions to change are formed. Employees’ Reactions to Organizational Change Employees’ reactions to change are influenced by a number of factors. It is reasonable to expect employees to react since the process of change involves going from the known to the unknown, and when employees react, it is important to distinguish between the symptoms of their reactions and the causes behind them (Bovey & Hede, 2001b).

Following is an analysis of three factors that research strongly identifies as influencing employees’ reactions to change: employees’ emotions and cognitions, communication, and employees’ participation in decision making. Evidence suggests that these factors explain much of employees’ reactions, arguably more than other factors present during organizational change. Although these factors are closely related and can even be

considered interwoven in many ways, each factor contributes individual and important information.

Employees’ Emotions and Cognitions

Many change efforts fail since change agents underestimate the importance of the individual, cognitive-affective nature of change (Ertuk, 2008), and emotions and cognition are closely intertwined (Pessoa, 2008). The following separate yet interrelated aspects of emotions and cognitions impact employees’ reactions to organizational change: emotional intelligence, irrational thoughts, defense mechanisms, and employee attitudes.

Emotional intelligence

Emotional intelligence (EI) is “the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships” (Vakola, Tsaousis, & Nikolaou, 2004). The role of EI in employees’ reactions to change is important because individuals with high levels of EI experience more career success, feel less job insecurity, are more effective in team leadership and performance, are more adaptable to stressful events, and exhibit better coping strategies than those with low EI levels (Vakola, Tsaousis, & Nikolaou, 2004).

Irrational thoughts

Research indicates that irrational ideas are significantly and positively correlated with employees' resistance to change. Individuals tend to have automatic thoughts that incorporate what has been described as faulty, irrational, or "crooked thinking" (Bovey & Hede, 2001a). During change, employees create their own interpretations of what is going to happen, how others perceive them, and what others are thinking or intending (Bovey & Hede, 2001a).

Defense mechanisms

Defense mechanisms arise involuntarily in response to perceptions of danger and are adopted to alleviate anxiety (Bovey & Hede, 2001b). According to Bovey and Hede (2001b), employees who are unconsciously inclined to use maladaptive defenses are more likely to resist change. Employees with a tendency to unconsciously adopt adaptive defenses are less likely to resist change.

Employee attitudes

Vakola, Tsaousis, and Nikolaou (2004) identified multiple studies in which employees' positive attitudes toward change were vital in achieving successful organizational change initiatives. Several factors impact employees' attitudes toward change, specifically gender, tenure, educational attainment, and social systems (Vakola, Tsaousis, & Nikolaou, 2004; Oreg, 2006). Stanley, Meyer, and Topolnysky (2005) identified that a relationship exists between employees' cynical attitudes and resistance.

Communication

The vital importance of communication during the change process has been empirically demonstrated and generally agreed upon among theorists (Lewis, 2006). Since the success of organizational change initiatives lies in the reaction of employees, it is crucial to communicate to employees information about the change to positively influence their reactions. Poorly managed change communication can result in resistance and exaggerating negative aspects of the change.

Effective communication reduces employees' uncertainty, and a negative correlation exists between uncertainty and employees' willingness to accept change (Elving, 2005). The amount and quality of information that is communicated to employees can influence how employees react (Wanberg & Banas, 2000). Such evidence acknowledges that communication is a key factor, and its importance cannot be understated in impacting employees' reactions.

Processes of Communication

There are several communication processes that impact employees' reactions, including frequency, mode, content, and flow of communication. Gray and Laidlaw (2002) argued that the more embedded these processes are within management, the more effective the outcomes are because they enhance the quality of working relationships, harmony, and trust.

Social accounting

Social accounting influences the quality of the communication and, therefore, impacts employees' reactions. According to Lines (2005), social accounting is defined as the process used for explaining the reasons for the decision to those affected by the decision. Successful social accounting leads to a positive influence on the likelihood of implementation success (Lines, 2005).

Leader-member exchange

An aspect of communication that impacts employees' resistance is the leader-member exchange (LMX) relationship, or the quality of relationships between employees and their supervisors. Employees with high quality LMX accept change more readily than employees with lower quality LMX, arguably due to increased access to information, assistance, and involvement in decision making (Farr-Wharton & Brunetto, 2007).

Employee Participation in Decision Making

One specific method of communication that strongly impacts employees' reactions is employee participation in decision making (PDM). PDM is a process in which influence or decision making is shared between superiors and their subordinates (Bordia, Hobman, Jones, Gallois, & Callan, 2004). The structural characteristics of PDM initiatives impact the degree to which the initiative affects employees' reactions (Dachler & Wilpert, 2008).

Positive effects

Key attributes of PDM, such as open communication, expressing new ideas, shared vision, common direction, mutual respect, and trust, are also suggested as the key elements in managing change (Erturk, 2008). Participation is positively associated with employees' perceptions of fairness, which is vital for acceptance of change and commitment to organizational goals (Bordia, Hobman, Jones, Gallois, & Callan, 2004).

Type of change decision

The type of change decision presented in PDM initiatives impacts the resulting influence on employees' reactions to the change initiative. The positive effects of PDM on employees seem to be greater when tactical decisions (the "what" and "how" to change) rather than strategic decisions (the "if" of the change) must be made (Sagie & Koslowsky, 2004).

Spectrum of Employees' Reactions to Organizational Change

The above literature review strongly supports that a number of factors impact employees' reactions to change. Throughout the remainder of this paper, a model of the process of how employees' reactions to change are formed is proposed, supported by three propositions. The author also demonstrates application of this model in practice to increase employees' acceptance of change. Several theories support that distinct phases are encountered throughout the process of initiating change (Lewin, 2001).

However, based on both the author's experience with change initiatives in the travel industry and scientific literature, the argument that change does not occur in distinct phases is provided. Rather, change occurs as a flow of processes and endeavors that is not static. This perspective does not undermine the importance of Lewin's theory of "freezing" and "unfreezing" each stage, but suggests that these states are not identifiably distinct. Therefore, considering a model of change that represents a non-static, dynamic flow of processes is imperative.

Employees' Reactions to Change:

Acceptance and Resistance Many researchers have reported findings in terms that suggest employee acceptance and resistance are concrete milestones that

completing the initiative in the number of days allotted (the project is either completed in less or more than the days allotted).

However, this is not the case in the author's experience. Rather, the line in employees' reactions to organizational change between resistance and acceptance is often blurred. To enable change agents to identify employees' acceptance and resistance, it is important to operationalize definitions of reactions to change. Resistance is a multidimensional attitude toward change, comprising affective (feelings toward the change), cognitive (evaluations of worth and benefit of the change), and behavioral (intention to act against the change) components (Oreg, 2006). Each of these dimensions can be characterized as ranging from "acceptance" to "resistance." When these three dimensions are considered in the aggregate, the result is the employees' overall acceptance or resistance to change.

The author experienced change initiatives in two unrelated organizations that through juxtaposition illustrate the complexity of employees' reactions. In Organization A, employees were mildly accepting of the organizational change and passively gave into the changes. In Organization B, employees were strongly accepting of the change and actively demonstrated their support by embracing the changes and initiating actions aligned with the initiative. One could argue that both Organization A and Organization B achieved employee acceptance of the change. However, with such different levels of acceptance in Organization A (mild acceptance) and Organization B (strong acceptance), stating that each organization achieved the same level of employee acceptance is hardly plausible. Herein lays the framework of the Spectrum of Employees' Reactions to Organizational Change (SEROC), as illustrated in Figure 1.

The fundamental concept of the SEROC is that different degrees and intensities of employee reactions to change exist. Employees' reactions, as defined by the employees' level of resistance and acceptance, are polar opposites on a spectrum, and neutral or indifferent reactions that are mild in strength are found in the middle of the spectrum. Employees are always located on the spectrum, and their location is determined by the strength of their reaction. The scale of the spectrum is considered both ordinal and cardinal. An employee who is twice as accepting of (or resistant to) the change is on the spectrum twice as far from neutral. Since there is no "zero" of reactions to change, neutral or indifferent is considered "zero," or equilibrium. When analyzing employees' location on the spectrum, one must consider that reactions to change are relative, and, therefore, one must recall the operational definitions of reactions to change.

Figure 1: Spectrum of Employees' Reactions to Organizational Change



can be attained, and that once attained, remain attained. Phrases such as "eliminate employee resistance" (Jones & Smith, 2001) and "gain employee acceptance" (Sigler, 2009) may indicate that organizations can reach these milestones in change initiatives in the same manner; for example, that the organization may achieve the goals of

P1: One cannot achieve minimal resistance or attain maximum acceptance as concrete milestones. Rather, employees' reactions to organizational change, as defined by the employees' level of resistance and acceptance, are represented by polar opposites on a spectrum, and neutral reactions that are mild in strength are represented in the middle of the spectrum.

Traversing the spectrum

As employees' levels of acceptance and resistance fluctuate during the change initiative, the employees' location on the spectrum moves from one end to the other. Factors and events that impact employees' reactions affect employees' locations on the spectrum and are represented on the SEROC by vectors exhibiting the same properties as vectors found in mathematical contexts. Vectors originate at the neutral point, and vectors vary in direction (pointing toward the acceptance or resistance end of the spectrum) and magnitude (large magnitudes indicate very influential factors and small magnitudes indicate mildly influential factors) depending on the factors of change they represent. The employees' position on the spectrum is determined by the overall sum of the vectors. Although factors (represented by vectors on the spectrum) actively change employees' levels of resistance and acceptance, change agents' passiveness also impacts employees' reactions.

In the author's experience, when change agents fail to introduce new factors to elicit employee acceptance of change, the intensity of the employees' acceptance of change dwindles and they begin to resist the change. To illustrate this phenomenon on the SEROC, without the introduction of vectors to continually move employees toward the acceptance polar end of the spectrum, employees return to the neutral position on the spectrum as time passes. As employees continually regress toward neutral, it becomes increasingly easier for them to become located on the resistance section of the spectrum.

Mutually Exclusive

Examining the relationship between resistance to and acceptance of change is important to fully understand the SEROC. The former example illustrates that employees can react with both resistance and acceptance (Harding, 2005). This concept is logical because situations rarely exist with purely positive outcomes or purely negative outcomes. Rather, almost all situations present both positive and negative outcomes. Therefore, it is expected that even employees who are very accepting of change exhibit resistance as a result of identifying negative aspects of the change.

Consequently, the argument can be made that acceptance and resistance are not mutually exclusive and employees

exhibit both of these reactions. When responding to the question, "did the employees accept or reject the change initiative?", change agents should usually state that the employees partially accepted and partially rejected the change initiative.

P3: Employees react to organizational change with both micro-levels of resistance and acceptance. Employees' overall reaction is dependent on which reaction (resistance or acceptance) is stronger. Application Change initiatives are dynamic, and factors continually arise that affect employee's reactions. As a result, employees' reactions are consistently fluctuating and never stagnant. Employees' reactions to organizational change must be considered "in the moment" rather than over the span of the entire initiative (Lewin, 2001).

As change agents progress through the process of the change initiative, it is important that they continually assess the employees' reactions to change, diagnose the causes for their reactions (both negative and positive causes), address the employees' concerns, and repeat the process. When applied to the SEROC model, the latter process translates to identifying where the employees are located on the spectrum, diagnosing the reasons that determine their location on the spectrum, addressing the employees' concerns to initiate a factor (represented by a vector) that moves the employees toward the acceptance end of the spectrum, and repeating the sequence. Continually monitoring employees' reactions is especially important because evidence exists that change initiatives fail due to the lack of attention to human factors in the long run (Eilam & Shamir, 2005).

Limitations

Despite the model of SEROC being based in scientific literature, the model does possess certain limitations. First, one could argue that this two dimension model oversimplifies the highly complex nature of employees' reactions because in reality there can be n-dimensions. Factors that impact employees' reactions do not have additive properties like one-dimensional vectors in the SEROC, but rather, the factors interact in a multiplicative, multidimensional manner that makes employees' reactions complex. Second, although this model is based in empirical evidence, being tested in authentic settings during organizational change initiatives would validate the model. Despite these limitations, the SEROC model does present a unique lens through which to view employees' reactions to change that should not be disregarded.

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