ORGANISATIONAL CHANGE

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Abstract

In today's increasing competitive business environment, organizational change is becoming inevitable. Today, organizations are experiencing transition in areas of technology, process reengineering, merger and organizational restructuring in order to remain competitive. However, although these areas impact on the employees at all levels of the company, management often overlooks these facts. This paper examines the nature of change, types of change, forces responsible for change, why organizational members resist change and finally ways of managing these changes that are inevitable. By understanding elements of organizational change and its impacts on employees as well as the appropriate way of managing people through these revolution, organization leaders will minimize the negative impact change has on productivity and performance. In conclusion, it was arrived at, that since organization operates in an environment of constant change, it is imperative for the organization to anticipate any change in the environment and proactively work towards eliminating the effect it might course the organization. On the recommendation it was spotted that transition in areas of technology, process reengineering, merger, organizational restructuring should be the focus of the management in order to remain competitive.

Introduction

We live in a world changing as the day progress. As it is often said, the only constant thing on earth is *change*. As a result of this fact, and in order to meet up with the challenges pose by these changes, organization must also move along this wind of change, otherwise, it may be left behind. Organizational change is a necessity to any organization that aspires to be relevant in the scheme of things.

Conceptually, the change process starts with an awareness of the need for change. Haven identified and choice made of the preferred actions to be taken. It is necessary to decide on how to get "there" from "here"

It must however noted at this juncture that the introduction of change is not just an easy thing to go by, there are some problem that may be encountered in the process of introducing change. According to *Michael Armstrong, (* A Hand Book on Human Resource Management Practice, 2006), the problem associated with the introduction of change may include, *resistance to change, low stability, high level of* **tress,** *misdirected energy, conflict, and loss of momentum***.** Based on these facts, there is the need to anticipate likely impediments to the introduction of change.

Typically, the phrase "organization change" is about a significant transformation in the organization, such as reorganization or adding a major new product or service. It can be seen as any action or set of actions resulting in a shift in direction or process that affects the way in which an organization works.

Change can be deliberate and planned by leaders within the organization or change can originate outside the organization and be beyond its control. Change may affect the strategies an organization uses to carry out it mission, the processes for implementing those strategies, the tasks and function performed by the people in the organization, and the relationships between those people.

Citing an instance with Nigerian business environment today (especially in the banking sector), mergers, inquisition, new technology, restructuring and downsizing are all factors that contribute to a growing climate of uncertainty. As a result, people have deep attachments to changing work conditions is a key for individual and organization survival. Change will be ever present and learning to manage and lead change includes not only understanding human factors but also skill to manage and local change effectively.

Types of Organizational Change

Basically, there are two main types of change, planned and unplanned change. Michael Armsrong, 2006, called it Strategic and Operational change.

Planned Change: According to James A.F. Stoner, et al, (Management 1995). Planned change is a deliberate design and implementation of a structural innovation, a new policy or goal, or a change in operating philosophy, climate or adapt to changes in the external environment or to achieve new goals. *Planned* change occurs when leaders in the organization recognize the need for a major change and proactively organize a plan to accomplish the change. Planned change occurs with successful implementation of a strategic plan, Plan for reorganization, or other implementation of a change of this magnitude.

Unplanned Change: Unplanned change usually occurs because of major or sudden surprise to the organization, which causes its members to respond in a highly reactive and disorganized fashion. Unplanned change might occur when the Chief Executive Officer suddenly leaves the organization, significant public relation problems occur, poor product performance quickly results in loss of customers, or other disruptive situation arise.

According to Authenticity Consulting L.L.C (USA), other king of organizational change may include.

1. **Organization-wide versus Subsystem Change:** Examples of organization-wide change might be a major restructuring, collaboration or "rightsizing" Usually, organizations must undertake organization-wide change to evolve to a different level in their cycle, for example, going

from a highly reactive, entrepreneurial organization to one that has a more stale and planned development. Experts assert that successful organization change requires a change in cultural change is another example of organization- wide change. Examples of a change in a subsystem might include addition or removal of a product or service, reorganization of a certain department, or implementation of a new process to deliver products or services.

2. **Transformational versus International Change:** An example of transformation change might be changing an organization’s structure and culture from the traditional top-down, hierarchical structure to a large amount of self –directing teams. Another example might be Business Process Re-engineering, which tries to take the major parts and processes of the organization and then put them back together in a more optimal fashion. Transformational change is sometimes referred to as quantum (sudden) change. Examples of incremental change might include continuous improvement as a quality management process or implementation of new computer system in to increase efficiencies. Many times, organizations experience incremental change and its leaders do not recognize the change as such. Examples of a change in a subsystem might include addition or removal of a product or service, reorganization of a certain department, or implementation of a new process to deliver products or services

3. **Remedial Versus Development Change:** change can be intended to remedy current situations, for examples, to improve the poor performance of a product or the entire organization, reduce burnout in the workplace, help the organization to become much more proactive and less reactive, or address large budget deficits. Remedial project often seem more focused and urgent because they are addressing a current, major problem. It is often easier to determine the success of these projects because the problem is solved or not. Change can also be developmental-to make a successful situation even more successful, for example, expand the amount of customers served, or duplicate successful products or services. Development project can seem more general and vague than remedial, depending *Models of Organizational Change*
The best-known change models are those developed by Lewin (1951) and Beckhard (1969). But other important contributions to an understanding of the mechanisms for change have been made by Thurley (1979), Quinn (1980), Nadler and Tushman (1980), Bandura (1986) and Beer el al (1990).

Lewin

The basic mechanisms for managing change, according to Lewin (1951), are as follows:

i. Unfreezing – altering the present stable equilibrium which supports exiting behaviors and attitudes. This process must take account of the inherent threats that change presents to people and the need to motivate those affected to attain the natural state of equilibrium by accepting change.
ii. Changing – developing new response based on new information.
iii. Refreshing –stabilizing the change by introducing the new response into personalities of those concerned. Lewin also suggested a methodology for analyzing change which he called field force analysis. This involves:
iv. Analyzing the restraining or driving forces that will affect the transition to the future state; these restraining forces will include the reactions of those who see change as unnecessary or as constituting a threat;
v. Assessing which of the driving or restraining forces are critical;
vi. Taking steps both to increase the critical driving forces and to decrease the critical restraining forces.

Beckhard

According to Beckhard (1969), a change programme should incorporate the following processes:

1. Setting, goals and definite the future state or organizational condition desired after the change
2. Diagnosing the present condition in relation to these goals;
3. Definite the transition state activities and commitments required to meet the future state;
4. Developing strategies and action for managing this transition in the light of an analysis of the factors likely to affect the introduction of change.

Process of Organizational Change

There is no particular formula for managing Organizational Change. Manager may approach change in a number of ways, depending on the organization's culture, history, and the nature of the change being implemented. At the most basic level, however, mangers should try to build flexibility into the organization (into its people, technology, systems and thinking) to create a work environment that is open to change and able to accept it. According to Boston, M.A, (Management Decision and Research Center; Washington, DC 2000), the following are some key points that can help managers achieve the goals of organizational change.

a) **Determine the context for change:** This is a period of information gathering and analysis. Some questions for managers include: what is imperative for change? Who are all the groups that need to be involved in the proposed change, both within and outside the organization? How are they likely to be affected by the change? What support will be needed from them during the change process, and how prepared are they to give it? What are the potential impediments, both internal to change? What resources and system supports does the organization have implement the proposed change? What others are needed?

b) **Build support for change:** Commitment to change usually begins with a small group of "**core believers"** or champions of the change initiative, who share a common new vision for the organization and are willing to do what it takes to make it a reality. The core believer group is usually comprised of high level, influential managers and staff who bring credibility and personal influence to the change initiative. Early in the change process, these core believers need to involve a large group of "initial participators" who don't necessarily have the same level of commitment to change as do the core believers, but they participate in the initiative out of loyalty to the organization. As the change process take hold and its success are publicized, support will spread to other typically "wait and see" whether they should commit to the initiative.

c) **Develop a motivating vision:** A clear and concise motivating vision is needed to "inspire" a large number of employees to change. People need to know why change is desirable, why they should make the effort to support it, and what it will achieve. The change can be very painful to some employees whose jobs may require new skills, transfers or even elimination. The motivating vision should be sufficiently concrete so that people can understand what it means and why the change is necessary.

d) **Articulate clear, specific and realistic goals and strategies:** A vision helps motivate people, but specific goals and strategies are needed to guide them as they undertake the steps necessary to make the vision a reality. In addition, having clear goals helps the organization assess its progress during the change process.

e) **Communicate:** Clear concise communication about the need for change, the vision, and the change process pave the way for understanding and acceptance. The rule of thumb is to use all available methods of communication to stakeholders and staff including: meeting or retreats, email, department newsletters, bulletins, poster, and, in some instance, one on-one meting with staff members particularly those who are having difficult accepting the change. Mangers need to be aware that communication is a continuous process and that messages related to the change effort require constant reinforcement.

f) **Identify barriers to change and develop strategies for overcoming them:** There are many types of barriers to change. These may be internal, external, psychological, cultural, systemic, and logistical. All these can hinder or subvert the change process. Engaging staff and/or stakeholders in structured creative dialogue can identify these possible barriers. Once they are identified, they must be promptly addressed. Problem that are ignored and allowed to faster breed resentment, distrust, and uncertainty.

John P Kotter's, a Harvard Business School Research identified eight steps organizational change in his work (Winning at Change, 1998).

Step One: Establish a Sense of Urgency

1. Identify potential threats, and develop scenarios showing what could happen in the future.
2. Examine opportunities that should be, or could be, exploited.
3. Start honest discussions, and give dynamic and convincing reasons to get people talking and talking.
4. Request support from customers, outside stakeholders and industry people to strengthen your argument.

Step Two: Form a Powerful Coalition.

1. Identify the true leader in your organization.
2. Ask for an emotional commitment from these key people
3. Work on team building within your change coalition.
4. Check your team for weak areas, and ensure that you have a good mix of people from different departments and different levels within your company.

Step Three: Create a Vision for Change

1. Determine the values that are central to the change.
2. Develop a short summary (one or two sentence) that captures what you "see" as the future of your organization.
3. Create a strategy to execute that vision.
4. Ensure that your change can describe the vision in five minutes or less.
5. Practice your "vision speech" often.

Step Four: Communicating the Vision

1. Talk often about your change vision.
2. Openly and honestly address people's concerns and anxieties.
3. Apply your vision to all aspects of operation-from training to performance

4. Lead by Example.

Step Five: Remove Obstacles.

1. Identify, or hire, change leaders whose main roles are to deliver the change.
2. Look at your organizational structure, job descriptions, and performance and compensation system to ensure they're in line with your vision.
3. Recognize and reward people for making change happen.
4. Identify people who are resisting the change, and help them see what's needed.
5. Take action to quickly remove barriers (human or otherwise).

Step Six: Create Short – Term Wins.

1. Look for sure-fire projects that you can implement without help from any strong critics of the change.
2. Don't choose early targets that are expensive. You want to be able to justify the investment in each project.
3. Thoroughly analyze the potential pros and cons of your targets. If you don't succeed with an early goal, it can hurt your entire change initiative.
4. Reward the people who help you meet the targets.

Step Seven: Build on the Change

1. After every win, analyze what went right and what needs improving.
2. Set goals to continue building on the momentum you've achieved.

Step Eight: Anchor the Changes in Corporate Culture.

1. Talk about progress chance you get. Tell success stories about the change process, and repeat other stories that you hear.
2. Include the change ideals and values when hiring and training new staff.
3. Publicly recognize key members of your original change coalition, and make sure that rest of the staff-new and old-remembers their contributions.

The Focus of Change

Leavitt et al. (1973) proposed that change may focus on any of the following subsystems in an organization or on all:

Structure – Levels of hierarchy, spans of authority, centralization.

Technology – complexity, degree of employee usage, operator control and responsibility.

People – values, beliefs, attitude, motives, drives competencies.

Task – job design, repetitiveness, physical and cognitive demands, autonomy and discretion.

Resistance to Change

People resist change because it is seen as a threat to familiar pattern of behaviour as to status and financial rewards.

Michael Armstrong gave the following reasons why people resist change:

1. **The shock of the new –** people are suspicious of anything which they perceive will upset their established routines, methods of working or conditions of employment. They do not want to lose the security of what is familiar to them.
2. **Economic fears –** loss of money, threats to job security.
3. **Inconvenience –** the change will make life more difficult.
4. **Uncertainty –** change can be worrying because of uncertainty about its likely impact
5. **Symbolic fears –** a small change that may affect treasured symbol, such as a separate office or a reserved parking space, may symbolize big ones, especially when employees are uncertain about how extensive the programme of change will be.
6. **Threat to interpersonal relationships –** anything that disrupts the customary social relationships and standards of the group will be resisted.
7. **Threat to status or skill –** the change is perceived as reducing the status of individuals or as de-skilling them.
8. **Competence fears –** concern about the ability to cope with new demands or acquire new skills.

Other reasons why people resist change may be due to the following,

1. **Fear of failure –** Because the past methods worked very well for employee, they may not see any reason to change from the old method for fear of failure in the new method.
2. **Creatures of habit –** Doing things in the same routine becomes comfortable to employee, so asking theme to change from their comfort zone, is asking them to change from the way they are used to.
3. **No obvious need –** if a change does not affect the employee as a person, or his job, he may not see any obvious for the change.
4. **Loss of control –** Familiar routine helps employee develop a sense of control over their work environment. Being asked to change from the way they operate may make employee feel confused.
5. **Closed minded –** Some employee seems to have made up their mind about a particular way or method of doing thing, so are not ready for any kind of explanations.
6. **Unwillingness to learn:** Some employees are just unwilling to learn anything new.
7. **Fear of the unknown –** Employee may resist change simply because it is something unfamiliar, and they may imagine a worst case scenario, which

can be very scary. They let fear of the unknown become their rationale for not giving change a chance

At this juncture, manager needs to recognize that resistance to change may be the result of the change itself or to the method of implementation of the change. A successful manager therefore takes the necessary action to minimize or eliminate resistance to change.

Change Management

The employee does not have any responsibility to manage change – the employee's responsibility is no other than to do their best. The responsibility for managing change is with management and executives of the organization – they must manage the change in a way that employees can cope with it. The manager has a responsibility to facilitate and enable change, and all that is implied within that statement, especially to understand the situation from an objectives standpoint, and then to help people understand reason, aims, and ways of responding positively according to employee's own situations and capabilities. Increasingly the manager's role is to interpret, communicate and enable – not to instruct and impose, which nobody really responds to well.

Reactions to Recent Changes in the Nigeria Banking Sector

Recently, the Nigerian Banking industry has been undergoing some process of regeneration. It all started when Prof. Charles Chukwuma Soludo was the governor of the Central Bank of Nigeria, and it was tagged, *"Consolidating the Nigeria Banking Industry"*. In an address delivered to the special Meeting of the Bankers' Committee held on July 6th 2004 at the CBN Headquarter, Abuja, Prof. Chukwuma Soludo said, "our goal is to consolidate and build upon the achievements of the sector especially in the last ten years and to take the system to greater height". This gave rise to setting up a capital base for all Nigerian banks, which then led to merger and acquisition. Before he became the governor of Central Bank of Nigeria, there we 89 banks in Nigeria with about 3,300 branches. Before leaving office, the Nigerian Banks had reduced to 25.

Also the current CBN Governor, Sanusi Lamido in his recent statement said "the apex bank is not pursing a new reform agenda in the nation's banking sector". He stressed that his administration is continuing with the reform process that date back to two of his predecessor's reform process. The consolidation of Nigerian Banks resulting in merger and acquisition as witnessed in the past few years is intended to give rise to a large bank which will use its synergy to generate net income, engender economic of scale, save cost, synergies and shareholders' return and many others.

However, despite all the promises in the Nigerian banking reform process, it has largely received criticisms from some management, employees, and the general public at large. When the current CBN Governor started his banking sector reform, leading to the sack of five bank chief executives on

August 14th last year, many considered it as a controversial decision, but many others applauded it.

Conclusion

Every organization operates in an environment of constant change. In order to survive, it is imperative for the organization to anticipate any change in the environment and proactively work towards eliminating the effect it might course the organization. This includes dealing with all the aspects of human behaviour and the attitude towards change.

Recommendations

1. Change management should be re-invigorated to impact in all aspects of the organization, if the best result must be achieved.
2. Management and staff of the organization should appreciate and embrace the inevitability of change and not resist it.
3. There should be technological transition, process re-engineering, merger, organizational restructuring in order for the organization to remain competitive.
4. The strategies for change should be well articulated for an effective change realization
5. Management should be proactive rather than reactive to the effect of change.

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