MANAGING EMPLOYEE RESISTANCE TO CHANGE A COMPARATIVE STUDY OF INDIAN ORGANISATIONS AND MNCS IN DELHI-NCR REGION

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ABSTRACT

Change is an inescapable fact of any organization and pervades society in general, affecting everybody and every organization up to an international level. The structure and operation of the organization must be able to respond and adapt to change and adapt to change due to uncertain economic conditions, fierce competition, government interventions, scarce resources and rapid technological innovation. Research with more than 320 projects showed the primary reason for failure in major change initiatives was lack of change management. After globalization and liberalization, the Food and Beverage industry is a growing sector and it is very important part of Indian economy. The Food and Beverage industry has a great influence of its external environment. Therefore, to be successful, companies of the Food and Beverage industry have to change according to the changes in the external environment. In the study eight companies of the food and beverage industry, four Indian companies and four MNCs in India were studied. These companies formed independent samples which could be analysed using null hypothesis test to investigate whether the difference between the means of the groups was significant statistically using the student t-test. The difference between the type of resistances shown by employees of Indian companies and MNCs is highly significant and this is because of the significant difference between the work culture of Indian companies and MNCs. The study shows that to implement successful change, managements need an overall leadership force that is greater than the combined force of resistance. Management must communicate well the detailed aspects of the change and this style of management is more popular in MNCs.

Keywords: Resistance , Management, Survay, Employee

INTRODUCTION:

Change is an inescapable fact of any organization and pervades society in general, affecting everybody and every organization up to an international level. An organization can only be successful to the extent that it interacts successfully with its environment. Therefore, the structure and operation of the organization must be able to respond and adapt to change and adapt to change due to uncertain economic conditions, fierce competition, government interventions, scarce resources and rapid technological innovation.

In today's economy, change is all-pervasive in organizations. It happens continuously, and often at rapid speed. The change in the Indian environment and the liberalization of the economy making it more receptive to international and domestic competition puts strain and tension to the traditional Indian management style as it is in many respects in conflict with the rules and conducts of a globally competitive economy where relationships are based on competence, impersonal task roles, organizational commitment and professionalism (Falkenberg et al., 2003).Because change has become an everyday part organizational dynamics, employees who resist change can actually cripple an organization. An employee may understand that a change is needed, but may be emotionally unable to make the transition and resist for reasons they may not consciously understand. (Kotter & Schlesinger, 1979)Resistance is an inevitable   response to any major change. Individuals naturally rush to defend the status quo of they fell their security or status are threatened. Paul Strebel (1996), professor and director of the Change Program for international managers at the International Institute for Management Development (IMD), attributes resistance as a violation of "personal compacts" management has with their employees. Personal compacts are the essence of the relationship between employees and organizations defined by reciprocal obligations and mutual commitments that are both stated and implied. Any change initiatives proposed by the organization would alter their current terms.

 "Change is not only likely, it's inevitable." (Barbara Sher). "Unless you are prepared to give up something valuable you will never be able to truly change at all, because you'll be forever in the control of things you can't give up." (ANDY LAW) "Organizational change can generate skepticism and resistance in employees, making it sometimes difficult or impossible to implement organizational improvements".

Research with more than 320 projects showed the primary reason for failure in major change initiatives was lack of change management. In other words, the inability to manage the people side of a business change in the presence of a new culture and new values is a major contributor to failed business changes. Kegan & Lahey (2001) describe a psychological dynamic called a "competing commitment" as the real reason for employee resistance to organizational change. The change is not challenged, but rather is it resisted, or not implemented at all because the employee faces additional issue or concerns related to the change. When an employee's hidden competing commitment is uncovered, "behavior that seems irrational and ineffective suddenly becomes stunningly sensible and masterful but unfortunately, on behalf of a goal that conflicts with what you and even the employee are trying to achieve".

(Piderit, 2011) points out that what some managers may perceive as disrespectful or unfounded resistance to change might be motivated by an individual's ethical principles or by their desire to protect what they feel is the best interests of the organization. Employee resistance may force management to rethink or re-evaluate a proposed change initiative. It also can act as a as a gateway or filter, which can help organizations select from all possible changes the one that is most appropriate to the current situation. According to(de Jager, 2011), "resistance is simply a very effective, very powerful, very useful survival mechanism'. (Folger & Skarlicki, 1999) claim "that not all interventions are appropriate as implemented -the organization might be changing the wrong thing or doing it wrong. Just as conflict can sometimes be used constructively for change, legitimate resistance might bring about additional organizational change". (Coetsee, 1999) states "any management's ability to achieve maximum benefits from change depends in part of how effectively they create and maintain a climate that minimizes resistant behavior and encourages acceptance and support". Thus, there is a need to carry out a study to understand level of resistance to change in employees of different companies and ways of overcoming these resistances.

I briefly review some prominent aspects of change management with the aim of measuring the level of resistance to change in employees in Indian organizations and MNCs in India in food and Beverage industry and to examine other variables which could have relationship with the level of employees' resistance and company type before discussing the strategies that are used to overcome the resistances to change in this industry.

RESEARCH METHODOLOGY:

The study uses a multi-method approach, survey of eight companies of the food and beverage industry. Four Indian companies and four MNCs were studied in food and beverage industry. It is pointed out that multi-

methods allow different approach for different research purposes, since each method has its strengths and weaknesses.

Research is based on descriptive analysis. The secondary data was collected from the various websites and magazines. Primary data was collected from employees of NIRULAS, HALDIRAM, BIKANER, NATHU'S, PIZZA HUT, MCDONALDS, PAPA JOHN'S, and DOMINOS through questionnaire.

Questionnaire used is a structural questionnaire with multiple choice options given to the employees of the above given companies.

Thus, the industry survey provides overview of different types of resistances and strategies used to overcome these resistances in the two different types of companies. Surveys provide an economical way to obtain large quantity of standardised data which allows comparison through quantitative analysis. On the other hand, surveys have the limitation that data are less in-depth due to the standardised format.

This analysis was done to provide the current issues related to resistance to change and strategies used to overcome the change in Indian companies and MNCs in India.

CHOICE OF COMPANIES:

After globalization and liberalization, the Food and Beverage industry is a growing sector and it is very important part of Indian economy. The Food and Beverage industry has a great influence of its external environment. Therefore, to be successful, companies of the Food and Beverage industry have to change according to the changes in the external environment. In the study eight companies of the food and beverage industry, four Indian companies and four MNCs in India were studied. Twenty employees were surveyed in each of the company i.e. eighty employees of Indian companies and eighty employees of MNCs were surveyed. Therefore, the total sample size for the study is one hundred sixty employees (160).

The above selected eight companies were randomly identified based on the company type. These companies formed independent samples which could be analysed using null hypothesis test to investigate whether the difference between the means of the groups was significant statistically using the student t-test.

The same questionnaire was distributed among targeted employees of each of the company and feedback from them was obtained.

ANALYSIS AND DISCUSSION:

The study is based on structured questionnaire with the aims of identification of resistances in the employees, along with strategies used by individually by the employees to overcome their resistance and lastly represents strategies used by the organization to overcome the employees' resistance to change. In this study a minimum of 20 executives per company were interviewed. The analysis was done with the help of tables and pie charts.

Table -1 represents the responses of employees of Indian companies and MNCs. The comparison of the survey of the MNCs and Indian companies revealed that only 12.5% employees of the Indian companies agreed that the Change management is defined generally, as a systematic approach to bringing change in the management, for its benefit whereas; 45% employees of the MNCs responded positively. The difference was found to be highly significant (t = 0.000192). This indicates that the employees of the MNCs are more acquainted with the term of Change management.

This could be because of the open culture of MNCs and more urban youth is employed in MNCs as compared to Indian companies.

21% employees of the Indian companies did not support any change in the company whereas only 2.5% employees of MNCs opposed any change. The difference was found to be significant (t = 0.032005).This could be because of the fact that changes are the part of the MNC culture. The employees are used to different type of changes in company policy and strategies. So they easily adapt and accept changes in their work profile. Moreover, a new culture has evolved in many of today's MNCs where a new generation of employees takes ownership and responsibility for their work; have pride in workmanship and look to improve their work processes.

There was not any significant difference in the acceptability of the changes implemented in their respective organisation as only 11.25% and 16.25% (t = 0.000239) employees of the Indian companies and the MNCs thought that changes implemented in their company were good.

No significant difference was found in the perception of the employees of Indian companies and MNCs with respect to frequent changes as 15% and 26% employees of the Indian companies and MNCs did not like change frequently as they perceive that changes would pose threat to their job security. 27% and 36% employees of the Indian companies and the MNCs perceived fear of losing control and authority. (Dent & Goldberg, 1999) individuals aren't really resisting the change, but rather they may be resisting the loss of status, loss of pay, or

loss of comfort. They claim that, "it is time that we dispense with the phrase resistance to change and find a more useful and appropriate models for describing what the phrase has come to mean - employees are not wholeheartedly embracing a change that management wants to implement".

77.5% employees of the Indian companies actively resisted any changes brought in organisation whereas only 52% of the employees of the MNCs resisted actively. The passive resistance to the changes was expressed by 22.5 % employees of Indian companies and 47.5% employees of the MNCs. The difference was found to be significant (t = 0.018096) as the changes are part and parcel of work culture in MNCs therefore employees cannot actively show their resistance towards changes.

(Bhutan, 1995), suggested that it is important to distinguish between the symptoms of resistance to change, and the causes behind it. These behaviors fall into two categories -- active-resistance or passive-resistance. Symptoms of active-resistance include finding fault, ridiculing, appealing to fear, and manipulating. Passive-resistance symptoms include agreeing verbally but not following through, feigning ignorance and withholding information.

There is always the danger of identifying a symptom of resistance when you are really looking for its cause. To diagnose the causes, we must understand a person's state of mind. The most important factors that go into a person's state of mind are his or her facts, beliefs, feeling, and values. (Bhutan, 1995)

The resistance to changes in employees of Indian companies due to misunderstanding and lack of awareness was 35 % whereas 12.5% in employees of MNCs. This is because in MNCs are able to sell the workers and fellow employees of the need for change. Some change managers like to stress the good side of the change while putting down the old system as inadequate.

Most people are reluctant to leave the familiar behind. We are all suspicious about the unfamiliar; we are naturally concerned about how we will get from the old to the new, especially if it involves learning something new and risking failure. (de Jager, 2001)

30% employees of the Indian companies felt that the changes in their company were due to recent recession in the market whereas, 50 % employees of MNCs held recession responsible for recent changes. The difference was significant because the recession had greater impact on MNCs than Indian companies.

No significant difference (t =318392) was found among both types of companies with respect to factor responsible for recent changes in their company being recession as 54% and 65% employees of the Indian company and MNCs responded respectively.

The more number (15%) of employees in the Indian companies were not at all happy with the change in their company as compared to MNCs (11.5%). Similarly no significant difference was found among both sets of companies for happiness with changes. The increased ambiguity that results as a result of having to perform their job differently would likely cause a resistance to the new way of doing things. (Kotter & Schlesinger 1979) an employee may understand that a change is needed, but may be emotionally unable to make the transition and resist for reasons they may not consciously understand. (Kotter & Schlesinger, 1979)

There was significant difference with respect to the resistance to changes being contagious among Indian companies (46%) and MNCs (0%). This could be because the culture is MNCs is highly professional in which all employees maintain their identity

According to the employees of Indian companies the employee satisfaction gets more priority as compared to MNCs, whereas other factors had no significant difference. It may be because; In India the workplace has long been recognized as a second home to employees where superiors are inclined to be responsible for the well-being of the subordinates. In multinational companies mainly originating from Europe or North America, this type of relationship between managers and employees does not exist. However, as subsidiaries of multinational companies continuously operate in India, the nurturing management style is integrated.

The most significant cultural attributes to influence traditional Indian management are fatalism, submissiveness, clan orientation with in-group–out-group distinctions and power consciousness (Gopalan & Rivera, 1997).

In Indian companies managers tended to display a high level of personal involvement with their subordinates extending into their personal lives. Such a high level of personal involvement was expected by the subordinates and seen as part of being taken care of by the managers (Amba-Rao et al., 2010)

The survey data revealed that higher percentage of employees (55%) of Indian companies start adapting to changes without discussing change as against 10% in MNCs. The difference is highly significant (t = 0.001046). Similarly the 51% employees of Indian companies just follow the order of organisation as a method to adapt changes in management. This could be because of the new values of business in MNCs follow a different approach to the way businesses change. The response of the employee has shifted from "yes, sir" to "why are we doing that". Peter Block's advocacy for this shift has come true. Employees have been taught to question and analyze their day-to-day activities and are rewarded for doing so, then why would we expect them not to question and resist new change initiatives.

When the changes are implemented in the organisation then the (48.7%) employees of Indian companies had positive opinion towards changes whereas (1.25%) employees of MNCs were having positive opinion towards change. As change is an episodic event for Indian companies so employees see changes positively and actively participates in their implementation.

Data revealed that 41% employees of MNCs agreed that the changes in their organisation were directly communicated by top management through notices while the 12.5% employees of Indian companies agreed with this mode of communication. The difference is significant because hierarchy chain is more involved in functioning of Indian companies, whereas MNCs follow flat hierarchy chain. This could be because there is lack of commitment to change from the top level of management in Indian companies. Therefore, many well-planned change programmes have also failed because leaders who plan the change do not directly communicate and follow up with the employees.

In Indian companies 11% employees thought the poor communication is the major reason for the ineffective resistance management for changes while MNCs 50% employees feel so. This could be because people who have to carry out changes, do not know what they are supposed to do. The manager does not communicate well the detailed aspects of the change. So, employees may only understand the change in broad terms and not in practical terms.

There was no significant difference in the procedures followed by both types of companies for effective management of resistance towards changes. Employees of both type of companies felt that systematic procedures were followed for effective resistance management.

In order to increase the commitment of employees towards their organisation the individual counselling method is given more weightage in MNCs (22.5%) as against Indian companies (7.5%). While open house meetings are preferred more in Indian companies (32.5%) as against 16.25% in MNCs. This may be because in MNCS the feedback of all employees is taken by top management and individual grievances are resolved immediately by personal counselling method., so this allows them to ask questions and gain acceptance at their pace. Also this can be seen that some employees absorb change better in a smaller setting.

CONCLUSION:

The study shows that employee resistance is the biggest impediment in path of change implementation. Employees resist change because they have to learn something new. In many case there is not a disagreement with the benefits of the new process, but rather a fear of the unknown future and about their ability to adapt to it. If management does not understand, accept and make an effort to work with resistance, it can undermine even the most well-intentioned and well-conceived change efforts.

The study reveals that changes were often resisted because the employees, who were to carry it out, did not know what they were supposed to do. The manager had not communicated well the detailed aspects of the change. Another reason for the resistance to change revealed by study is that employees did not know how they should go about changes. They might lack the knowledge, skills and experience to implement the proposed change.

The difference between the type of resistances shown by employees of Indian companies and MNCs is highly significant and this is because of the significant difference between the work culture of Indian companies and MNCs. The study shows that to implement successful change, managements need an overall leadership force that is greater than the combined force of resistance. Management must communicate well the detailed aspects of the change and this style of management is more popular in MNCs.

The overall results of the study reveals that resistance is an inevitable response to any major change. It can be seen that employees of MNCs are more acquaint and familiar with change management as compared to employees of Indian companies. This could be because in MNCs changes happens continuously, and often at rapid speed. Because change has become an everyday part of organizational dynamics, employees of MNCs have learned adaptation of change. This can be seen that changes are managed more effectively and properly introduced and communicated in MNCs because of the direct involvement of top management and employee empowerment. The study also reveals that the resistance is highly contagious in Indian companies where as there is no such problem in MNCs and the reason for this could be the highly professional work culture of MNCs.

The study shows that in both types of companies change managers like to stress the good side of the change while putting down the old system as inadequate.

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ANNEXURE:

ANNEXURE-I:

The data collected through questioners is represented in table-1

TABLE-1

S.N	QUESTIONS	INDIAN COMPANIES				MNCs			
		NIR	HAL	BIK	NAT	PIZ	MCD	PAP	DOM

1.	**Change management** is defined generally, as a systematic approach to bringing change in the management, for its benefit. Do you agree with the above statement?
	    Agree
	    Disagree
	    Satisfying
	    Not Defined Properly								

	Agree	2	3	3	2	8	10	9	9
	Disagree	2	2	2	3	3	3	2	3
	Satisfying	2	2	2	3	8	5	8	6
	Not Defined Properly	14	13	13	12	1	2	1	2
2.	Do you like changes in the organization?								
	Often	2	4	2	6	2	5	1	2
	Moderate	4	4	3	6	8	9	10	12
	Less Often	9	4	8	5	10	6	8	5
	Don't like	5	8	5	3	0	0	1	1
3.	What do you think about changes implemented in your organization?								
	Changes are good	2	2	2	3	16	17	15	15
	Changes are not good	10	6	5	5	0	0	1	3
	Depends on situation	6	12	13	12	4	3	4	2
4.	Changes are not welcomed every time because changes lead to								
	Threat to job security	2	4	2	6	5	4	8	4
	Fear of losing control and authority	9	4	3	6	6	9	6	8
	Disturbance in status quo	2	4	8	5	3	5	3	2
	Reverting to old ways	7	8	5	3	6	2	3	6

5.	In your organization, which type of resistance to change do you face?
	  Active Resistance
	  Passive Resistance								

		16	17	15	14	11	10	9	12
		4	3	5	6	9	10	11	8

6.	Why certain people resist to changes in your organization?
	  Self-interest
	  Misunderstanding and lack of awareness
	  Low tolerance of change
	  Different assessments of the situation								

	Self-interest	5	4	6	4	3	2	3	2
	Misunderstanding and lack of	7	8	6	7	3	3	2	2
	awareness	5	4	4	5	6	6	5	5
	Low tolerance of change	3	4	4	4	8	9	10	11

7.	In your organization major changes in the management are due to
	  Technological development
	  Diversification
	  Recession
	  Expansion of the organization
		3	3	2	2	3	2	3	2

		3	2	3	2	0	1	1	2
		6	7	6	5	10	11	10	9
		8	8	9	11	7	6	6	7

8.a.	Currently, any change in your organization was realized, because
	  Recession
	  Technological development
	  Expansion or Diversification
	  Regulatory constraints								

	Technological development	7	12	14	10	14	13	12	13
	Expansion or Diversification	0	0	0	0	4	5	4	4
	Regulatory constraints	9	6	0	6	3	2	3	3
		4	2	6	4	0	0	0	0

8.b.	How happy are you with the change?
	  Happy
	  Moderately happy
	  Less happy
	  Not at all happy								

	Happy	2	12	14	10	0	0	0	1
	Moderately happy	4	0	0	0	11	12	10	13
	Less happy	9	6	0	6	6	6	7	5
	Not at all happy	4	2	6	4	3	2	3	1

9.	Is the resistance to change in your management contagious?
	  Strongly Agree
	  Strongly Disagree
	  Agree
	  Disagree								

	Strongly Agree	5	0	2	6	0	1	0	1
	Strongly Disagree	10	12	8	7	0	0	0	0
	Agree	3	4	4	3	13	16	11	14
	Disagree	2	4	6	4	7	3	9	5

10.	Which of the statement holds more weightage for your organization?
	  Costs savings
	  Employees satisfaction
	  Profit making
	  Productivity								

	Costs savings	2	5	4	2	6	5	7	5
	Employees satisfaction	7	4	0	2	0	1	1	0
	Profit making	9	6	6	12	11	11	10	11
	Productivity	2	5	10	4	3	3	2	4
11.	When you have to overcome the resistance to change at the personal level. What do you do? Increase your knowledge related to change Talk to peers to understand change Support the change implementation Start adapting to change								
		4	4	6	5	3	2	4	3
		5	3	3	2	9	8	10	9
		2	0	0	2	6	7	5	6
		9	13	11	11	2	3	1	2

12.	What do you do for adapting yourself to change in the management?
	  Introspection of yourself
	  Discussion among your peers
	  Ask your superiors
	  Follow the orders as per the organization								

	Introspection of yourself	2	0	2	3	3	2	3	1
	Discussion among your peers	3	6	8	8	8	9	7	10
	Ask your superiors	3	2	0	2	6	7	8	8
		12	12	10	7	3	2	2	1

13.	When the change is implemented in your organization, employees opinion is
	  Positive toward change
	  Moderately favors change
	  Negatively react to change
	  Not involved at all								

		10	11	9	9	0	1	0	0
		5	5	7	6	6	5	5	6
		3	2	1	2	8	9	9	7
		2	2	3	3	6	5	6	7
14.	How does the change in your organization come to you? Branch manager								

	Subordinates	16	15	13	17	12	9	11	8
	Top level management by notice	2	1	3	1	2	0	1	2
	Mass meetings are held	2	3	4	1	6	10	8	9
		0	1	0	1	0	1	0	1
15.	Among the reasons listed below, the reason you think that the organization has done by effectively/ineffectively dealing with resistance to change?	5	4	5	6	3	2	4	3
	Ignoring resistance and expecting the employees to go away on its own	2	3	2	2	10	11	10	9
	Poor communication Effective communication and Listen to the employees' grievances and handling it effectively	11	10	11	11	7	7	6	8
	Implementing and not listening to the grievances of the employees	2	3	2	1	0	0	0	0
16.	To overcome the resistance to change, your organization follows? Formal channel(proper procedure) Systematic procedure for all the branches	7	6	7	5	5	5	4	4
	Instant solution to the problem Employees' suggestion is taken before any proceedings.	9	10	11	12	12	11	12	11
		2	2	1	3	0	0	0	0
		2	2	1	0	3	4	4	5
17.	To increase employee commitment towards the organization, what management does? Seminars and Training	4	3 2	4	3	2	2	3	
	Individual counselling	1	2 1	2	4	5	4	5	
	Open house meetings	6	7 7	6	3	3	3	4	
	Monetary incentives	9	8 10	8	10	10	11	8	