



6.1 INTRODUCTION

The reforms in the power distribution sector have brought about tremendous changes in the organisational structure. Many erstwhile state electricity utilities have been restructured and in some states power distribution has been privatised. Restructuring the power distribution sector has led to **changes** in the ways of managing the electricity business, with emphasis on providing good quality service to the consumer, efficient operation and accountability. As a manager, you need to understand the structural and organisational changes and manage them in a manner that the distribution reforms process is smooth and effective. In the process, you may need to adopt a variety of strategies in order that the employees in the restructured distribution utilities accept these changes.

One of the most inexplicable and unmanageable problems which business managers of organisations undergoing change face is employee resistance to change. Indeed, you might have faced resistance to organisational restructuring yourself. As a professional working in the power sector, you would like to acquire a holistic view point and manage this change for the well being of all. We begin this unit by explaining various responses of employees to changes in an organisation including their reluctance and forms of resistance to change. We then discuss ways of managing resistance and different models of change management. In the next unit, we explain the roles of key players in managing change and describe the key competencies required for this.

6.2 UNDERSTANDING ORGANISATIONAL CHANGE

Let us begin by defining organisational change.



What is organisational change?

Organisational change may be defined as **an organisation-wide effort to augment the effectiveness of an organisation by strengthening, modifying, or replacing the culture, structure, technology, task, and human processes through the application of planned interventions with or without the assistance of external agents.**

Organisational change is also a social process. In order to be successful, changes in any organisation need the support of its members who can contribute to make or break a change programme. Keeping in view the relevance of people, the definition of organisational change has been further refined: “**Organisational change includes strengthening of those human**

processes in organisations which, in turn, improve the functioning of the organic system so as to achieve its objectives”.

You may like to reflect on the organisational changes brought about by the distribution reforms in the power sector.

SAQ 1: Organisational change

Spell out the changes in the structure, work culture, tasks, technologies and human processes brought about in your organisation in recent times.

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6.2.1 Employee Responses to Organisational Change

We all know that employees react to organisational change in a variety of ways. You would be aware of the responses of employee-associations towards reforms in power sector. The same is true in other areas of privatisation: banking, outsourcing, and so on. Experience tells us that only a few of the reactions are affirmative. It is, therefore, important for managers to appreciate that these reactions are a normal part of the process employees go through during periods of change. We now describe some typical responses of employees to change. We begin with negative responses (Fig. 6.1).

- **“Not me!”**

When any organisational change takes place and employees are asked to do a different job or change the way(s) they have been used to doing a particular job, initially there could be shock or denial. Reactions such as “I can’t do this,” “this can’t be happening to me” are quite common. Employees may respond by saying, “Not me!..... someone else is better suited for the job” or deny that they themselves are capable of making the proposed change.

This initial reaction is due to the natural human tendency for maintaining status quo as well as fear of the unknown.

- **“What will this do to my job security?”**

Employees would like to know exactly how this change would affect them in terms of their job security, working hours, finance and family. It is natural for employees to view change first from the perspective of their own job security. The needs of the organisation may come second in their priority.



**“Not me!
Someone else
is better suited
for the job”**



**“What will
this do to my
job security?”**



**“This isn’t fair”,
“Why are they
doing this to me?”**

Fig.6.1: Some Negative Responses to Change



“This is a challenge!”



Enthusiasm



“Maybe I could adjust
to this change.”



Positive
Vision

Fig.6.2: Some Positive
Responses to
Change

- **Anger**

Depending on the nature of change, the employees may feel anger and show resentment or sadness. “**This isn’t fair**”, “**Why are they doing this to me?**” are the normal reactions. Some employees are so resistant to change that they become frustrated and angry. Their anger may be repressed, causing an increase in stress levels; or overt, resulting in emotional outbursts. Whether repressed or overt, anger is a typical reaction when employees feel a loss of control over their work environment, or worry that their job security is being threatened.

- **Gossip**

Gossip, always an organisational challenge, often shoots up during periods of change. Employees who feel a loss of power and control may respond with frustration, anger and disbelief and resort to vicious gossip or “back-stabbing” activities.

- **“Who’s in charge?”**

When a company/organisation is restructured, it is natural for employees to question leadership. Employees, who will have to work in a new environment when the change is implemented, may experience difficulty in changing their allegiance to leadership. And if the employees have not been kept in the communication loop and are unable to see the positive aspects of the change, they are likely to question the wisdom of the new leadership.

- **Panic!**

Those employees, who find comfort in a predictable routine, panic at the mere mention of change. They worry about changes in the way they normally proceed with their jobs. They may resist, not out of stubbornness, but out of fear about how the changes will impact them personally. They may be too plagued with panic to deal rationally with the “new regime,” and some may actually become physically ill. However, such individuals need to be imparted training for continuous professional development.

- **“I quit!”**

There may be a few employees who opt for quitting rather than making the needed changes.

These were examples of negative responses. Employees, who have a higher degree of self-esteem, personal competence and self-confidence, respond to the change process in a positive way (Fig. 6.2). These employees typically have the ability to remain open-minded in response to change, and to view it as a positive thing – for them personally and for the organisation. When in alignment with their supervisors, employees with this positive attitude can help support and sell organisational change to other employees.

Here are some typical positive responses:

- **“This is a challenge!”**

Some employees view change as a challenge. They are certain that they can rise to the occasion, since they feel they have what it takes to be contributing team players when the change affects their work world. They remain open to new ideas, ask questions and feel confident in their ability to acquire the knowledge needed to complete the task. They exhibit a "can do" attitude in their approach to change and ought to be taken into confidence from time to time; developing a good rapport with such individuals or groups of individuals is bound to bring benefits to the organisation as well as the employees.

- **Enthusiasm**

Some employees naturally approach life and challenges more enthusiastically than others. Enthusiastic employees embrace change. Instead of trying to pick apart a proposed change and finding all the ways that it would not work, they see it as a natural part of an organisation's evolution. Such enthusiastic employees need to be supported and nurtured because their enthusiasm can encourage other employees and help make the implementation of change much more palatable for everyone.

- **“Maybe I could adjust to this change”**

Not all employees embrace change enthusiastically or jump out of their seats to accept the challenge. Some watch from the sidelines – but remain open-minded. After a period of observation, they may agree to give the change a chance. While they may not be eager participants in the change process initially, they acknowledge the possibility of adjusting to the change. They show willingness to learn new techniques and procedures rather than sabotaging change activities. If handled with care, such employees can become assets in due course of time.

- **Positive Vision**

Some employees are able to understand the bigger picture and envisage the possibilities. Their positive attitude towards change is based on broader awareness of the marketplace, the specific industry and their competitive position in it; and an absolute trust in their company's leadership. Since they feel positive about the company's future, such employees generate a positive vision among their co-workers and encourage them to have trust in leadership during times of change and transition. They do not become victims of gossip, confusion or negative thought processes. Such individuals should be encouraged for better results and growth.



NOTE

The description of these responses has been adapted from: Peter Barron Stark and Associates (quoted from <http://www.pbsconsulting.com>).

SAQ 2: Employee responses

Describe how you would respond to changes invoked for customer-friendly services in your utility.

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6.2.2 Employee Response Patterns

David Noer, a renowned expert on the psychological effects of downsizing, in his book *Breaking Free*, has introduced clear concepts for pinpointing ways of responding to change in today's work environment. He has proposed the **Response Factor Model** to illustrate how individuals and organisations respond to change. The model suggests that people differ in their reaction to change and transition and require different strategies to move them towards the necessary learning response. They differ in their capacity to change (the ability to learn from their experience), and their comfort with change (the readiness to learn). There are four distinct response patterns and transition behaviours:

- **Low comfort with change and low capacity for change:** Individuals with this response pattern are called *overwhelmed*. Their primary transition behaviour is to withdraw from the fray and avoid new learning.
- **Low comfort with change and high capacity for change:** Individuals with this response are called *entrenched*. Their basic transition behaviour involves tenaciously clinging to narrow learnings that worked in the past but are of limited value in the new reality.
- **High comfort with change and low capacity for change:** Employees of this response type are called *BSers* because they deceive themselves and others. Their transition behaviour is aggressive and grounded in high drive and low substance.
- **High comfort with change and high capacity for change:** Such employees are the *learner* type. The primary transition behaviour of the learner involves positively dealing with the change (engaging), and learning new, more relevant skills (growing) (Fig. 6.3).

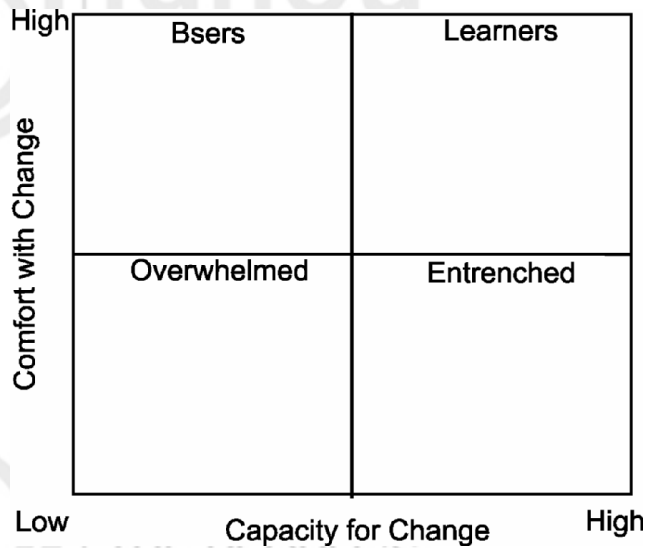


Fig. 6.3: Four Distinct Response Patterns and Transition Behaviours of Employees

SAQ 3: Transition behaviours of employees

- a) Reflect on the recent change in your utility and analyse the response patterns of employees.
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- b) What was your response? Which factor best describes your response?
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- c) What factors contributed to your response?
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6.3 RESISTANCE TO ORGANISATIONAL CHANGE

Resistance to change is a natural phenomenon; it is an inevitable response to any major change. There are several reasons for which employees oppose any change. By nature, individuals often fear the unknown. They tend to defend the status quo, particularly if they feel that their security or status is in danger. Some may view change as a threat to power or control. Folger and Skarlicki (1999) claim that "organisational change can generate skepticism and resistance in employees, making it sometimes difficult, even impossible, to implement organisational improvements" (p. 25). Ten classic reasons have been cited for which people resist change in the early stages of any new endeavour. We give them in Box 6.1.

- **Loss of control:** Too much is done **to** people, and too little is done **by** them.
- **Too much uncertainty:** Information about the next steps and likely future actions is not available.
- **Surprise, surprise:** Decisions are sprung full-blown without preparation or background.
- **The costs of confusion:** There are too many things changing simultaneously, interrupting routines, and making it hard to know the proper way to get things done.
- **Loss of face:** The declaration of a need for change makes people feel that they look stupid for their past actions, especially in front of peers.
- **Concern about competence:** People wonder about their ability to be effective after the change; whether they will be able to do what is required.
- **More work:** Change requires more energy, more time, more meetings, and more learning.
- **Ripple effects:** One change disrupts other unrelated plans.
- **Past resentments:** A legacy of distrust based on unkept promises or unaddressed grievances make it hard to be positive about the change effort.
- **Real-threats:** Change brings genuine pain or loss.

6.3.1 Defining Resistance

In order to comprehend the concept of employee resistance, it is essential to first define the term **resistance**. In Box 6.2, we present some well known definitions of resistance.

Box 6.2: Resistance Defined

- "Behaviour which is intended to protect an individual from the effects of real or imagined change." (Alvin Zander, 1950 cited in Dent and Goldberg, 1999, p. 34).
- "Any conduct that serves to maintain the status quo in the face of pressure to alter the status quo." (Zaltman and Duncan, 1977 cited in Bradley, 2000, p. 76).
- "Employee behaviour that seeks to challenge, disrupt, or invert prevailing assumptions, discourses, and power relations." (Skarlicki, 1999, p. 36).

In a nutshell, resistance to change is an emotional / behavioural response to real or imagined threats to an established work routine.

Notwithstanding the cause, resistance can be powerful and it may really be an encumbrance to the implementation of any change process. As Rick Maurer

(1996) in his book **Beyond the Wall of Resistance** indicates, more than 50% of all change efforts in organisations are unsuccessful mainly because of employees' resistance. This brings us to the question: **What forms does employees' resistance take?**

6.3.2 Forms of Employee Resistance

Employee resistance may take different forms: **persistent reduction in outputs, increase in the number of "quits" and requests for transfer, chronic quarrels, sudden hostility, wildcat or slow down strikes**, and of course the **expression of a lot of pseudo logical reasons why the change will not work**. The more petty forms of this resistance can be tiresome for a manager. We present in Box 6.3, the distinct ways that have been identified through which people, knowingly or unknowingly, resist change.

Box 6.3: Ways in Which People Resist Change

- **Confusion** – not realizing that change will take place.
- **Immediate criticism** – rejecting the change prior to understanding the details.
- **Denial** – refusal to accept that things have changed or must change.
- **Malicious compliance/sabotage** – taking deliberate actions to undermine change.
- **Easy agreement** – saying yes, without fully realizing what one has agreed to.
- **Deflection** – a diversion tactic in the hope that the issue will go away in due course of time.
- **Silence** – failure to give any input. This form of resistance may be the most difficult to overcome.

So far you have learnt about the typical employee responses to change and reasons for their resistance to change. In the next section, we discuss the ways of managing change. But before studying further, you may like to relate the information presented so far to your own context.

SAQ 4: Resistance to change

Outline the reasons for resistance to change in your organisation. What forms has it taken?

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6.4 MANAGING RESISTANCE TO CHANGE

“Managing” resistance is one of the most disconcerting and taxing tasks faced by the organisations the world over. Organisations need to be concerned about the feelings of people, understand the cause/s of their resistance, and accordingly moderate their responses. As a manager, you would be required to master various strategies and approaches to moderate resistance. Kotter and Schlesinger (1978) have put forward six approaches to manage resistance to change:

- education and communication;
- involvement and participation;
- facilitation and support;
- negotiation and agreement;
- manipulation and co-option; and
- explicit and implicit coercion.

There are four practical steps that all managers can embark on to reduce dysfunctional anxieties and motivate constructive behaviour. Otherwise, failed change efforts would be very costly. Cost includes decreased employee loyalty, lower probability of achieving corporate goals, a waste of money and resources, and difficulty in fixing the failed change effort.

- **Convince People:** The first and probably the most important step is to ensure that people understand emotionally, not intellectually, why they have to change (Fig. 6.4).

“Scaring people is not the answer, try to appeal to them, the more they understand why you want change, the easier it is to commit to it”.



Fig. 6.4: Convince People!

- **Build in Participation:** A clear result from the research on change management is that employee participation increases individual ownership and excitement, and, in turn, decreases individual resistance to change. Do you agree with this finding? Does your utility practice participatory decision making?
- **Recognise and Reward Desired New Behaviour:** If individuals see that new attitudes and behaviours are being rewarded, they are more likely to accept change and behave accordingly.
- **Provide Time and Opportunity to Disengage:** Individuals often respond to strategic change with a sense of personal loss. They mostly mourn the passing of the old order before they become psychologically committed to the future state. You can facilitate this psychological transition by providing time, opportunity, and settings for individuals to celebrate the past as well as to see the promise and opportunities in the future.

These are some useful strategies but, there is no universal strategy for overcoming resistance to change. Hence, managers need a complete repertoire of change strategies. Keeping in view the four distinct response patterns and transition behaviours discussed in Sec. 6.2, many strategies can be used to help individuals to successfully cope with change (Table 6.1).

Table 6.1: Strategies to Manage Difference Response Patterns

| Response Pattern | Strategies |
|------------------|--|
| Overwhelmed | <ul style="list-style-type: none"> • Help in dealing with stress, fear, and frustration. • Competent leaders and peers who are able and willing may help. • A safe and supportive environment for rebuilding self-esteem. • Phased-in transitions with success-loaded mini-challenges. |
| Entrenched | <ul style="list-style-type: none"> • Understanding and help in coping with anger and guilt. • Feedback, encouragement, and support from a competent boss. • Coaching and straight talk. • Phased-in transitions with a bridge from the old to the new. |
| BSeer | <ul style="list-style-type: none"> • Close supervision and careful monitoring. • Project and individual assignments, not line management. • Developmental assignments that are safe for the organisation and push the employee. • Forced self-awareness! |
| Learner | <ul style="list-style-type: none"> • Protection from attempting to be all things to all people. • Latitude, air time, and assignments with impact. • Developmental roles and assignments. • Rewards and reinforcement. |

SAQ 5: Managing resistance to change

Discuss what you can do as a supervisor and manager to prepare your employees for organisational change.

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6.5 IMPACT OF CHANGE ON INDIVIDUALS: THE CHANGE MODELS

Organisational change was first understood in terms of the three stage model which explained how to initiate, manage and stabilise the change process (Revisit Unit 5). You may recall the three stages:

- Unfreezing (i.e., to create the motivation to change);
- Moving (i.e., experimentation and implementation), and
- Refreezing (i.e., stabilising the process).

A force-field analysis technique was recommended to compare the forces pressing for and fostering change to the forces leading organisations to resist change and moving back to reintroduce past patterns. The hiring of change agents to facilitate the change process was also suggested.

Based on the three stage model and an understanding of employee resistance, another Change Model was developed, which entails the following five phases:

- Development of need for change (unfreezing);
- Establishment of change relationship;
- Working towards change (moving);
- Generalisation and stabilisation of change (refreezing); and
- Achieving a terminal relationship.

Table 6.2: Summary of Change Models

| Date | Source | Initial equilibrium | Transition | Final equilibrium |
|------|----------------------|---|---|--|
| 1952 | Lewin | Unfreezing | Moving | Refreezing |
| 1961 | Harvey et al | Unilateral dependence | Negative independence | Conditional dependence, positive interdependence |
| 1967 | Fink | Shock | Defensive retreat | Acknowledgement, adaptation, change |
| 1969 | Kubler-Ross | Denial | Anger, bargaining, depression | Acceptance |
| 1969 | Adams | Dependence | Reaction or rebellion | Coordination and integration |
| 1977 | Elgin | Decline | Crisis, muddling through and procrastination, chaos | Back to basics, transformation and revitalization |
| 1982 | Lippitt | Shock | Defensive retreat | Acknowledgement, adaptation, change |
| 1989 | Rashford and Coghlan | Denying | Dodging | Doing, sustaining |
| 1990 | Perlman and Takacs | Equilibrium, denial | Anger, bargaining, chaos, depression, resignation | Openness, readiness, re-emergence |
| 1994 | Reynolds | Denial | Resistance | Exploration, commitment |
| 1996 | Bupp | Shock, denial | Anger, bargaining, grief | Acceptance, exploration, opportunity, accomplishment, creativity |
| 1996 | Grant | Shock/immobilisation, denial/minimisation | Depression/incompetence | Acceptance/letting go, testing, search for meaning, integration |
| 1996 | Mariotti | | 1. Confusion 2. Immediate criticism 3. Denial 4. Malicious compliance 5. Sabotage 6. Easy agreement 7. Deflection 8. Silence | |
| 1993 | Katzenbach and Smith | Working group | Pseudo-team | Potential team; real team; high-performing team |
| 1994 | Kegan | Unfreezing | Double-loop unfreezing | Triple-loop unfreezing, and so on. |

Since 1990s, several change management models have been proposed and implemented. We now discuss, in brief, some contemporary models of change management.

6.5.1 The Congruence Model

According to the **Congruence Model**, developed by Nadler and Tushman (1992), change has both hardware and software tools for building organisation architectures (Table 6.3).

Table 6.3: Tools for Building Organisational Architectures

| Hardware Tools | Software Tools |
|---|---|
| <ul style="list-style-type: none"> • Organisational structure • Systems, • Rewards, • Work processes and flows. | <ul style="list-style-type: none"> • Work force capabilities • Work culture and work norms, • Social networks, • Characteristics and competencies of the senior team. |

A manager has to align both the *hardware and software tools of change to understand the reasons of performance gap(s) in the changed environment.* Fig. 6.5 illustrates the steps envisaged in this Model for complete congruence analysis.

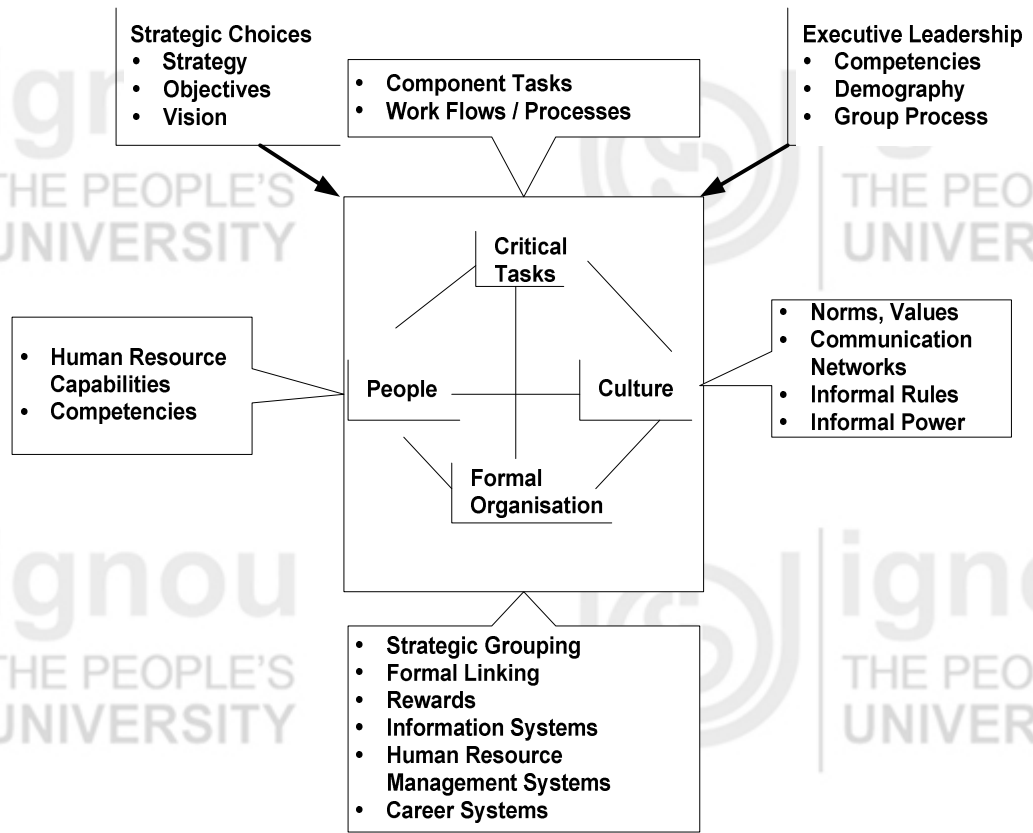


Fig. 6.5: The Congruence Model of Organisation (Source: Adapted from Nadler & Tushman, 1992)

6.5.2 Change Management Process Model

The **Change Management Process Model** provides a sequence of stages that each change proposal should undergo to effectively combine people and the technical side of change. It identifies nine stages for creating and implementing organisational change (Fig. 6.6). These stages require management within an organisation to understand and apply the characteristics of both strategic and grass roots change.

In the early stages, the emphasis has to be on strategic change management wherein the senior management develops a vision for change based on the analysis of current organisational practices.

A select few engaged in the task then formulate recommendations, and detail them for testing. In the later stages, the Model requires a greater application of different aspects of grassroots change. More people across and down the organisation are involved during pilot testing and rollout to ensure successful implementation.

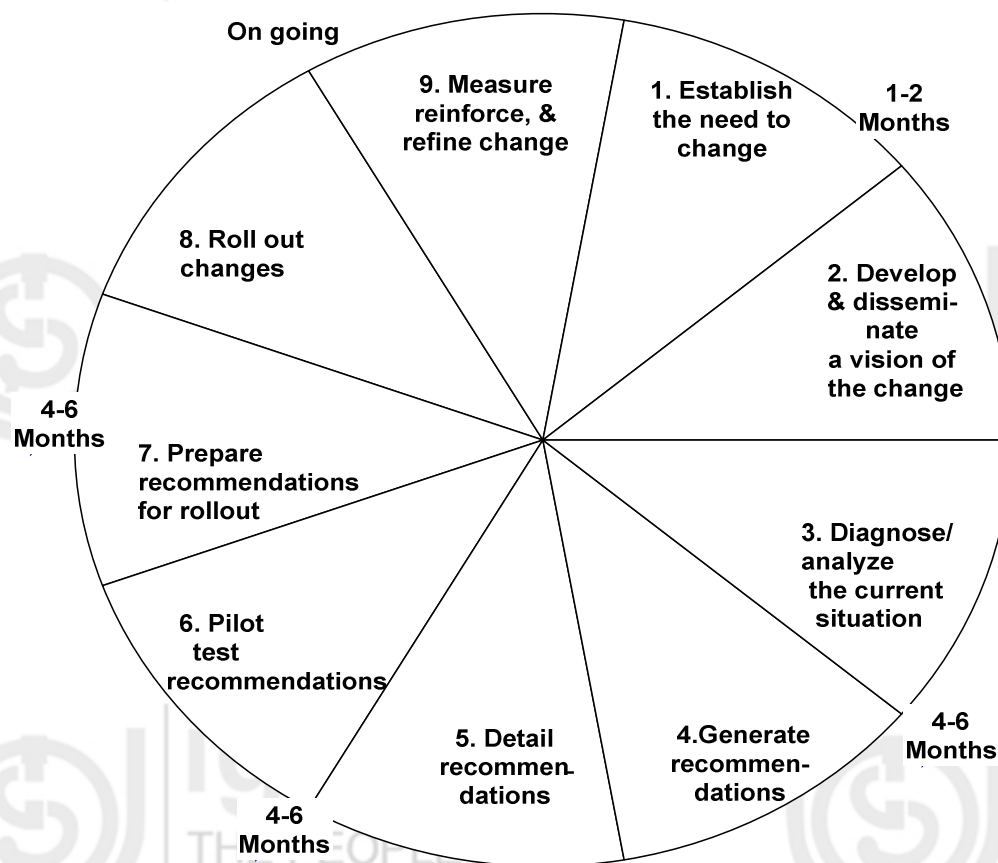


Fig. 6.6: Change Management Process Model. Note that 1-5 indicate primary strategic change whereas 6-9 indicate primary grass root change. The duration shown for each stage and the cumulative time of thirteen to twenty months for all stages varies, depending on the scope and complexity of the change effort.

6.5.3 The ADKAR Model

The **ADKAR (Awareness, Desire, Knowledge, Ability, Reinforcement)** Model (Fig. 6.7) *helps managers to*

- *identify gaps in the change management process, and*
- *provide effective training to the employees.*

The Model assumes that to make change successful, it should occur simultaneously in both the business and people dimensions.

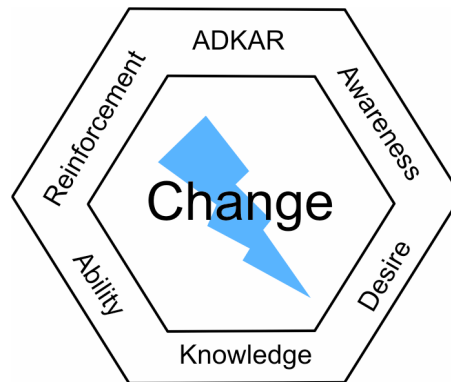


Fig. 6.7: The ADKAR Model of Change

The Model is used to achieve the following objectives:

- diagnose employee resistance;
- help employee transition through the change process;
- create a successful action plan for personal and professional advancement during change; and
- develop a change management plan for the employees.

Changes occur in two dimensions: the business dimension, and the people dimension. The business dimension includes the typical project elements (e.g., new processes and systems, organisational structure), whereas the people dimension of change deals with the perception of change by the employees. The latter dimension is the most common reason for the failure of any project or change. Therefore, effective management of the people dimension is most desirable. It requires managing five key phases which form the basis of the ADKAR Model.

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|----------------------|---|--|
| Awareness | : | of the need to change |
| Desire | : | to participate and support the change. |
| Knowledge | : | of how to change (and what the change looks like). |
| Ability | : | to implement the change on a day-to-day basis. |
| Reinforcement | : | to keep the change in place. |

The reaction of an employee to change and how s/he is viewed by the organisation will be directly affected by each of the five elements in the

ADKAR Model. Therefore, while implementing a major change in the organisation, awareness must be created among employees of the reason for change. Desire to change at the employee level must be addressed as resistance to change is a natural reaction. As the change moves into implementation, it becomes imperative to develop knowledge about the change and the ability to implement new skills and behaviours. Once the change is in place, it needs to be reinforced and any movement backward to old behaviours should be avoided through constant dialogue and training.

6.5.4 Intervention Strategy Model (ISM)

Intervention Strategy Model provides strategies to deal effectively with messy change situations through the application of systems thinking. From the perspective of managing change, a system may be defined as being an organised assembly of components, which are related in such a way that the behaviour of any individual component will influence the overall status of the system.

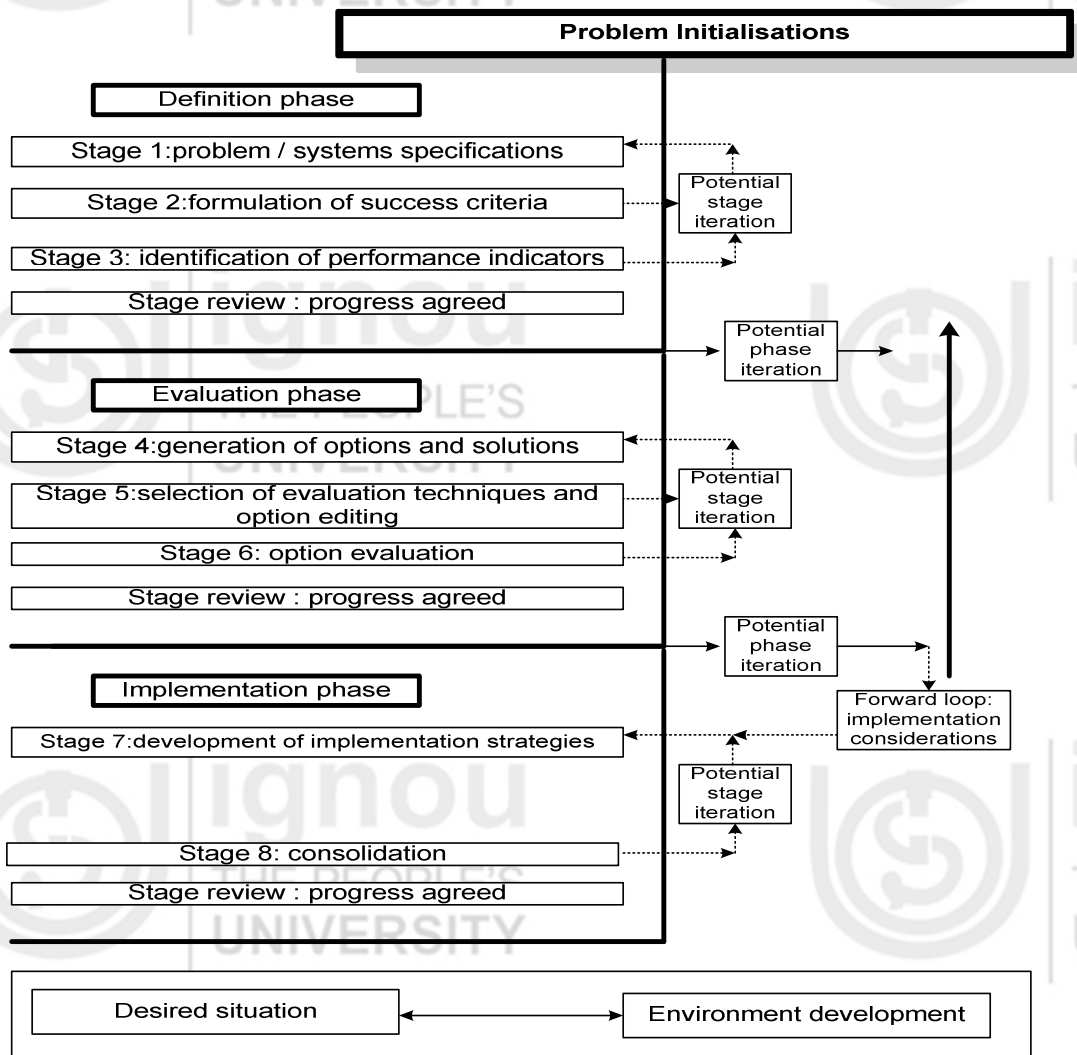


Fig. 6.8: Intervention Strategy Model
(Source: Paton & McCalman, 2000)

The various phases of stages of the Model as given in Fig. 6.8 are described below:

Problem Initialisation

The change situation is identified and accordingly the process of managing the change is commenced. It is done in three phases and each phase has several stages.

- **Phase 1 : Definition Phase**

An in-depth specification and study of the change situation from both historical and futuristic viewpoints is made in the following sequence.

- **Stage-1: Problem / Systems Specification**

Management conducts meetings and interviews to gather accurate picture of the present system and the likely impact of the changes. Since it is the first formal notification of the change, efforts should be made to minimise resistance and non-cooperation.

- **Stage-2: Formulation of Success Criteria**

The success criteria associated with a particular change situation may be defined in two ways: The first and most common criterion involves the setting of objectives and constraints. The second is merely a continuation of the first in that it generates options or paths, which are tagged on to the original objective.

- **Stage-3: Identification of Performance Measures**

Having decided the objectives, appropriate measures are formulated.

- **Phase 2 : Evaluation Phase**

The definition phase highlights the key players in the change process, who should in some way, be involved in the generation of potential solutions to the problem.

- **Stage-4: Generation of Options or Solutions**

A wide range of techniques is available to the problem owners which assist in option generation. Groups and teams should be involved to operate effectively.

- **Stage-5: Selection of Appropriate Evaluation Techniques and Option Editing**

Having identified the potential options and solutions, screening of options is necessary. A brief comparative study of the five points and the predetermined success criteria acts as screening devices.

➤ **Stage-6: Option Evaluation**

Options are evaluated against the previously determined change objectives, in particular the performance measures identified in stage 3.

• **Phase 3 : Implementation Phase**

➤ **Stage-7: Development of Implementation Strategies**

In this stage, the findings are packaged into a coherent whole and the changes are introduced in the system. Essentially, three basic implementation strategies, viz. pilot studies, parallel running, and big bang are used.

➤ **Stage-8: Consolidation**

Since old practices do not die easily, problem owners need to nurture the growth of new practices. Implementation is not the end of the process; lessons learnt must be openly discussed and communicated. Change agents must encourage employees to accept the new developments in an organisation.

Finally, the environmental development feedback loop, linking the final outcome with that of the 'initial situation' indicates that the change cycle is never complete. Dynamic environmental factors over a period of time will again necessitate additional change, and so the process will commence again.

SAQ 6: Management of change

Describe the understanding about management of organisational change on the basis of the above mentioned change models.

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6.6 A CASE STUDY FROM POWER SECTOR

In this section, we present the case study of change management in power sector reforms in Orissa.

Orissa is the first State in the country, in fact in the entire South Asia, to introduce reforms in its power sector. The reform model was implemented in three phases.

In the first phase (July 1994-March 1995), a Steering Committee, a Task Force, Project Management Group, and nine Working Groups were constituted to direct implementation of reforms and restructure the electricity sector. In the second phase (March 1995- August 1996), the OER Act was enacted and the former O.S.E.B. was unbundled into generation, transmission and distribution. And, in the third phase (March 1997 onwards), the four distribution zones were privatised through the process of international competitive bidding.

Resistance of Employees to the Restructuring of OSEB

When the power sector restructuring took place, there was resistance across-the-board from both Employees as well as Engineer's Associations. The resistance by engineers was on account of several reasons, such as the following:

- demand for the review of the 'Black Agreement' (i.e., the Power Purchase Agreement) signed between the Orissa Government and the National Thermal Power Corporation (N.T.P.C) in the proposed sale of Talcher Thermal Power Plant (T.T.P.S) to N.T.P.C (it was their contention that the MoU was completely one-sided and in favour of N.T.P.C.); and
- deputation of 1518 personnel of State cadre to O.S.E.B for the electricity generation, transmission, distribution, and supply related work without giving any deputation allowance or having any provision by O.S.E.B for absorbing the engineer cadres.

Like the engineers, the employees of O.S.E.B. at all levels also opposed the reform through their Associations/Federations. The ex-Chairman of O.S.E.B. Employees Federation prepared a leaflet for distribution among members, public and other unions citing therein the following reasons for their resistance to the reform:

1. They welcomed the proposal for foreign investment and technology for development, but said that this should be done on the basis of selectivity, mutuality and transparency.
2. The reform package implemented violates the principle of labour participation in management envisaged under Article 46-A of the Constitutional Amendment, 1976.

3. As per the historic judgement of the Hon'ble Supreme Court of India dated 16.5.1995, "Man has to be the focal point of development keeping in view the constitutional obligation of reducing poverty and unemployment". In Orissa, nearly 65% of the people live below the poverty line, but they have not been taken care of by the Government in its reform proposal.

The Electrical Workers, Employees, Engineers and Officers formed a Joint Action Committee to protest against the reform. The Joint Action Committee submitted a memorandum to the Hon'ble Chief Minister of Orissa on 10.3.1997 demanding the following main issues:

1. To completely stop the privatisation process and cancel the agreement signed with M/S BSES.
2. To repeal T.T.P.S transfer act.
3. To refrain from increasing the electricity tariff, which is against the public interest.
4. To keep the service conditions of engineers, staff/ workers unchanged and revise the wages and other allowances w.e.f. 1.4.1995 through mutual discussion.
5. To stop all outside employments including redeployment of retired personnel.
6. To fill up all vacant posts immediately through the existing rules and regulations.

Forms of Resistance

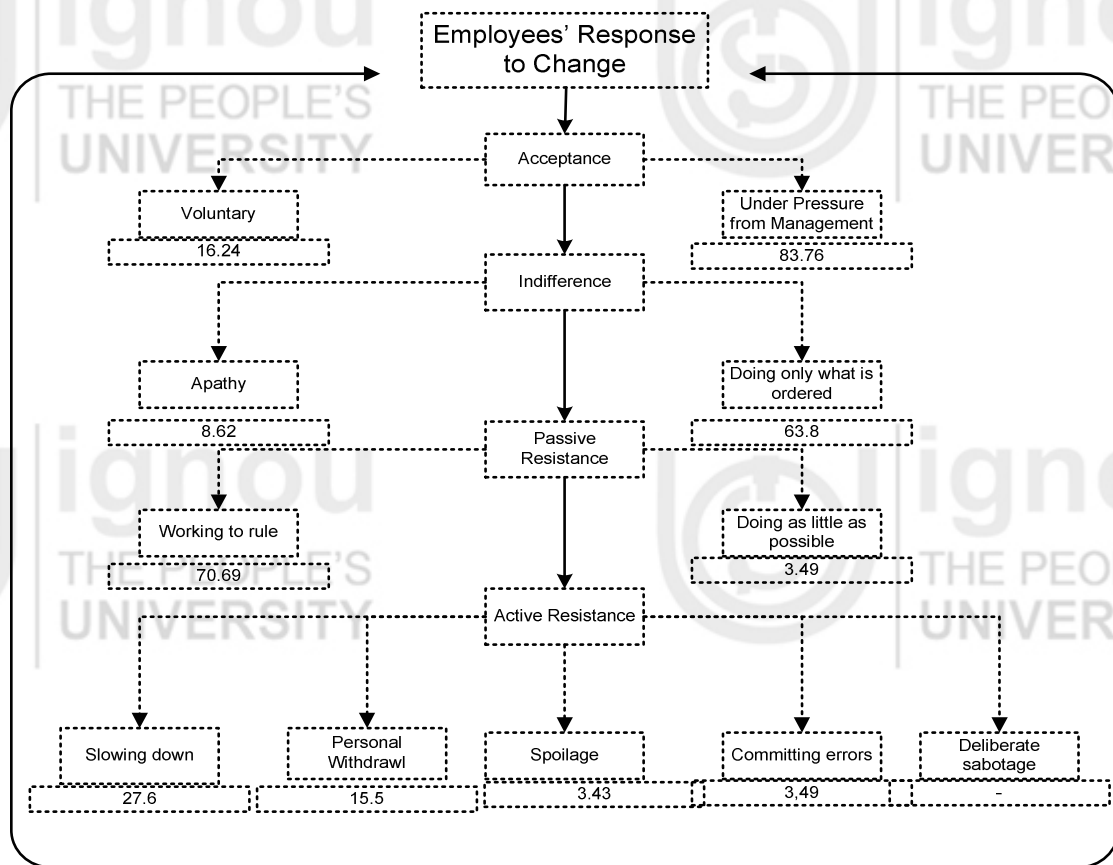
Resistance to the reform was manifested in several ways. The Orissa Electrical Engineers Service Association filed an Application vide No. 576(c) of 1996 in the Orissa Administrative Tribunal challenging the validity of Sec. 23, 24 and 25 of the Orissa Electricity Reform Act, and the Scheme Rules made there under regarding transfer of personnel to GRIDCO and O.H.P.C. As the tribunal dismissed the application on the pretext that it has no jurisdiction to judge the validity of the said provisions, the Association filed a Civil Appeal No. 8876 of 1997 in the Supreme Court of India challenging the order of the Administrative Tribunal.

The Employees Association appealed to the All India Federation of Electricity Employees (A.I.F.E.E.) to approach the State Government to refrain from the reform. Accordingly, the A.I.F.E.E. submitted a memorandum to the Chief Minister of Orissa on 1.8.95 requesting for democratisation of the working of O.S.E.B without attempting for privatisation. The O.S.E.B Employees Federation issued leaflets and served notice on 21.7.95 to the Hon'ble Chief Minister to resort to mass dharna in front of the State Assembly regarding wage revision and restructuring on 27.7.95 with effect from 11 a.m. to 5 p.m. Another Federation viz., O.S.E.B. Shramik Mahasangha declared an indefinite strike from 25th October, 1995 protesting against the Government's decision

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regarding the reforms. Nikhila Orissa Bidyut Board (which was affiliated to the ruling party) submitted a notice to the Chairman of the Board on 18.3.1996 to organise a joint meeting with all the major trade unions regarding restructuring, failing which, they threatened to start agitational measures including cessation of work on or after 1.4.1996 at any date without any further notice.

Thus there was an active resistance by the employees of the former O.S.E.B against the power sector restructuring initiated in the State. Apart from strikes and dharna, the other forms of resistance the employees resorted to were development of apathetic attitude, indifference to whatever was going on the organisation, etc. (Fig. 6.9).



Note: - indicates nil; Figures underneath the boxes denote percentage of response to change

Fig. 6.9: Various Forms of Employee Resistance to Power Sector Reform

(Source: Panigrahi, Sweta (2004), *Change Management Strategies in the Organisation: a Behavioural Study*, Unpublished Doctoral Work, Berhampur University.)

Strategies Adopted to Minimise Resistance

Various strategies were adopted by the top management to minimise resistance. Search conference, discussion and negotiation with union leaders, commitment for better provision for terminal benefits were the common strategies to minimise resistance by both employees and engineers

associations. In addition, resistance by Engineers Association was minimised through permanent absorption of employees in their preferred units, revision in service conditions, and regularisation of services of some stipendiary engineers, promotion, etc. Resistance by employees association was minimised through regularisation of N.M.R. workers, filling up of vacancies in non-executive category by promotion, formulation of the Adaptation Regulation's of service matters for the employees of O.S.E.B.'s transfer to GRIDCO, etc.

Training and development, employee involvement schemes, and stress management workshops are the three strategies currently being adopted by the management to refreeze the desired behaviour of the employees to sustain the reform momentum in the organisation.

To sum up, responses to organisational change are both negative and positive. Negative responses are natural as people by and large tend to steer clear of situations that disrupt order, put their self-interests in danger, increase stress or involve risk. When faced with changes to the status quo, people usually resist initially. The resistance persists and, in some cases increases, until they are able to recognize the benefits of change and perceive the gains to be worth more than the risk or threats to their self-interests.

The *Change Makers* or *Leaders* should envisage resistance to any change effort, prepare for it, and make special efforts to assess and embark upon individual reactions to change. There is no better way to rein in resistance to change than to engage those responsible for implementing it and those affected by it. If there is no involvement early on in the planning, during the implementation and throughout perpetuation, the change effort will fail. When people feel that they are valued participants in planning and implementing the change, they are more likely to be motivated toward successful completion.

On this note, we end the unit and summarise its contents.

6.7 SUMMARY

- Organisational change may be defined as **an organisation-wide effort to augment the effectiveness of an organisation by strengthening, modifying, or replacing the culture, structure, technology, task, and human processes through the application of planned interventions with or without the assistance of external agents.**
- Individuals and organisations respond differently to change. **Four distinct response patterns and transition behaviours** have been identified: **overwhelmed, entrenched, BSers** and **learner** types.
- **Resistance to change is a natural phenomenon;** it is an inevitable response to any major change. There are several reasons for which employees oppose any change. **Ten classic reasons have been cited**

for which people resist change in the early stages of any new endeavour.

- Employee resistance may take different forms: **persistent reduction in outputs, increase in the number of “quits” and requests for transfer, chronic quarrels, sudden hostility, wildcat or slow down strikes**, and of course the **expression of a lot of pseudo logical reasons why the change will not work**.
- **“Managing” resistance** is one of the most disconcerting and taxing tasks faced by the organisations the world over. Organisations need to be concerned about the feelings of people, understand the cause/s of their resistance, and accordingly moderate their responses. As a manager, you would be required to master various strategies and approaches to moderate resistance. **Six approaches have been put forward to manage resistance to change**: education and communication, involvement and participation, facilitation and support, negotiation and agreement, manipulation and co-option, and explicit and implicit coercion.
- There are **four practical steps** that all managers can embark on **Convince People, Build in Participation, Recognise and Reward Desired New Behaviour, Provide Time and Opportunity to Disengage**
- Another Change Model entails **five phases**: development of need for change (unfreezing), establishment of change relationship, working towards change (moving), generalisation and stabilisation of change (refreezing) and achieving a terminal relationship.
- **Some contemporary models of change management are the Congruence Model, the Change Management Process Model the ADKAR (Awareness, Desire, Knowledge, Ability, Reinforcement) Model Intervention Strategy Model.**

6.8 TERMINAL QUESTIONS

1. Consider the changes brought about in the power distribution utilities by the reforms in the sector:
 - a) List the key actors involved in resisting the change process.
 - b) Describe the responses of these actors to change.
 - c) Analyse the reasons underlying these responses.
 - d) How would you minimise employee resistance to change?
2. As a manager, what strategies would you devise to manage the negative responses of employees to organisational change?
3. Identify the organisational factors that encourage or inhibit people's resistance to change. Describe the forms of people's resistance to change. How can these inputs be utilised for effective change management?

4. Discuss and compare contemporary models of people change management.
5. What lessons can be drawn for people change management from the case study on Orissa?

Further Readings

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