INDIVIDUAL RESISTANCE IN CHANGE PROCESS

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Organizational changes in which great human efforts have been invested, as well as financial resources and time, in reality often result in low or only short-term effects. The purpose of this paper is to emphasize the highest possible level of communication with employees in order to proactively overcome individual resistance. The scope of the primary research for this study demonstrates the analysis of the questionnaire results which was obtained from 30 Croatian managers and their experience with individual resistance to changes. The survey showed four types of largest barriers in Croatian organizations. The main conclusion is that managers in this country lack the knowledge of operating in a challenging competitive environment.

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Introduction

Business changes mutually permeate, overlap and affect one another. They are managed by different managers, consultants and departments, and the forces which set them motion are differentiated by character and goals. For example, according to Worrall and Cooper study 90% of managers in all organizations have been affected by changes and over 53% of them with three and more types of changes, mostly by cost-cutting, terms of the contract of employment and cultural changes. Negative implications of these changes have mostly had an effect on the decrease of moral (61%), the sense of job safety (56%) and motivation (51%) (Green, 2007).

The fear or the resistance against change has to be replaced by efforts to master the power of change in organizations in which want to achieve competitive advantage. Organizational changes often fail to evaluate its employees as main factor of present and future success, i.e. the human aspect of changes has been ignored. Therefore, the only possible way to accomplish new condition in organization is to make individuals modify their own working processes, attitudes and behaviour.

The purpose of this paper is to emphasize the highest possible level of communication with employees in order to proactively overcome causes and traces of individual resistance. Primary research for this study showed four types of the largest barriers for successful change process in Croatian organizations.

New Challenges for new Economy

People's role and sphere of influence in implementing the change process are the most important to overcome individual barriers. In new economy numerous trends put pressure on enterprises and face

them with environmental demands to acquire new competences. Current transitional challenges (economic and social) shed a completely new light on the aspect of leading an enterprise and managing change. The most important challenges are:

- initiative for reorganizing and restructuring,
- quick response to competitors' moves (new product or service placement),
- new market penetration, reducing lead time etc.,
- flexible ("stress-free") adjustment to new and unstable economy.

In such circumstances it is no longer sufficient for enterprises only to declare the necessity to use change management. Managers need to know how to implement changes quickly, effectively and economically. The key corporate focus is not on what to change, but how and how fast.

Change management is a set of structured processes and actions, tools and techniques for managing human side of business changes in order to align organization's goals with demands of the environment. Changes are initiated in order to reach precisely defined goals. Most of these programs fall into one of the following four categories: structural changes, cost cutting, process changes and cultural changes. However, companies cannot end or slow down usual operations in order to concentrate on a particular process of change. In this sense, we have reached two general conclusions:

- change leading is very significant managerial competence that should be learned and prepared for,
- most of the business changes is badly planned and implemented, hence it is predetermined to fail; this means that they are not finished in time, within available funds or do not achieve set goals (Perkov & Genzić, 2011).

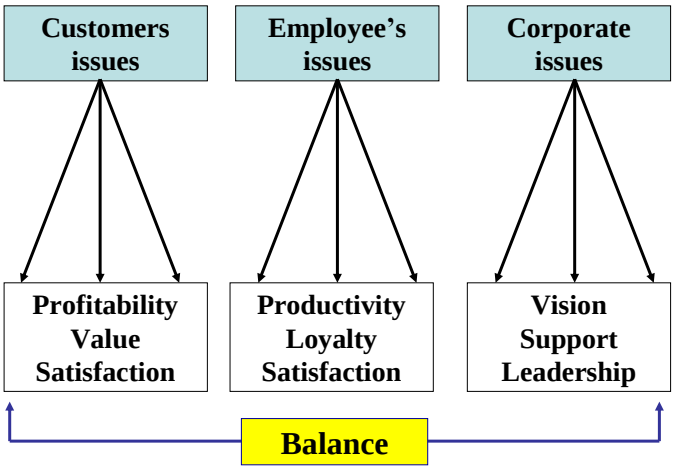
Although the main goal of change management is to encourage employees to react and to take part in the implementation, about 80% of costs for change process were invested in IT, and only 20% costs in managing change and the human factor.

Reaching different Stakeholder's Groups interest balance through changes

Initiative and change implementation tend to disrupt desired balance between customers' expectations, employees, and corporate questions (Figure 1). Therefore, votes and different participants' position should be taken into account when those who implement changes are to negotiate. Their desires and needs are sometimes one-sided and in the conflict of interest (Cats-Baril, 1998).

Employees want to be acknowledged and to understand their role in the change processes. Owners want as higher, faster and safer return of investment as possible, and customers dictate type of product or service, added value, period and place of delivery, and price. In the primary focus of management should be employees' productivity, loyalty and satisfaction. People are not the biggest cost, second-class resource or machine pendant, but the biggest prize, crucial factor of present and future success and the heart of action in an organization (Horvat, Perkov & Trojak, 2012).

Figure 1: Reaching customers', employees' and company's interest balance through changes



Source: Adaptation according to Cats-Baril (1998), slide No. 10

Satisfied employees will do best of themselves to serve customers with superiority. Customers' satisfaction will then result in value delivery and increased sale which contributes to management results and investors' higher profit rates. Hence, by introducing changes the company has to aim for optimal balance between organizational and individual ambitions. Contrary to the mentioned facts, initiative for changes will be hard to achieve.

Individual sources of resistance

Each change takes place only through employees' activities. Dealing mostly with operative aspects of change, the management usually neglects the most important one - the human aspect of change. In most cases employees do not know what to expect from a change, what it will mean to them, and what it will bring or take away from their colleagues and friends. Due to prejudice, feeling of comfort, routine habits and various other motives, employees put up greater or smaller resistance to change.

Task of reducing employees' resistance is highly important. Thus, modern managers have to develop and teach employees to be open to changes on all levels within the organization, as well as to accept the need for the transition. Employees are stressed when they are confronted with expectations that are too big, when their activities are being closely monitored (micromanagement) and when their responsibilities change. We concluded there are different causes of individual resistance in the order of their importance (Perkov, 2008):

- power of habit for routine way of work, techniques and procedures,
- unclear reason for change; in fact, to those affected by the change it is often unknown why the change is necessary,
- feeling of injustice or damage, which is due to the implementation of change, in the eyes of an individual, done to him personally and/or to his colleagues, i.e. to work processes in the organization,

- danger of possible social (work environment, the relationship between the superior and the subordinate) and economic losses (salary, incentives, benefits, bonus, work place),
- fear of the unknown and the uncertainty (what has been known and certain is replaced by the ambiguity and uncertainty of change; people want to feel secure and have some kind of control during the course of change),
- previous success (if people were successful in the past, they tend to have more difficulty in accepting changes),
- feeling of belonging to an existing organization culture and work team,
- level of confidence encouraged by tradition, standards and competitive spirit within the organization,
- threat of a decrease or a loss of influence, power, benefits and control (individuals' or groups' authorities and competence might be minimized or cancelled),
- requirements for additional professional training, education and learning, which individuals often perceive as a barrier impossible to overcome.

If employees' resistance is more open and more recognizable, it will be easier to implement planned changes. The biggest difficulties for the management occur if resistance is hidden and deferred. It is much harder to spot such types of resistance, i.e. to implement activities in order to reduce their harmful consequences. They can be manifested through a reduction or loss of loyalty to the enterprise, lack of interest and reduced motivation to work, an increase in big mistakes and oversights at work or increased absenteeism.

Results of survey

The scope of the primary research for this study demonstrates the analysis of the questionnaire results which was obtained from 30 Croatian managers and their experience with individual resistance to changes.

Sample analysis

Research was based on a questionnaire which was filled out by managers in Croatian companies of different profiles, size and businesses. Comparative research and a careful selection included 30 highly ranked and competent managers from Zagreb and other seven towns throughout Croatia.

Most of the enterprises, i.e. 9 of them, come from the food and beverage industry (32%), followed by banking, financial and insurance organizations (14%), enterprises from the energy sector (10%), trading (10%), tourism, hotel and hospitality industry (10%) etc.

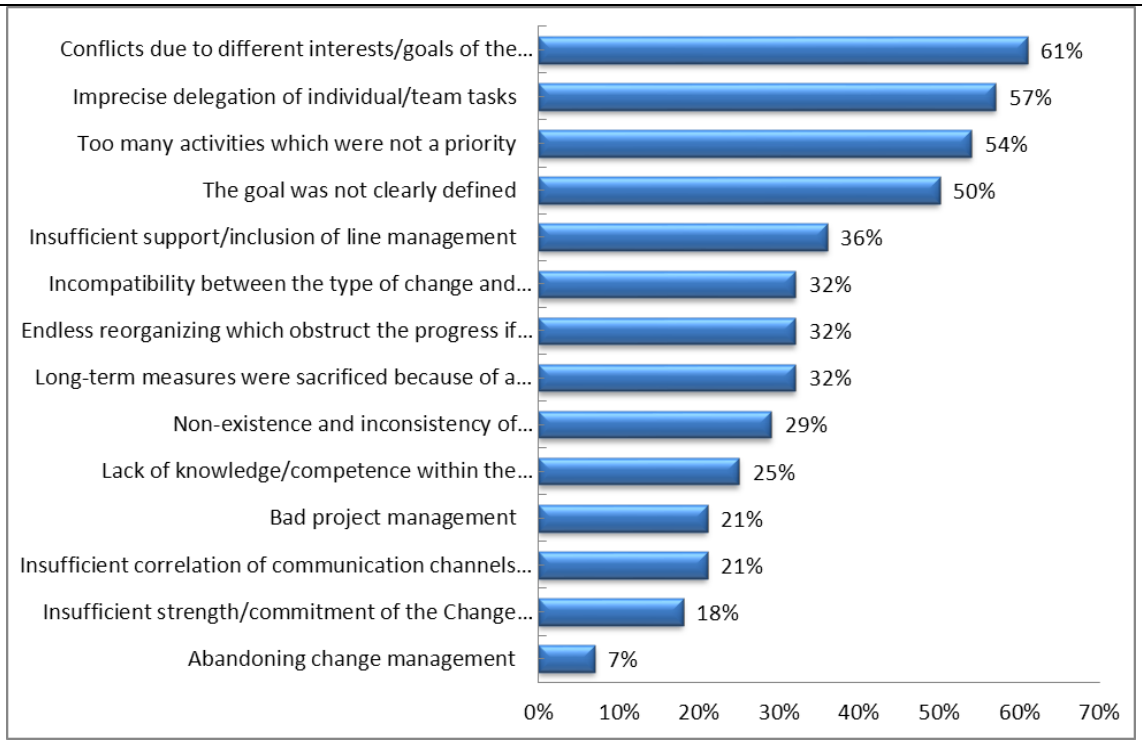
The sample includes enterprises of different sizes: smaller ones, with a total revenue of up to 7 million euro (14% of enterprises), and large ones, with a total revenue of over 700 million euro (7%). More than a half (55%) of managers is on the middle level, closer to the top of the enterprise and 10% of the sample was senior managers. Most of them have a university degree.

Major barriers for change process in Croatia

Surveyed managers in Croatia were asked to answer the following question: Indicate the biggest barriers which slow down and obstruct the implementation of the change process in your enterprise?

They were offered to choose seven out of 20 answers. Figure 2 shows 14 barriers to organizational changes in Croatian enterprises.[1] It is clear there are four types of largest barriers.

Figure 2: Major individual barriers in change processes in Croatia



Source: Authors

First is "conflicts due to different interests/goals of the participants in the change process" with 61%. Second is "imprecise delegation of individual and team tasks/responsibilities" (57%). "Too many activities which were not a priority" (54%) is the third one, and "the goal was not clearly defined" is the fourth type of barrier (50%).

As it can be noticed, conflicts between different interest groups are the main reasons of change implementation in an enterprise failure. Reasons for insufficient employees work, low productivity and fluctuation among most of the enterprises are not in the lack of skills and knowledge of the employees, but they are in inadequate management approaches and compensatory-motivating systems. Hence, contemporary management applies different forms of subtle motivation directed at the value of employees and achieving their satisfaction. For example, on the walls in "Prodis" in Zagreb, the dealer of Unilever products, there are photographs of the employees by which the managers clearly send a message who is the most important for the organization success.

Therefore, it can be well understood that Croatian managers need to establish a positive relationship of employees, in order to overcome barriers and obstacles. Gravity and the force of resistance are directly dependent on the complexity and radicalism of changes. New behavior, codes or procedures which want to be introduced, need to be reflected in everything that is done and in some way contribute to the alignment of large organizations and its dispersed, often unconnected parts. Employees need to be encouraged, rewarded and publicly praised.

[1] Remaining six of the given answers were not chosen by the surveyed managers.

Conclusion

Change and risk management is a methodology that integrates change and the capability to apply it within the enterprise. Above all, a good manager has to know how to run a company in the space and time of its cultural environment, recognizing trends of internationalization and globalization. Thus, the approach to change management in each national economy depends on patterns of local culture, tradition and customs, which are guidelines for managers' perception of priorities.

The survey shows four types of largest barriers in change processes for Croatian managers. The main conclusion is that most Croatian managers lack the knowledge of operating organizational change processes.

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