DO REALLY EMPLOYEES RESIST CHANGE? CASE STUDY AT A CREDIT INSTITUTION

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Abstract
Organizational management literature describes resistance to change as an impediment, an inevitable and natural reaction to change. The purpose of this study is to show that employees do not always resist change, at least not change per se. We have conducted a survey in a credit institution that underwent a major change in the last few years. Data was collected using questionnaires, interviews with managers and other employees and direct observation. The objectives of the study are to identify the real reasons why employees resist change, what is the outcome expectation of the change process and if the employees support the change process. Some researchers argue that top management usually opposes the new changes, while others confute these statements. The identified results show that few employees resist change, willingness to change being the general response in the organization.

Keywords: *organizational change, resistance, credit institution, personal interests, status quo*

Introduction

Organizational change and resistance to change received academic interest when Kurt Lewin (1947) developed his theories of change and field theory in social science in the late 1940's (Marsh, 2009). Since 1928, Lewin had been working on the idea that the status quo represented an equilibrium between the barriers to change and the forces favoring change. Even if Lewin's activity was followed by many researchers and practitioners who developed more complex change models, the success of achieving major change in organizations has been chronicled as being poor, some researchers noting failure rates reaching as high as 70 per cent (Beer and Nohria, 2000; Burnes, 2005; By, 2007, Carleton and Lineberry, 2004; Wildenberg, 2006). A study published by the Center for Creative Leadership reported that between 66 per cent and 75 per cent of all public and private change initiatives fail, a depressing statistic for those who seek to change an organization (Kee and Newcomer, 2008).

Resistance to change represents a common concept in the field of organizational change, being recognized for a long time as an important factor that impacts the success of an organizational change effort. Through this study, we tried to highlight employee's reaction towards change. The objectives of the study are: first, to identify the main reasons why employees resist change, if they resist it of course, second, what is the outcome expectation of the change effort and the third, do employees support the change process. Some researchers argue that top management usually opposes the new changes, while others confute these statements. To answer our objectives, we have conducted a survey in a credit institution that underwent a major change for the last years. Data was collected using questionnaires, interviews with managers and other employees and direct observation.

Literature review

Any change, no matter how apparently beneficial to workers and the organization, will be met with and often be sabotaged by resistance (Spiker and Lesser, 1995). Even if many organizations try to implement new changes, because of the employee's resistance, a lot of them fail to accomplish the results of the change process.

Resistance is often viewed as the enemy of a change process. Many authors (Lawrence, 1954; Maurer, 1996; Strebel, 1994; Waddell and Sohal, 1998; among others) highlight that the reasons for

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the failure of many change initiatives can be found in resistance to change. In Schein's view (1988), resistance to change is considered to be one of the most ubiquitous of organizational phenomena. Ansoff (1990) defines resistance as an impediment, a multifaceted phenomenon that affects the change process, slowing it down and introducing costs and instabilities. Resistance also represents any behavior that tries to maintain the status quo. Employees adjust to certain conditions, create social relationships and any change that might disrupt their working environment is seen as an obstacle.

Resistance to change represents a natural reaction of the people, which is why it is expected. Many reasons of resistance to change are due to human nature, but most of them are affected by life experiences. Kotter and Schlesinger (1979) identified four most common reasons for resisting change: people focus on their own interests and not on those of the organization, misunderstanding of the change and its implications, belief that the change does not make sense for the organization, and low tolerance for change (Bennebroek Gravenhorst, 2003). Conner (1998) mentions that loss of control is the most important cause that determines people to manifest resistance. In the romanian literature 15 reasons that cause resistance to change have been identified and presented by Mariana Prediscan (2004).

Resistance to change has usually been recognized as a significant factor that can influence the outcomes of an organizational change effort (Sikora, Beaty and Forward, 2004). People are afraid of new changes, because they will disturb their status quo. Employees get used to their routines and the change process can make them feel insecure. The outcome expectation of the change process can be positive for some organizational members, while for others negative. But according to Huang and Huang (2009), it is definitely confirmed that resistance to change is negatively related to change outcomes.

It is obvious that those who had negative experiences with previous changes wil not support the new ones and vice-versa. That is why it is essential for mangers to identify the main reasons why employees resist change and to outline the benefits that it will bring for them. If executive managers want to obtain the support of their employees they must communicate with them frecquently and try to involve employees as much as possible. An effective change manager almost welcomes resistance because it is a sign that the change process is unfolding (Davidson, 2002).

However, the almost generally accepted axiom that people resist change has recently come under challenge (Jansen, 2000). As Dent and Goldberg (1999) note, the best way to challenge the conventional wisdom is to suggest that people do not resist change, per se. In their research, the authors found few or no instances of employees resisting change. Similar results have been provided by Kotter (1995) and Spreitzer and Quinn (1996). Despite the fact that some authors argue that employees do not resist change, others suggest that employees do manifest resistance, representing a barrier to change. In general, resistance is not a negative concept, as not all change efforts are beneficial for organizations. As Mabin, Forgeson and Green (2001) argue, resistance is viewed as both a positive and necessary force that can inform change efforts through providing alternative ideas, harnessing people into the problem solving process and aiding the consideration of alternatives.

According to Bennebroek Gravenhorst (2003), resistance seems to apply to everyone in an organization, except to top management. Since top managers are the ones who decide what changes should be implemented and how, it is deducted that they are the initiators of the change processes and therefore, will not manifest resistance. As change strategists (Kanter et al., 1992) they initiate change processes and subsequently are confronted with line-managers and employees who resist this changes. This view is contradicted by other researchers (Smith, 1982; Spreitzer and Quinn, 1996), who argue that the ones who usually work toward maintaining the status quo are the top managers, resisting most of the change efforts.

Further, through the proposed case study, we are going to examine if employees really manifest resistance to change and will try to answer to each of our objectives.

Method

We have conducted a survey in a credit institution that underwent a major change during the last few years. The credit institution has emerged twice and despite the financial difficulties, the management kept all its employees.

On-site data collection, analysis and literature research were carried out between july and december 2011. Data was collected with questionnaires, interviews with bank managers and employees and also direct observation. The questionnaire consisted of 15 statements, which were grouped in three categories. Each category contains a number of statements which respond to one of the three objectives mentioned above. The first four statements reffered to the employee's reasons, the next six outline the outcome expectation of the change process and the last five statements, highlight the support of employees.

The questionnaire was send to 136 employees which work in the bank's branches and agencies in the west region of Romania. The questionnaire was fully completed by 104 employees, which represents 76.37 per cent. As Edwards, Thomas, Rosenfeld and Booth-Kewley (1997) state, there is not an accepted criterion for survey response, but generally one can be satisfied with 50 per cent or more. It was given personally to 30 per cent of employees and send by email to the rest.

Results

Staff structure was represented mostly by employees with the age between 27 and 35 years old, the average age of the respondents being 32.22 years. 14 were men and 90 were women. The youngest employee was 25 years old and the oldest was 57 years of age.

Analyzing the first objective, the real reasons why employees resist change, we have concluded that most employees usually understand the need for change and believe that it will make sense for the organization, but at the same time, they do not neglect their own interests. The main motive why employees resist change is their personal interest. For 63.47 per cent of employees, their personal interests count more than those of the organization. If a loss is expected due to the new change, they will not support it and try to prevent a proper functioning.

Analyzing the main motive in terms of age, we have concluded that employees who treasure most their personal interests, had the age between 25 and 36 years, being less loyal to the organization than those after 37 years.

The second motive is represented by the understanding of the goal of the new change. Employees need to know exactly what is going to happen and what impact the new change will have on them. Security is very important for employees, which is why top management must communicate constantly with their subordinates.

Employee's results regarding the first objective are shown below, in the table 1.

Motives of resistance to change Table 1

Scale	1 – Strongly disagree (%)	2 – Disagree (%)	3 – Agree (%)	4 – Strongly agree (%)
My personal interests count more than those of the organization	2.88	33.65	43.27	20.2
I do not understand always the goals of the new change	2.88	51.04	42.23	3.85
I have the belief that the change does not make sense for the organization	11.53	82.7	5.77	0
I have low tolerance for change	12.5	77.88	9.62	0

The general outcome expectation of the change effort is positive, 87.5 per cent of employees having a good feeling regarding the new change. Over the years, employees got used with the frecquent changes and gained enough knowledge and experience to perform well after changes are implemented. Even if 12.5 per cent of employees still expect a negative outcome, the rest are more open minded, expecting positive results. In terms of age, 11 per cent of the employees who expect negative results have the age between 27-36 years old.

Table 2
Outcome expectation of the change,

	Percent %
Outcome expectation	
Very negative	0.48
Negative	12.02
Positive	76.76
Very positive	10.74

Do employees and managers support the change process? Analyzing table 3 we can say that almost 78 per cent of members manifest support for change, being willing to put an effort to make the change happen. Even if 76 per cent of employees find the changes necessary, 38 per cent disagree with the fact that the new changes will have clear advantages for them. Usually new changes equate with more tasks and responsabilities, but taking into account the current economic situation, employees do not mind working harder.

Table 3
Support for change

	Percent %
Support for change	
Very low	0
Low	22.11
High	68.27
Very high	9.62

As the interviewed employees occupy different positions in the company, we wanted to find out which ones are more or less resistant to the new changes. Dividing employees in three categories, operations officers, middle management and top management we discovered the following:

The operations officers are very adaptable to the new changes. As the work procedures change constantly, they are used to work in a changing environment. Even if they agree with the fact that the new changes will not have clear advantages for them, they still support the goals of the change process and are willing to put an effort to make the new changes stick.

Middle managers also support the new changes and are willing to put an effort in the change process, despite the fact that almost 25 per cent of them do not find the new changes necessary.

Executive managers are the ones who want the new changes to be implemented. They support the new changes fully and consider most of them vital for the further development of the organization.

After conducting a few interviews with four bank managers and observing the employees for three months, we have concluded that most employees welcome the new changes, but of course, there are a few exceptions.

According to one manager, “because the company started to make redundancies, employees work harder than before. New changes are expected and they are trying to get involved as much as possible in the process”. Even if deep in side, some of the employees do not like the new changes, they do not manifest resistance. They comply to the new situation and as their job is at stake, everyone tries to welcome the new change and do their job as good as possible. An interesting fact revealed by another manager was that some employees manifest resistance by not doing their job properly. “Even if most employees say that they understand the need for change and agree to go to trainings, some are not willing to do the things according to the new procedures”. In some cases, it is easier for employees not to check if a company’s situation has changed during one or two years, completing the form with the previous details and sending it for further analysis.

Conclusions

Results show that few employees resist change, willingness to change being the general response in the organization. Employees usually understand the need for change and even if their own interests count more than those of the organization, they are willing to support the goals of the change process. The general outcome expectation of the change is positive, 87.5 per cent of employees having a good feeling regarding the new change.

Analyzing the stuff structure we observed that most employees are young, with an age around 32 years old. According to our results, both middle and executive managers want the new changes to be implemented and they fully support them. This results confute Smith’s (1982) and Spreitzer and Quinn’s (1996) hypothesis, according to which top management tries to maintain the status quo while middle managers manifest desire for implementing new changes.

Taking into account the current economic situation, we can say that employee’s general response to change is mainly supporting it. To keep their jobs, employees work harder and sometimes overtime.

The limits of this research are:

We can not assert that the obtained results are valid for all credit institutions;

For greater impact it would be recommended to analyse bank’s branches from all over the country and see how employees react to change in other regions;

Employees general assessments regarding their workplace might have a high degree of subjectivity;

The economic crisis influences employee’s decisions regarding job opportunities.

For further research, we would like to analyze employee’s resistance to change in organizations that operate in different economic sectors and of course, to make a prospective comparison between the present time and a future time of economic growth.

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