# Management Responses to Change and Problems Related to Change

**Specification requirement**— Management responses, e.g. Increased expenditure on research and development, training and capital investment.
Problems associated with change, e.g. worker resistance, lack of finance and management expertise.

## Change Management

One of the most difficult parts of leadership is encouraging and managing organisational change. By change we do not mean steady evolutionary development, but a radical reorganisation of the way a business or a section of a business operates.

## Management Response To Change

To prepare for change and to be in a position to effectively react to change, managers need to put in place a number of key strategies. These are:

- **Seek employee Commitment**
- **Increased Research and Development Expenditure**
- **Increased HRM Expenditure**
- **Capital Investment**

### Seek Employee Commitment

The first stage in effective change management is preparation for change. The laying of the groundwork for change is an opportunity for the establishment of effective communication between managers and employees. This communication should be structured and focused on management ideas for change, but at the same tome should allow a two-way flow of ideas—allowing more junior workers to offer ideas and solutions. This type of consultation and view gathering, shows that preparation for change is important, and also that employee support is needed.

### Increased Research and Development Expenditure.

Increased expenditure on R and D is used both in preparation for change, and as a reaction to change. This type of spending brings to a firm new products, new methods of production and new technologies.

### Increased HRM Expenditure.

Workers need to be trained, flexible, and adaptable, so to meet the demands of change. There may be need for recruitment so the firm has workers with new skills or managers who can force the pace of change.

### Capital Investment.

Change can create the need for investment in new technology and new equipment, whether for production or for selling.

## Problems of Change in Business

### Worker Resistance

There are many documented cases where companies have tried to install new technologies or systems of working without considering the impact on social systems (the way people work and interact with each other), or without giving thought to how the people who actually do the work feel about the changes. The result is usually an expensive failure, with employee reactions ranging from simple misunderstandings (resulting in lost productivity or damage) to outright sabotage and organised industrial action.

The best ways to avoid resistance to change are also the best ways to assure that employees are motivated to support the change effort. So managers should:

- whenever possible involve workers from the beginning.
- clearly explain the reasons for the change.
- having a clear strategy, direction, and vision.

**Financial Problems.**

Capital investment and spending on R and D is expensive. During a period of enforced change, profits may be reduced, so there is less capital available for the required investment, meaning the need for external funds is increased. External borrowing can be expensive or difficult to obtain.

**Lack of Expertise**

Managers may lack expertise both in change management and in new methods of production or selling. In these circumstances managers often find it difficult to accept the need for outside help, especially when it involves recruitment of new senior managers who will undoubtedly want to change the ways things are done.

**Notes**