

**MANAGING RESISTANCE TO STRATEGIC CHANGE AT
NATIONAL HOUSING CORPORATION**

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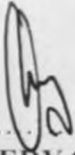
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A Management Research Project submitted in partial fulfillment of the Requirements for the Degree of Master of Business Administration, School of Business, University of Nairobi.

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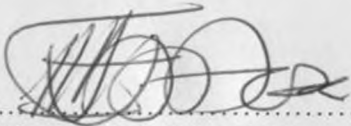
DECLARATION

This management project is my original work and has not been presented for a degree in any other University.

Signed: 
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Date: *16th November 2006*

This management project has been submitted for examination with my approval as University Supervisor.

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DEDICATION

Dedicated first to God through whom all things are possible. To my lovely wife Zuhura and son Tristan, you complete me.

ACKNOWLEDGMENT

I wish to express my most sincere thanks to the following people. First and foremost Professor Evans Aosa who gave valuable criticism and guidance when writing this research project.

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ABSTRACT

Organizations nowadays are under intense pressure to fundamentally change how they operate and do business if they are to ensure their survival and competitiveness. As organizations go through these motions, resistance to change is usually evoked. Moreover, since resistance to change is the most frequently cited implementation problem encountered by management when introducing change, understanding how to manage it is useful. This phenomenon of resistance is a complex issue facing management in organizations today.

Motivated by this concern, this research basically sought to inquire whether there are strategies, which organizations going through change, can use to manage resistance. National Housing Corporation, which is the subject of this study, undertook changes to its strategic direction, organizational culture, internal processes and performance management system that elicited resistance. A case study was thus conducted to determine how the resistance was managed. The researcher carried out in-depth personal interviews with the top and middle management at National Housing Corporation. Also interviewed were three consultants contracted by National Housing Corporation to coordinate various change initiatives.

According to the study findings National Housing Corporation was able to successfully manage resistance by using strategies like adjusting culture, support by the top management, communication, participation, scheduling change and training. The study also revealed three recommendations which organizations should take cognizance of when faced with resistance to change. The first one is that it is crucial for managers or change agents to be competent in managing the change process. Secondly, organizations going through change clearly recognize and identify the underlying causes of resistance as and when it emerges. Finally the positive aspects of resistance should not be ignored. This research contributes to the existing literature and can serve as a guideline for managers on how to introduce organizational change in a way that decreases the potential for resistance.

1 INTRODUCTION

1.1 Background

1.1.1 Change Management

In today's economy, change is pervasive in our society and a fact of life in organizations. It happens continuously and often in rapid speed. According to Pearce and Robinson (1997) the impetus of change in most cases usually comes from the external environment. As more and more organizations operate in a random, turbulent environment the need for change is felt more strongly. Fay and Luhrmann (2004), point out that organizations are constantly being forced to go through continuous adaptation due to factors like progressive globalization, increased competition, changes in information technology, and deregulation. The world is continuously changing and so organizations in it need to change on order to survive (Greenberg and Baron, 2002).

The targets of most organizational changes usually include strategy, structures, people, technology, job design, performance standards, and culture. According to Eriksson (2004) people's lives, daily activities, motivations, satisfaction, and sense of self are affected by changes in their work and workplaces. Ashforth and Humphrey (1995), point out that people's reactions to change include defensiveness, grief, helplessness, isolation, abandonment, denial, and uncertainty. Resistance frequently occurs as a response to organizational change that has the potential of personal impact.

Feelings such as resistance that change evokes are very human, and to ignore them is a mistake. To succeed, organizations need to understand and manage the human dimension when implementing change (O'Connor, 1993). Many authors (Lawrence, 1954; Maurer, 1996; Strebel, 1994; Waddell and Sohal, 1998) stress that resistance to change usually leads to the failure of many change initiatives. Broadly defined resistance is a fearful response to any major change.

Zander (1950) defined resistance to change as behavior, which is intended to protect an individual from the effects of real, or imagined change. Resistance has also been defined as any conduct that serves to maintain the status quo in the face of pressure to alter the status quo (Kirkman 2000). From these two definitions it can be observed that resistance is a consequence of change.

Being unable to manage resistance at the organizational level is a mistake that accounts for failures of new businesses, mergers, reorganizations and other strategic change efforts (Reynolds, 1994). Since change has become an every day part of organizational dynamics employees who resist change can actually cripple an organization. According Coghlan (1993) it is very important that organizations have proper understanding of the process that leads to change as well as the underlying causes of resistance to change.

1.1.2 The Housing Industry

Two main players control the local housing industry in Kenya, that's the Government of Kenya and the private sector consisting of both corporate and individual developers. According to the National Housing Policy (2004), the demand for housing in the urban centers outstrips the supply by about 130,000 units annually. The Government intends to improve both the quantity and quality of the housing stock in the country. Since the Government cannot achieve this objective by itself, it came up with the National Shelter Strategy 2002, where it facilitates an enabling environment for the private sector to invest in the housing industry.

The housing industry is currently experiencing growth due to positive changes in the economy which provide immense opportunities and incentives for players in the industry to invest in the construction of houses. According to the National Development Plan 2002-2008 the Housing industry in Kenya is projected to grow at a rate of about 6.5% from the year 2003. As Table 1 shows this growth rate is anticipated to increase as the Economic Recovery Strategy for Wealth and Employment creation launched by the Government in June 2003 starts meeting its objectives.

Table 1: The average annual growth rate in the housing industry

YEAR	1964-73	1974-79	1980-89	1990-95	1996-2000	2001-2008
Average Growth Rate in %	3.5	14.5	10.0	10.3	5.6	6.0

Source: National Development Plan 2002-2008: Effective Management for Sustainable Economic Growth and Poverty Reduction.

1.1.3 National Housing Corporation (NHC)

National Housing Corporation (NHC) was established in July 1967 under the Housing Act Cap 117 of the laws of Kenya. The Government uses NHC to meet its social obligations to its citizens through the development of decent and affordable housing. Other roles of NHC includes the mobilization of local and international capital for housing development, forging partnership with local authorities, co-operatives, the private sector and other stakeholders in the housing industry. NHC has constructed over 50,000 housing units at a cost of over Kshs. 3 Billion (NHC Strategic plan 2005 to 2009). In order to facilitate its operations countrywide NHC has regional field offices in Nakuru, Eldoret, Kisumu and Mombasa with the Head Office in Nairobi. The current staff strength consists of 370 employees.

According to NHC's financial accounts for the period ending June 2006, the corporation's assets were valued at Kshs. 5.1 Billion. The Corporation's products portfolio consists of rental properties, tenant purchase schemes, rural housing loans and housing developments in urban centers offered for outright sale to middle and low income earners. The Board of Directors is composed of four public officers representing various relevant Government Departments and five members from the private sector. The Government appoints the Board and CEO under renewable three-year terms. The day-to-day running of the Corporation is the responsibility of the Management team headed by the CEO and assisted by five departmental managers.

Several changes in NHC's operating environment necessitated major re-alignment of its strategic direction. First was the continued decline in NHC'S market share. For more than two decades the NHC was the market leader in the housing market. However increased competition from private developers has significantly reduced NHC's market share. This impacted negatively on NHC's financial performance. According to NHC financial accounts the Corporation posted losses for five years in a row from 1999 to 2003. This was aggravated further by Local Authorities defaulting to pay back loans advanced by NHC, a freeze of additional funding from the Exchequer and poor corporate governance structures in the Corporation.

Second there was the issue of changes in the political environment. In 2002 the current government came into power on a platform on change. According to the Economic Recovery Strategy (ERS) for Wealth and Employment Creation 2003-2007, the Government undertook to restore growth of the country's economy after years of decline. The ERS underscored the importance of housing in poverty reduction and employment creation. The Government undertook to facilitate various actors such as NHC, and other sectors to meet the housing production target of 150,000 units annually.

Finally there were changes in the regulatory environment of State Corporations. In 2003 the Government instituted measures to ensure that all State Corporations were self-sustaining and efficiently run. The Board and Chief Executive Officers of these Corporations were required to negotiate and sign Annual Performance Contracts with the Government. The contracts specified the targets to be achieved in each financial year in return to delegated autonomy in the running of Corporations.

It was against the backdrop of the changes highlighted above that the Government appointed a new Board of Directors and CEO at NHC in June 2003 to guide the Corporation through the paradigm shift. In early 2004 the Management appointed consultants to conduct a situational analysis of NHC and identify major areas that required strategic changes in response to the environmental changes.

NHC's strategic direction was the first area slotted for change. The dynamic nature of the environment necessitated a re-examination of NHC's current position and future direction so as to respond effectively to its mandate. This culminated in a comprehensive revision of National Housing Corporation's strategic plan driven by the board of directors and assisted by external consultants.

The organizational structure was the second area that needed change. NHC operated for a long time with a top-heavy structure, which was largely blotted, inefficient and bureaucratic. Revision of the strategic plan also necessitated realignment of the organizational structure. This was done in order to forestall structural inertia.

Third, most of the processes at NHC were outdated and manual in nature. Management found it necessary to review the internal business processes. Management undertook to automate and realign most of the internal processes in order to make them more efficient. NHC also planned to obtain ISO 9001:2002 certifications by 2007.

The fourth area that urgently changes was the organizational culture. According to a cultural web analysis done on the Corporation in 2003 by a task force consisting of Management and consultants, it was observed that the NHC had a predominantly defender culture. In order to meet NHC'S strategic objectives the management undertook to change the organizational culture to a prospective culture, which is pro change.

The final area targeted for change was the Performance Management System. Due to the introduction of performance contracts in State Corporations NHC's management found it necessary to implement a new performance management system. Under the new system employees were expected to sign annual contracts, which would only be renewed based on meeting certain work targets. In addition a reward mechanism was to be put in place so as to motivate employee's who met annual work targets. In an effort to successfully implement changes in the areas listed above, the management at NHC was faced with the challenge of addressing resistance to strategic change.

1.2 Statement of the problem

The world today is a place of relentless and accelerating change. In order to survive and remain successful organizations are often required to undergo through strategic changes. The common areas targeted for change usually include the organizations strategic direction, structures, policies, technology and practices. As organizations go through these changes the issues of resistance normally arises.

Resistance to change is therefore a complex issue facing management in the dynamic and ever evolving organizations of today. It has been identified as a critically important contributor to the failure of many well intended and well conceived efforts to initiate change within organizations. Change agents and managers thus need to be adept at understanding and managing this phenomenon.

As mentioned earlier National Housing Corporation has been going through several strategic changes. These changes are expected to have elicited some resistance. This research aims at addressing the following questions in relation to National Housing Corporation. What resistance was experienced? And how was it handled?

1.3 Objectives of the study

The objectives of this study were twofold,

- (a) To establish the type of resistance to strategic change that existed at National Housing Corporation.
- (b) To establish how National Housing Corporation managed resistance to strategic change.

1.4 Scope of the Study

The study was limited to a four-year period (2003-2006) in the history of National Housing Corporation. This four-year period coincides with the appointment of a new Chief Executive Officer and Board of Directors who were involved in steering the organization through a strategic change process. The period prior to this is characterized by NHC muddling through without a deliberate strategy.

1.5 Significance of the Study

Researching on the topic under investigation is of benefit to various parties. First and foremost NHC will benefit from this study since the report is a useful source of information to its Management and staff. In future if NHC is to go through a similar change process, its Management can be guided by the findings of this study. This would basically result in a short learning curve thus saving time and resources for the organization.

Second, organizations intending to go through a strategic change process should be interested to learn from NHC how it addressed the issue of managing resistance to change. Such organizations will not need to “re-invent the wheel” as it were. They can use the findings of this study to address similar challenges.

Third, academically this study is expected to contribute to the field of strategic management in general and change management in particular. Scholars and researchers in change management can leverage on the findings of this study to develop further research in understanding and tackling the issue of resistance to strategic change in the workplace.

2 LITERATURE REVIEW

2.1 *Organizational Change*

According to Reger et al., (1994) organizations are nowadays forced to operate in increasingly dynamic environments and are as a result under great pressure to fundamentally change the way they do business. Pearce & Robinson (1997), point out that powerful forces in the environment are pressurizing public and private organization to alter permanently existing strategy, structure, policies, technology and practices. This implies that the aim of organizational change is an adaptation of the environment and/or an improvement in performance.

Changes in organizations usually differ in scope since some are minor while others are major. Greenberg and Baron (2002), point out that first order changes are those that are continuous in nature and involve minor shifts in the way organizations operates. These are basically very deliberate incremental changes undertaken by organizations. According to Goodstein and Burke (1991), the second types of changes are usually strategic, transformational and revolutionary and are often referred to as second order changes. These are radical transformation, where the organization totally changes its essential framework while looking for new competitive advantage (Nadler and Tushman, 1990).

In order to implement change successfully organizations need to be adept at managing transitions. Goodstein and Burk (1991) assert that the process of change management deals with aligning people, resources and culture with a shift in the organizational direction. During this transition many organizations usually encounter various problems that cause delays and additional costs thus affecting successful implementation of change. One of the biggest challenges faced by organizations going through change is that posed by resistance to change (Bovey and Hede, 2001).

2.2 *Resistance to Strategic Change*

Organizations and people are innately adverse to any radical changes (Nichols, 2000). The general argument is that when confronted with rapid change both get rigid, freeze up and usually rebel against change. Johnson and Scholes (1998) assert that resistance in organizations occurs at two distinct levels, organizational and individual. Organizations as a whole also manifest behavior similar to individuals when faced with the need to change.

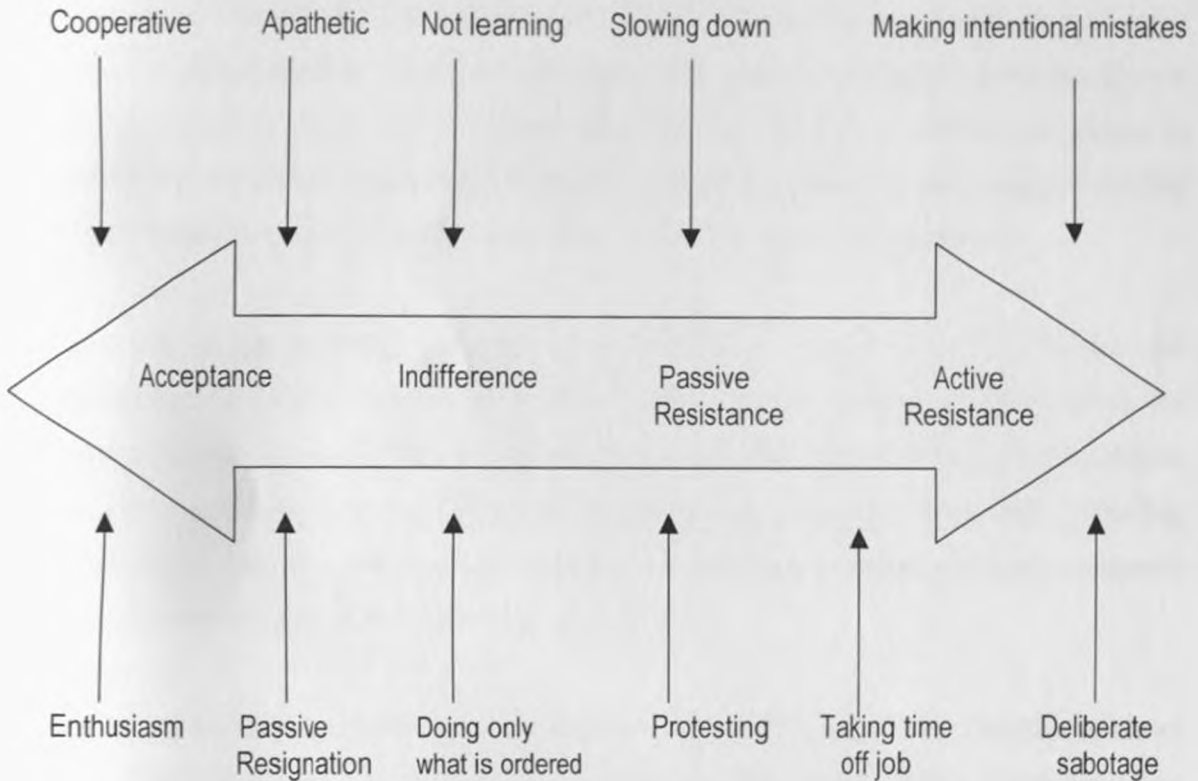
The energy of individuals involved in change is very powerful (Schalk and Campbell, 1998). According to Greenberg and Baron (2002) people's reaction to organizational change can be summarized in a continuum ranging from acceptance, through indifference, and passive resistance to active resistance. This continuum is shown in Figure 1 below. The right side of the continuum entails resisting reactions towards change while the left side entails supporting reactions towards the change effort.

Regardless of how widespread or systemic change is in organizations, ultimately it is personal. Resistance frequently occurs as a response to an interpersonal or organizational change that has the potential of personal impact. Positive reactions can be supportive of change and yield its success, while negative reaction can undermine or thwart planned change (Schalk and Campbell, 1998).

The relationship between individual and organizational resistance to change is important (Lorenzi et. al., 1995). An organization is a complex system of relationships between people, leaders, technologies, and work processes. From this interaction emerge organizational behavior, culture, and performance. These emergent properties and behaviors are tightly inter-linked. Organizational resistance to change can easily give rise to individual resistance and vice versa. A self-reinforcing loop of increasing resistance can develop in the organization if individuals create an environment in which resistance to change is the norm. That environment in turn encourages increased resistance to change among individual employees. The basic dynamic behind this phenomenon is that

the organization is made up of a network of circular causal processes: A influences B, which then influences C, which in turn influences A, i.e., the snake bites its own tail. Understanding these internal organizational dynamics is a prerequisite for leading effective change processes.

Figure 1: People's Reactions to Organizational Change



Source: Greenberg and Baron (2002)

2.3 Perspectives of Resistance

Broadly defined resistance is a fearful response to any major change (De Jager, 2001). Review of literature indicates that resistance to change has been defined differently by various authors. Further analysis of these definitions indicates that this phenomenon can be differentiated into four main perspectives (Vos, 2006). These are the irrational, political, social and, psychological. The last three emanate from a rational point of view

and offer more insight for the investigation of resistance than does the irrational approach.

The irrational approach views resistance as unavoidable behavioral response to change such that when managers and employees are faced with change they act irrationally by trying to maintain the old habits (Metselaar, 1997). According to this perspective resistance is viewed as a natural aspect of change and involves any force directed away from the change process. Ashforth and Mael (1998) defined resistance as intentional acts of commission or omission. This perspective is rather flawed, as it does not attempt to understand the underlying elements that cause resistance and seems to resign to the fact that resistance is bound to happen regardless of the prevailing circumstances.

According to the political perspective, organizations are made up of coalitions with usually opposite interests. Change is then resisted because it leads to alterations in the existing balance between these coalitions. Folger and Skarlicki (1999) defined resistance as employee behaviors, which seek to challenge, disrupt, or invert prevailing assumptions, discourse, and power relations. An example is where resistance originates from the existing power structure in an organization.

The social perspective holds that organizations are socially constructed realities made of individuals or groups of individuals working together (Vos, 2006). Here resistance develops during the course of social interaction when group norms and values collide. For example attempts to change the organizational culture often leads to resistance. Morgan (1986) stresses that the chance of conflict or resistance to change increases when rituals and daily routines are broken.

Finally according to the psychological perspective people have a tendency towards homeostasis, meaning that people strive for a balance between change and stability (Vos, 2006). Too much change leads to uncertainty and commotion, but no change at all leads to boredom. Resistance in this case lies in the perception of a constant threat to the status quo. This perspective is reflected by Johnson (1992), who defined resistance as half of a

polarity, part of a constant tension between tradition bearing and crusading to the next frontier. Dent and Goldberg (1999) also added that individuals naturally rush to defend and protect the status quo if they feel that their security or status is threatened. Resistance is often viewed as a psychological concept by most of the literature on change management, such that support of change or resistance, is perceived within the context of individuals in organization.

2.4 Sources of Resistance

In order to understand the emergence and manifestation of resistance to change, it is necessary to know the sources of this phenomenon. Causes of resistance lie either in the organization or individual (Vos, 2006). Johnson and Scholes (1998) outline six major sources of organizational resistance as structural inertia, limited focus of change, group inertia, threat of expertise, threat of established power relationships and threat of established resource allocations. Individual resistance on the other hand arises due to factors like uncertainty, surprise, personality conflicts, surprise and lack of communication (Kreitner, 1992).

Ashforth and Humphrey (1995) point out that early research in the field of change management acknowledged aggression and frustration in employees as the emotional factors that cause undesirable behavior and resistance to change. While Piderit (2000) asserts that resistance to change is a defense mechanism caused by frustration and anxiety. Friend and Cook (1996), on the other hand opine that resistance frequently occurs as a response to an interpersonal or organizational change that has the potential of personal impact. As it can be observed literature on change management forwards many subdivisions for the causes of employee resistance.

Zander (1950) offered six primary reasons for resistance to surface in organizations. First is if the nature of the change is not made clear to the people going to be influenced by the change. Second, if the change is open to a wide variety of interpretation. Third, is if those influenced feel strong forces deterring them from changing. Fourth, is if the people

influenced by change have been pressurized to accept the changes instead of having a say in the nature or direction of the change. Fifth, if the change is made on personal grounds. Finally is if the change ignores the already established institutions in the group. Although the list has since grown there are several causes that are quite common and prevalent (Dent and Goldberg, 1999). This has helped to provide a solid basis to understanding the concept of resistance.

Kotter and Schlesinger (1979) point out that there are four major reasons why people resist change. First is fear of losing something of value. Second is misunderstanding or mistrusting the change and its implications. Third, is the belief by employees that the change is of little or no use at all. Finally is when a low tolerance for change exists in the organization. In these cases, the causes of resistance can be found in both the personality and the environment. They further argue that if an employee has a low tolerance for change, the increased ambiguity that arises as a result of having to perform their job differently would likely cause resistance to the new way of doing things.

According to De Jager (2001) employees resist change because they have to learn something new. In many cases there is no disagreement with the benefits of the new process, but rather a fear of the unknown future and about the ability to adapt to it. Kegan and Lahey (2001) on the other hand describe a psychological dynamic, which they refer to as competing commitment as the real reason for employee resistance to change. According to them the change is not challenged, but rather it is resisted, or not implemented at all because the employee faces additional issues or concerns related to the change.

Hultman (1995) points out that there is always the danger of one identifying a symptom of resistance when one is really looking for the cause. In order to properly address employee resistance it is important to properly diagnose the underlying reasons causing it. Symptoms are a consequence of causes of resistance. Examples of symptoms of resistance include a rise in the number of employee reporting ill, being late to meetings and a rise in the number of conflicts in the organization (Metselaar, 1997).

According to Greenberg and Baron (2002) a distinction exists between primary and secondary causes of resistance. Primary sources of resistance are perceived as being directly linked to the content of change. This is often the case when change has detrimental effects on the work conditions. In contrast secondary causes of resistance are defined as barriers that directly or indirectly hinder the implementation of the change. Examples of secondary causes of resistance include lack of time, resources, competencies, and absence of a clear plan to implement change.

Dent and Goldberg (1999) observed that there is usually a lot of similarity in the arguments that various authors in change management (Aldag and Stearns, 1991; Durbin and Ireland, 1993; Griffin, 1993; Kreitner, 1992; Schermerhorn, 1989) put forward as the causes of resistance. According to Kreitner resistance arises from those whose jobs are directly affected. Griffin, Alday and Stearns, and Schermerhon are almost synonymous in the causes of resistance to change as Table 2 shows. Durbin and Ireland on the other hand attribute resistance to three main factors: people's fears of poor outcomes (i.e. that they may earn less money, be personally inconvenienced or be required to perform more work); people's fears of the unknown; and workers realization of faults with change overlooked by management and their fear of resulting problems.

TABLE 2: Causes of Resistance to Change.

Authors	Kreitner (1992)	Griffin (1993)	Aldag & Stearns (1991)	Schermerhorn (1989)	Dubrin & Ireland (1993)
CAUSES OF RESISTANCE					
Surprise	X				
Inertia	X				
Misunderstanding	X	X	X	X	
Emotional Side Effects	X	X	X	X	
Lack of Trust	X	X	X	X	
Fear of Failure	X				X
Personality Conflicts	X	X	X	X	
Poor Training	X				
Threat to Job Status/Security	X	X	X	X	X
Work Group Breakup	X	X	X	X	
Fear of Poor Outcome					X
Faults of Change					X
Uncertainty		X	X	X	

Source: Dent, E. & Goldberg, S. (1999). Challenging Resistance to Change, Journal of Applied Behavioral Sciences March.

2.5 *Why Manage Resistance?*

The process of change is ubiquitous and resistance has been identified as a critically important contributor to the failure of many well intended and well conceived efforts to initiate change within organizations (Reynolds, 1994). Resistance usually impairs concerted efforts to improve performance at both the individual and the organizational levels. Many corporate change efforts have been initiated at tremendous cost only to be halted by resistance among the organization's employees.

Change suggests letting go of old habits, roles, processes, procedures, and structures (Pearce & Robinson, 1997). There is uncertainty about new requirements and excessive concern about the future. All of this results in anxiety, stress, conflict, and resistance. According to Eriksson (2004), it is important for change managers to have an understanding of why people resist change, because this allows them to plan strategies aimed at managing resistance from the onset. Resistance is therefore an ongoing problem.

Folger and Skarlicki (1999) assert that organizational changes usually generate skepticism and resistance in employees making it sometimes difficult or impossible to implement organizational improvements. The resistance aspect of change can make or break it. Understanding, addressing and embracing resistance is fundamental to understanding and managing change. In order to facilitate a smooth transition from the old to the new, organizations must be competent in effectively managing resistance to change.

Ansoff (1990) points out that resistance to change introduces costs and delays into the change process that are difficult to anticipate but must be taken into consideration. This implies that organizations need to take cognizance of resistance when implementing change. According to Coetsee (1999), any management's ability to achieve maximum benefits from change depends in part on how effectively they maintain a climate that minimizes resistant behavior and encourages acceptance and support to change.

It is therefore very important that the change managers anticipate, and plan strategies for dealing with resistance. This applies not only at the formulation of the change, but also at the implementation phase. There must be continuous follow-through, so that the change manager monitors the change over the long-term, being alert for difficulties as they appear.

2.6 *Studies on Managing Resistance*

Lewin (1947) first introduced the concept of resistance to change. He is also credited with bringing up the notion of managing and removing resistance to proposed changes occurring in the organization. His early work focused on the aspects of individual behavior that must be addressed in order to bring about effective organizational change. He introduced the term as a system concept, as a force affecting managers and employees equally. According to him the status quo represented equilibrium between the barriers to change and the forces favoring change. He was of the opinion that it was more effective to weaken the barriers to change than to strengthen the drivers.

He argued that work took place in organizations within a system of roles, attitudes, behavior, norms, and other factors. He suggested that any disequilibrium in this group dynamics in organizations could result in a change effort being accepted or resisted. He believed that some differences in the forces were required in order to facilitate change. His solution was to advocate that successful change rests in “unfreezing” an established equilibrium by enhancing the forces driving change, or by reducing or removing resisting forces and then “refreezing in a new equilibrium state.

Lewin (1947) suggested that the practical task of social management, as well as the scientific task of understanding the dynamics of group life, requires insight into the desire for and resistance to, specific change. Resistance to change was a system phenomenon, not a psychological one for the psychology of the humans in the system is an element of the total system.

The first known published reference to research on resistance to change in organizations was a study conducted by Coch and French (1948). This study focused on the finding out why people resist change so strongly and what can be done to overcome resistance. Coch and French's (1948) hypothesis was that resistance to change is a combination of an individual reaction to frustration with strong group induced forces. Through a variety of experiments, they basically concluded that groups which were allowed to participate in design and development of changes have much lower resistance than those that do not. They advise managers to hold group meetings to communicate the need for change and solicit employee's involvement in the planning of the change.

Zander (1950) wrote an article that made an early distinction between symptoms and causes of resistance. Rather than providing a systems model he equated resistance in organizations to a psychotherapist and a patient. His primary advice for practicing managers was to know what the resistance meant so that they could reduce it by working on the causes rather than the symptoms.

Lawrence (1954) proposed the existence of both technical and social dimensions of change. He argued that resistance occurs when these social aspects are not addressed. He listed five prescriptions for what management can do about resistance to change as broadening staff interests, using understandable terms during change, having a new perspective towards resistance, developing new job definitions and revising the role of the change agent to be that of a facilitator.

Flower (1962) on the other hand observed that the solution for those managing change involves finding out what change means to the employee's perspective. He also noted that additional resistance is often triggered by the way the manager reacts to the initial change. Some of the basic prescriptions of overcoming resistance that he presented to managers included providing employees with the opportunity for participation, facilitating two-way communication, avoiding to impose change, making change consistent with the employee's self image and dealing with employees individually and not as a group when managing resistance.

Dent and Goldberg (1999) assert that there is great similarity in the arguments put forward by authors (Aldag and Stearns, 1991; Durbin and Ireland, 1993; Griffin, 1993; Kreitner, 1992; Schermerhorn, 1989) regarding the strategies for managing resistance. As Table 3 shows these authors recommend overcoming resistance with participation, education, facilitation, negotiation, manipulation and implicit or explicit coercion. Although their strategies of dealing with resistance are almost identical to those suggested in Table 3, Kotter and Schlesinger (1979) go a step further to link each strategy with situations in which they can be used appropriately. They also list both the advantages and disadvantages of using each strategy as shown in Table 4.

As it can be observed from the literature above there are as many strategies for managing resistance as there are causes. However what is vital for management is to select the appropriate approach or technique given the underlying circumstances. Any mismatch between the two usually results in the problem of resistance not properly being dealt with. Management also has to take cognizance of the fact that it is usually unlikely for organizations to completely eliminate resistance to change. Rather what is important is to introduce organizational changes in a way that decreases the potential for resistance

TABLE 3: Strategies for Overcoming Resistance to Change

Authors	Kreitner (1992)	Griffin (1993)	Aldag & Stearns (1991)	Schermerhorn (1989)	Dubrin & Ireland (1993)
STRATEGIES					
Education	X	X	X	X	
Participation	X	X	X	X	X
Facilitation	X	X	X	X	
Negotiation	X	X	X	X	X
Manipulation	X	X	X	X	X
Coercion	X	X	X	X	
Discussion					X
Financial Benefits					X
Political Support					X

Source: Dent, E. & Goldberg, S. (1999). Challenging Resistance to Change, Journal of Applied Behavioral Sciences March.

TABLE 4: Strategies for addressing Resistance to Change

Approach-Style	Situation Used	Advantages	Disadvantage
Education + Communication	Where there is a lack of or inaccurate information and analysis	If persuaded, people will help with the implementation of change	Can be time consuming if many people are involved
Participation + Involvement	Where initiators do not have all information to design change and where others have power to resist	Participants are committed to implementing change including their relevant contribution	Can be very time consuming with possibly inappropriate changes made
Facilitation + Support	Where resistance comes from adjustment problems	Best approach for adjustment issues	Can be time consuming, expensive and still fail
Negotiation + Agreement	Where one group will lose out and has power to resist	Can be an easy way to avoid major resistance	Can be too expensive if it leads to general compliance
Manipulation + Co-optation	Where other tactics won't work or are too costly	Can be a relatively quick and inexpensive solution to resistance	Can lead to future problems if people feel they have been manipulated
Explicit + Implicit Coercion	Where speed is essential and the change initiators possess considerable power	It is speedy and can overcome any kind of resistance	Can be risky if it leaves people mad at the initiators

Source: John P. Kotter and Leonard Schlesinger "Choosing Strategies for Change", Harvard Business Review, Mar. – Apr. 1979, pp. 106 -114

2.7 *Positive Resistance*

Traditionally, resistance has been perceived as an unfavorable and destabilizing problem that must be resolved in anyway so as to achieve successful organizational change. Dent and Goldberg (1999) point out that managers often consider resistance negatively, and employees who resist change are usually viewed as disobedient and obstacles the organization must overcome. Several scholars and theorists have forwarded alternative views regarding resistance. The gist of this school of thought is that resistance should be handled more objectively and respected as being a useful feedback tool that plays important and constructive roles in the whole change process.

Various authors (Maurer 1996; Waddell 1998; Piderit, 2000) have opined that resistance is not always negative or an obstruction to change. They point out that in certain instances, resistance may play a positive and useful role in organizational change. They further argue that resistance may force management to rethink and re-evaluate a proposed change initiative. Weisbord (1987) identifies resistance as valuable passion, which can be channeled more constructively.

Folger and Skarlicki (1999), contends that at times the organization may be changing the wrong things or doing it wrong. Resistance can therefore act as a gateway of filter, which can help organizations select from all possible changes the one that is most appropriate to the current situation. According to Piderit (2000), resistance to change acts as a useful source of information, which can assist change managers in developing more successful change processes. Resistance often serves a constructive purpose and is frequently an appropriate response to a situation especially when it is a symptom to deeper problems (Gitlin and Margonis, 1995).

De Jager (2001) asserts that resistance is a very effective, very powerful and very useful survival mechanism. He argues that the idea that anyone who questions the need for change has an attitude problem is simply wrong, not only because it discounts past achievement, but also because it makes us vulnerable to indiscriminate and ill-advised

change. Waddell (1998) postulates that there are many idealist managers who believe that change processes that occur with only minimal resistance must have been a good change that was well managed by the organization. She points out that this understanding is an immature perspective, which leaves resistance in the negative side of the change process.

2.8 *Common Mistakes when Managing Resistance*

It is important to note that there are no clear-cut solutions, which managers can employ to manage employee resistance. This is basically due to the fact that the context of each change process and causes of resistance are unique to each organization. There are certain common mistakes made by change agents and managers when attempting to lessen or remove resistance to change in their organizations (Dent and Goldberg, 1999).

First managers often make the mistake of assuming that it is their role to foster change and that of employees to always resist it. Therefore more often than not the strategies adopted to manage resistance are for managers to implement change and not for the supposed resistor (“employees”) to change. This assumption is flawed moreover may trigger additional resistance. According to Spreitzer and Quinn (1996) employees in the lower levels in organizations are often eager to make changes but encounter resistance from their senior managers due to the skewed assumption above.

Second is the tendency of managers to react to the symptoms of resistance rather than the underlying causes (Hultman, 1995). This usually results in the change agent prescribing the wrong preventive actions to manage the assumed resistance. Normally when the planned change in an organization is not going on as planned due to resistance, managers often look to make changes in employees while the real need may be to change the system. At times the resistance may actually be as a result of the way the change effort is being implemented. It is not surprising therefore to find some managers implementing strategies that deal with employee resistance while the underlying cause of resistance may be that the internal structures, processes and resources of the organization are not in tandem with the change effort being undertaken.

Third is the practice of managers attempting to replicate strategies that were successfully used to manage resistance elsewhere while not taking cognizance of the context of change. As it was mentioned earlier the circumstances of each change process and causes of employee resistance are unique to each organization. Sometimes a strategy for managing resistance that was successful in one organization fails in another due to the different holding variables. For example organizations have unique organizational cultures, which consists of different employee's values, beliefs, rituals, routines, and power systems (Pearce & Robinson, 1997).

Finally most change agents and managers usually consider resistance as something negative and inappropriate, which should be overcome at all costs (Dent and Goldberg, 1999). Due to this many managers do not take time to understand and appreciate the nature of resistance and as a result fail to benefit from its positive aspects like the feedback loop it offers which is vital in monitoring the change. As it was mentioned earlier genuine employee resistance can at times prevent management from undertaking change efforts which may end up unsuccessful.

From the literature above it can be observed that the term resistance to change went through a transformation in meaning from a systems concept as proposed by Lewin (1947) to a psychological one in the late 1960's. Recent authors are however restoring the concept to its roots based on a system framework. Senge (1990) notes that resistance is neither capricious nor mysterious. He points out that resistance to change occurs when the change agents fail to identify a balancing process, which need to be altered in order for change to be effective.

According to Kotter (1995) managing resistance in organizations should be perceived in the same context as removing obstacles in the total system. Meanwhile Beer, Eisenstat, and Spector (1990) advocate putting people into new organizational contexts which impose new ideas, responsibilities, and relationships rather than focusing on individual behavior.

In summary overcoming resistance is important and complex work. Change agents and managers need to play pivotal roles in recognizing, understanding and minimizing resistance before it evolves into a barrier to progress in organizations. While managing change it is prudent for managers to also take cognizance of the feedback role of resistance and thus turn it into a positive force. This implies being proactive and helping employees identify key issues and potential roadblocks so that the change process remains on track.

3. RESEARCH METHODOLOGY

3.1 *Research Design*

This is a case study on National Housing Corporation and how it managed change. The study provides in-depth information on how resistance to strategic change was dealt with. The case study enabled the researcher to follow up in great detail issues and information relating to the phenomenon. Implementation of strategic change at NHC is expected to have elicited some resistance. Management was thus required to identify and understand the causes of resistance in order to respond appropriately. The case study provided the researcher with opportunities to conduct an in-depth probe on how this was done.

3.2 *Data Collection*

This study used primary data obtained through in depth personal interviews with five members of NHC's top Management team. Three consultants who were assisting NHC to implement various change efforts were also interviewed. A questionnaire personally administered by the researcher was used as an interview guide during data collection. The questionnaire (Appendix II) was structured to address issues like the types of resistance manifested, sources of resistance identified, impact of resistance, managing resistance, challenges encountered and how they were overcome and finally the benefits realized from managing resistance. Secondary data was obtained by examining the company's publications.

3.3 *Data Analysis*

Feedback obtained from the interviews formed the basis for the content analysis done. Content analysis was used to identify and extract the key themes, concepts and arguments in the qualitative data. Such analysis assisted in the development of content around identified themes. It enabled the structuring of the data, which was, then used to expound

on the research problem. Content analysis has been successfully applied in similar empirical studies by Thiga (1999) and Njau (2000).

4 STUDY FINDINGS

4.1 *Type of resistance*

According to the executives interviewed resistance at NHC was predominantly behavioral as opposed to systemic. Over 90% of the respondents cited employees as the main cause of resistance to change at NHC. It was observed that the reason why individual resistance was dominant was basically because most of the planned changes were destined to directly impact the employees and how work was going to be done. This challenge to the status quo was largely manifested as employee resistance.

Systemic resistance was not a major issue since NHC's management had undertaken certain steps to ensure that the organization had capacity to undertake the planned strategic changes. First, adequate resources and planning time had been allocated to facilitate the strategic changes. Second, three consultants with competencies in the five areas targeted for change were brought on board to assist management drive the process. Finally in an effort to reduce structural inertia management planned to realign NHC's organizational structure with the new strategic direction.

4.2 *Causes of resistance*

A number of different reasons were identified as being behind employee resistance to strategic changes at NHC. First, the organization operated for a long under a predominantly dormant or defensive organizational culture that found any change threatening and that thrived to maintain the status quo. A strategic analysis of NHC's cultural web carried out by consultants indicated that the corporation had rigid rituals, routines, symbols, and structures, which reflected conservative assumptions, beliefs and values. Furthermore NHC's values and beliefs were not clearly defined and thus most employees generally demonstrated apathy in this regard. For example many employees at NHC still did not understand why the change was necessary.

The second source of resistance was the threat of job status or job security as a result of the proposed changes. According to the new CEO some of the middle level and line managers resisted changes in the organizational structure due to a possible loss of their power and influence in the corporation. Subordinates on the other hand demonstrated passive resistance to the restructuring process and implementation of the performance management system because some were of the view that it was a strategy by the new management to lay them off. Many of the employees' at NHC thus resisted change due to their reluctance to leave their comfort zones and things, which they considered familiar like job positions and titles.

Third, according to management most subordinates were uneasy with review of the performance management system. This was basically because it involved dramatic changes in how work was to be done. For the first time employees were required to sign annual performance contracts indicating work targets that they were expected to meet. The performance management system that was previously in place did not make employees accountable and thus was subject to abuse. This shift in how work was to be done – i.e. from old to the new way - was causing resistance among employees.

The fourth source of resistance was as a result of uncertainty and fear of the unknown by employees. Prior to the new management, NHC operated for a long time without a clear vision, mission and strategic direction. Information was generally tightly controlled such that only the management had a clear picture of what was happening in the organization. Most employees had never gone through any strategic change process in the organization and were therefore apprehensive about what the future held. This resulted in resistance towards some of the change efforts proposed by the new management. The situation was complicated given that subordinates constituted about sixty percent of NHC's total workforce

Fifth, implementation of Quality Management Systems at NHC required computerization of the processes. Most of the internal work processes in the organization were inefficient, time consuming and manual in nature. The new strategic realignment required employees to be knowledgeable in the use of computers. This however, was not the case since many employees were not computer literate. The prospect of automating certain functions was therefore met with employee skepticism. According to management most employees had not been adequately trained in the use of ICT at their workstations. A number of employees were thus resisting change due to lack of job related skills.

Finally it was identified that some of the employees were resisting since they found the amount of changes going on in the organization to be overwhelming. According to the line managers many employees were complaining that the new management was implementing very many changes in the organization concurrently. This required employees to be in tandem with the changes something that they were struggling with hence the resistance.

When the different sources of resistance listed above were ranked according to importance, it was observed that emotional factors associated with the employee themselves – i.e. uncertainty, fear of the unknown, lack of trust, personality conflicts, threat of interests - ranked highly in causing resistance compared to actual faults in the change process itself, i.e. the fast pace at which the changes were being implemented.

4.3 *Impact of Resistance on NHC*

According to management, resistance was impacting negatively on the change process, organization, and the people involved. Executives interviewed identified the following effects to employee resistance. First, resistance was causing unnecessary delays at the strategy formulation and implementation phases of the various change efforts. For example formulation of the new Performance Management System was delayed for three months in order to address issue pertaining to employees reactions to change such as anxiety, uncertainty, defensiveness, grief, denial etc.

Second, employee resistance was threatening to derail NHC's change initiatives and thus prevent it from meeting its corporate strategic objectives. According to the revised corporate plan the new management had recommended restructuring of NHC to make it lean, efficient and in tandem with the intended strategic direction. The restructuring process was however experiencing stiff resistance from informal power groups in the organization that were blocking its implementation due to perceived threat to their job security and work groups.

Third, addressing resistance towards change was proving to be costly. For example in an effort to address employee resistance caused by rigid cultural artifacts like rituals, routines, symbols, and structures, the management was forced to expend vast amount of financial resources. Various consultants were hired to advise the new management team how to improve the organizational culture and train employees. In addition huge amount of funds were used to improve organizational symbols such as office space, furniture and equipment, corporate logo etc to reflect a new culture at NHC.

Finally it was observed that a group of employees who were actively resisting various change efforts were in turn pressurizing their colleagues who were either cooperative of change or showed indifference towards change to join their camp. This was causing tension, reduced job satisfaction, low motivation and generally adversely impacting the working atmosphere. NHC's management identified three categories of employees during the change process.

The first category consisted of people who were not adverse to change but could be influenced to either commit to change or fight it depending on how they perceived its effects. This group constituted about 60% of the employees. The remaining 40% was split into two. Those employees who welcomed change or even encouraged it constituted the second group. The third group consisted of employees who actively resisted change regardless of whether it was good or bad. Individuals who feel in this category saw change as a threat and resisted it in every capacity.

4.4 *Managing the Resistance*

As it can be observed the resulting impact of employee resistance were serious and needed to be addressed if the various change initiatives were to be undertaken successfully. NHC's top management drove the process of managing resistance with some valuable advice from three consultants – i.e. Institute of Personnel Management, Kenya Bureau of Standards and Strategic Innovations - who were appointed to facilitate the four change initiatives. According to the CEO a two-pronged approach to address employee resistance. The first step was to understand the reason or causes of the resistance to change. The second step involved coming up with appropriate strategies to address the resistance. Below is a summary of the contingency methods that were used to manage employee resistance to strategic change at NHC.

4.4.1 *Adjusting Culture*

The culture at NHC reflected deep-rooted values, beliefs and assumptions that thrived to maintain the status quo. To reduce resistance management was forced to consider how much the organizational culture fitted with change objectives and what could be done to improve such fit before the change process begun. This cultural consideration was also meant to bring employees and management interests in tandem so as to avoid “organizational silence”.

In an effort to obtain the fit mentioned above and address the issue of resistance management embarked on changing certain underlying aspects of NHC's cultural web. These realignments were meant to signal to people within and outside the organization of impending strategic changes at NHC. Changes were made to most of the corporation's rituals and routines, which were a reflection of how the members of NHC behaved towards each other and towards people outside the organization. Negative rituals and routines were discarded while those that added values to employees and customers were introduced and encouraged. This was done using various methods. Examples included, training staff on good customer care practices, introducing induction programs for new

staff, encouraging rituals of enhancement i.e. annual award ceremonies and promotions, enhancing both internal and external communication and adjusting work procedures.

The other areas targeted for change were organizational symbols, which acted as a shorthand representation of NHC's culture. In order to reflect a new working environment management purchased new furniture and computers. An arrangement of an open office plan was also underway. In 2004 a consultant was approached to redesign NHC's corporate logo. With these changes taking place management observed that employees were slowly tuning themselves for further changes in the organization. It was also noticed that the level of optimism and expectation among employee significantly rose.

During the strategic planning process management came up with NHC's desired core values for the first time. These values were regularly communicated to employees using different methods i.e. speeches, training programs, visual displays etc. According to the management NHC required to develop a degree of coherence in its culture for it to function effectively and support organizational strategies.

4.4.2 Top Management Support

Support by the top management was ranked highly as being crucial in managing resistance at NHC. It was also observed that the success of all the other strategies for managing resistance heavily depended on support by the top management. This was manifested in several different ways. First, the CEO was aware right from the beginning that his leadership role was required if NHC was to successfully implement change. He demonstrated his commitment by being the sponsor for change. Many employees resisted change because they lacked a corporate sense of being or a sense of enduring purpose to enable them embrace the changes. The CEO recognized that successful change was impinged on a picture of a desirable future and was therefore instrumental in crafting NHC's vision and mission, which crystallized to all the employees why change was

necessary. This enabled many employees to support the various change initiatives at NHC.

Second, in order to minimize employee resistance during the transition the CEO constantly created a sense of urgency for change at NHC. He did this by being the spokesman for change. During management meetings the CEO often spoke candidly on why NHC needed to change and the undesirable outcome that might result from maintaining the status quo. He often pointed out that if people thought that the organization was doing fine, there would be little motivation for change hence the desire for employees to continue maintaining the status quo.

Third, management supported employees to embrace change by adjusting performance expectations accordingly. The strategic changes that were being undertaken at NHC lead to changes in the operating environment. This caused adjustment problems among some employees who responded by resisting change. In an effort to address this problem the management found it necessary to modify or set new performance standards that would facilitate employees to embrace change

Finally top management played an instrumental role in providing supporting resources. According to the CEO a detailed budget of the proposed changes was done and forwarded to the board for approval. Funds were made available for both the planning and implementation phases of the proposed change efforts including those for financing strategies to deal with resistance.

4.4.3 Communicating Change

Employees were resisting change due to misinformation concerning why the changes were being carried out. Management thus took it upon itself to clearly explain to employees the intentions and proposed methods of achieving the intended change efforts. Different methods were employed towards this end. First, it was observed that some employees were using misinformation to try and influence their colleagues into resisting

certain change initiatives being implemented. In an effort to address this problem, NHC's management developed a communication plan, which outlined when, where and how employees would be receiving information concerning the strategic changes.

Second, management decided to use internal communications tools like NHC's website, annual reports, bulletin boards, and speeches to issue monthly briefings to all employees on the status of all the various change initiatives being undertaken. This was done so as to enable those resisting change and supporters of change to align their emotional reactions with management's vision and strategies. It was observed that this greatly assisted in lowering employee resistance caused by misinformation.

Third, the CEO as the sponsor of the change efforts constantly articulated and discussed with employees in management the motives for change and how they were to be implemented. This was done through monthly management meetings. The aim of this was to empower management staff to have adequate knowledge to handle change and also communicate the same information to their subordinates.

NHC's management observed that by executing the communication plan effectively they were able to create a surprise free environment and at the same time minimize employee resistance associated with the rumor mill. This strategy impinged on using good communication patterns to deal with the uncertainty and anxiety experienced by employees during organizational change. It involved offering information frequently and encouraging those affected by change process to be at ease as well as dispelling rumors and uncertainty in the organization.

4.4.4 Training

Management observed that some employees were resisting change due to inadequate education on the change process and also lack of proper training in areas targeted for change. Training was thus essential if the various change initiatives were to be successfully undertaken. A decision was therefore made to use the consultants

spearheading the various change efforts – i.e. Institute of Personnel Management (IPM), Kenya Bureau of Standards (KBS) and Strategic Innovations – to train employees.

The first step involved sensitizing employees why the changes were necessary followed by staff detailed training programs. Strategic innovations limited trained mainly the top management on the strategic planning process, IPM trained staff on the restructuring process and implementation of the new performance management system while KBS trained employees on Quality Management systems. In-house training programs were organized and attended by all employees. The programs were designed in an interactive way such that employee's were allowed to actively participate in discussions. This gave employees a sense of involvement and increased the probability of their commitment to change.

NHC's management realized that the jobs being performed by employees were going to be altered significantly as a result of the strategic changes. For example the new performance management system was going to radically alter the working environment. In order to successfully make the transition from the old to the new way of working employees were expected to develop new skills. Nearly all the executives interviewed ranked staff training highly among the strategies they used to manage employee resistance to change

4.4.5 Participation

NHC's management took cognizance of the fact that no meaningful change would take place in the organization if employees were not empowered to participate in the change process. It is for this reason that management ensured that employees were, invested participants throughout the change process. Several methods were used to achieve this. First, prior to the strategy implementation phase management frequently organized occasions where they would sit down together with employees and speak with them. Management used these meetings to listen to employee's queries and concerns. It was observed that giving employees an opportunity of being heard was integral in establishing

understanding and consensus thus avoiding resistance. This approach was mainly used to address resistance caused by lack of understanding between employees and management.

Second, group dialogue sessions organized by consultants provided another forum where employees were empowered to participate in the change process. By discussing the change process openly employees were able to reduce their anxiety and fear thus lowering instances of resistance. During these sessions those employees were taken through the planned change from its vision through to implementation. It was observed that as a result of the feedback obtained from consultants, management was able to gather useful information regarding possible resistant and where and how this resistance may arise. By establishing this NHC's management was in a strong position to avoid employee resistance.

4.4.6 Scheduling Change

According to management many employees were struggling to keep abreast with the pace of the new change efforts being undertaken within the organization thus exhibiting resistance. This was basically due to the fact that NHC operated for a long time without going through any major strategic changes but was in the process of undertaking several. The general feeling among employees was that too many changes were being introduced simultaneously without giving people time to adjust.

In an effort to address this resistance management decided to implement changes in a gradual manner. A plan to guide implementation of the different change initiatives was developed specifying which changes were to be undertaken and their respective timings. Instead of implementing all the changes at the same time management decided to spread them. First in line was revision of the Corporate Strategic plan in 2003, followed by implementation of the Performance Management System in 2004. Restructuring of the organization begun in 2005 while review of internal business process to attaining ISO 9001:2002 certifications was to be completed by June 2007. Staggering the changes significantly reduced time and resources constraints in the organization. This enabled

NHC's management to allocate sufficient resources to each change process. It also allowed them enough time to clarify goals and intentions of the change effort being undertaken to resisting employees.

According to the CEO this approach made the changes easier to plan for, easier for employees to accept and easier to implement than undertaking simultaneous radical changes. For example it was observed that employees were more responsive to incremental changes since it gave them sufficient time to make psychological and operational adjustments. This would not have been possible if several changes were implemented at the same time.

4.4.7 Coercion

This method was only used to deal with a few employees who were active resistors and totally failed to respond to the other strategies listed above. According to the executives interviewed some employees continued resisting implementation of the new performance management system because they assumed that it was a ploy by management to retrench them. The fact that the intended changes were going to significantly change how work was to be performed did not go down with some employees, especially the old guards who were skeptical about management's intentions.

This group formed a network that was causing tension, reduced job satisfaction, low motivation and generally adversely impacting the working atmosphere. Under the new system employees were required to negotiate their annual work targets with their immediate supervisors. These were to be drawn from the corporate performance contract signed between NHC and the Government. However due to active resistance from some employees implementation of this process was delayed by three months.

Management's response to this problem was systematic and swift. Investigations were first done to establish the individuals involved and their power base in the organization. It was observed that the main reason for resistance was work oriented, something that the

consultants had adequately addresses during training. It was also confirmed that most of the perpetrators were low-level staff. Having established these facts the Human Resources Manager informed the employees concerned that they risked having their employment contracts revoked should they continue exhibiting the negative behavior. NHC's management was therefore able to explicitly coerce the resisters into supporting change since they wielded more power than the employees. The executives interviewed confirmed that management opted to use this strategy as a last resort when active employee resistance was causing unnecessary delay towards the planned change.

4.5 Addressing the Challenges

The new management experienced several challenges in the process of addressing resistance to the various strategic changes being undertaken. A detailed analysis of the information obtained however indicates that these bottlenecks were effectively dealt with. Below are some of the challenges that arose and how they were addressed.

One of the biggest challenges faced by the management dealt with aligning NHC's organizational culture with its new strategic direction. In order to achieve this management was expected to ensure that employee's values, beliefs, norms and expectations were in tandem with the change objectives. Attaining this fit proved to be very difficult since the culture at NHC was predominantly conservative and thrived to maintain the status quo.

Management responded to this challenge by adjusting underlying elements of NHC's cultural paradigm like rituals, routines, symbols, structures and control systems. These realignments were meant to signal to people within and outside the organization of impending strategic changes at NHC. Various consultants had to be hired to assist with the culture change.

Second, dealing with varied employee concerns and emotions during the change process presented another challenge. For example it was observed that some employees passively resisted change, some embraced it, while others actively undermined it. Similarly the changes were resulting into different emotional outcome among employees.

NHC's management was therefore required to be adept at understanding a plethora of employee issues in order to successfully implement the strategic changes. Management responded to this challenge by showing sensitivity towards employees and developing strategies for dealing with their emotions. Two approaches that were used to address employee concerns during the change process include facilitation and scheduling change.

The third challenge involved getting employees to actively participate without delaying the change program or increasing implementation costs. Management recognized that letting employees participate was the best way to get their buy-in and thus give them more of a stake in the change efforts. At the same time if employees were given too much leeway during the planning and implementation phases of the change process a lot of delays would arise. Determining the optimal level of employee participation posed a challenge.

In response management undertook to establish the power base of the employees who were resisting changes. According to the executives interviewed it was observed that management generally wielded more power than the subordinates. Subsequently in the interest of time and resources employee's contributions were mainly limited to group dialogue sessions just before the implementation phase.

The final challenge involved determining the best approach to be used in managing resistance. In response, a project team headed by the CEO was set up to drive the process. It comprised of NHC's top management, key employees supporting change and the consultants tasked with spearheading different change initiatives. The team was responsible for formulating and implementing various strategies for managing resistance at NHC.

4.6 *Benefits Realized*

The benefits of managing resistance to strategic change at NHC cut across the board as it had implications on the organization, employees and customers. First and foremost by managing resistance NHC's management was able to successfully implement three of the planned strategic initiatives. For example by 2005 NHC had successfully undertaken revisions of its corporate strategic plan, organizational structure and implemented a new performance management system while the process of re-aligning internal business process to attain ISO 9000:2001 was 30% underway.

Second, by effectively addressing peoples concerns during the change process management avoided the prospects of losing experienced, hard-working and knowledgeable employees who would otherwise have been costly to replace in the long-term. In the process of forestalling resistance, management contributed towards enhancing employee retention at NHC. Statistics indicate that the cost of losing a trained employee is equal to 1.5 to three times his or her pay.

Third, according to management that the level of employee productivity increased significantly once the underlying causes of the resistance were addressed. For example strategies used by management to address resistance such as training, participation and communication positively improved the working environment at NHC. This in turn resulted in increased job satisfaction, team performance and a high level of employee morale.

Finally addressing resistance to strategic also benefited NHC's customers. Some of the strategies, which were used to manage resistance, like adjusting the organizational culture and training staff on the new ways of performing work had a spillover effect resulting in positive benefits to NHC's customers. According to management the customer satisfaction index improved after successfully implementing some of the planned strategic changes.

4.7 Discussion of findings

The dominant type of resistance at NHC was behavioral as opposed to systematic or organizational resistance. Among the factors which triggered resistance during the strategic change process included a defensive organizational culture, threats to job status and job security, changes in the mode of working, uncertainty, lack of job related skills and the perceived high pace at which the changes were being implemented. As it can be observed the causes of individual resistance to change at NHC were fundamentally similar to those identified earlier by different authors in the literature review like Kreitner (1992), Aldag and Stearns (1991), Schermerhon (1989), Durbin and Ireland (1993) and Griffin (1993).

Emotional factors associated with the employee were identified as ranking highly in causing resistance compared to actual faults in the change process itself. This is consistent with the literature review. According to Greenberg and Baron (2002) these emotional factors are the primary sources of resistance and are directly linked with the content of change. In contrast any faults in the change process are secondary causes of resistance or barriers that directly or indirectly hinder the implementation of the change. Secondary causes of resistance include lack of time, resources, competencies and the high pace at which the strategic changes were being implemented. Kegan and Lahey (2001) postulated that in organizations going through strategic change the change is not challenged but rather it is resisted because the employees face additional issues related to the change i.e. uncertainty, threat of interests etc.

It was observed that resistance generally had a negative impact on the change process, employees and organization as a whole. Some of the effects attributed to resistance included unnecessary delays to the change process, threat to derail the strategic changes, increased implementation cost, tension, and a stressful working environment. These effects of resistance are not only unique to NHC but also usually occurs in other organizations elsewhere going through strategic change as was pointed out by various authors in the literature review.

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 *Summary*

5.1.1 *Types of resistance*

Resistance to strategic changes at National Housing Corporation was predominantly attributed to employees who were reacting to changes in the status quo. This type of behavioral resistance is consistent with what was alluded to earlier in the literature review concerning people's reaction to change. NHG's management allocated sufficient time and resources to facilitate the various strategic change processes. In order to align structure with NHC's new strategic direction management also undertook to restructure the organization. These steps listed above significantly assisted in reducing systemic resistance, which Johnson and Scholes (1998) linked to factors such as structural inertia, limited focus of change, threat of expertise, and threat of established resource allocations.

5.1.2 *How resistance was managed*

Some of the strategies, which were used to manage resistance to strategic change at NHC, included adjusting the organizational culture, change in strategic direction, support by top management, communicating changes, training, participation, scheduling change and coercion. As it can be observed some similarities exist between these strategies and those identified earlier in the literature review by Dent and Goldberg (1999) and Kotter and Schlesinger (1979). Interestingly the common mistakes associated with managing resistance were not evident at NHC since management focused on addressing the underlying causes of resistance as opposed to the symptoms.

5.2 *Conclusions*

The study has revealed that by managing resistance NHC was able to successfully undertake various strategic change initiatives. Three out of the four planned strategic

changes were implemented. Other benefits realized from mitigating against resistance included enhanced employee retention, increased level of employee productivity and positive spillover effects to NHC's customer.

Certain useful observations can be deduced from the study regarding the manner in which NHC's addressed the issue of resistance to the strategic change. First support by the top management was critical during the entire period of managing resistance. NHC's CEO played a central role during the change process by offering leadership during the transition, being the spokesman for change, adjusting performance expectations and providing supporting resources to the employees affected by the changes. Management commitment was therefore guaranteed throughout the process. Managing resistance was top driven with the CEO as the strategic leader.

Second, a team composed of NHC's top management, three consultants and certain key employees who were pro change, was set up to assist management in coordinating the different change efforts. In addition to this the team was also responsible for formulating and implementing strategies used to manage resistance. As it can be observed the process of managing resistance to strategic change at NHC was well coordinate and deliberate.

Third, NHC's management realized that in order to come up with the correct prescriptions for managing resistance it was necessary to establish the causes of resistance. The strategies used to manage resistance were based on addressing the underlying causes in each case. Examples are where communication was used to address resistance caused by misinformation, group dialogue used to address resistance caused by lack of employee participation and training used to tackle resistance caused by lack of job related skills in the areas targeted for change.

Fourth, all the strategies used to manage resistance took cognizance of the prevailing situation. The pros and the cons of each strategy were considered before application. This was basically done to ensure that the best approach was being employed to manage resistance given the existing circumstances.

For example explicit coercion was used by management as a last resort to deal with active resistance from a few subordinates who were causing unnecessary delays to the change process. Under the circumstances this strategy was most appropriate since management possessed more power than the few resisting employees and timing was of essence.

Fifth, NHC's management took advantage of positive resistance to adjust the change process. According to the study findings on of the causes of resistance was due to the fact that different changes were being introduced concurrently without giving employees sufficient time to adjust. Management took into account this feedback arising from resistance and adjusted the change implementation program accordingly.

Finally most of the challenges experienced during the process of managing resistance at NHC dealt with aligning the organizational culture and employees with the new strategic direction. Management was thus expected to constantly address different employee expectations and emotions during the entire change process. Overcoming these challenges impinged upon NHC's management being adept at offering leadership during the transition.

5.3 Recommendations

Three important recommendations are worth considering if organizations going through strategic change are to successfully address the phenomenon of resistance. First, it is crucial that managers in such organizations have adequate skills in change management. In the event that these competencies are not available in-house, organizations can outsource the same to external change consultants, who would then work closely with management and advice them accordingly during the entire change period. This worked for NHC.

Second, it is essential that managers clearly recognize and identify the underlying causes of resistance to change as they occur. A clear distinction ought to be made between the symptoms and causes of resistance. It is only then, that managers can prescribe the most appropriate corrective action for managing resistance.

Finally managers need to take cognizance of the positive aspects of resistance. The argument here is that not all resistance is negative or detrimental to the organization. There are instances when resistance can offer a feedback loop, which is vital in monitoring the change effort being implemented. NHC was able to leverage on this aspect to adjust its change program accordingly when the need arose.

5.4 *Limitations of study*

The first limitation of this study arose out of the fact that it was a big task for all the executives interviewed to recollect in exact detail what actually transpired during the process of managing change. This was basically due to the fact that the scope of the study extended back four years starting from 2003. Some crucial information pertinent to the study may thus have been missed out.

The second limitation deals with the extent to which the study findings can be used for generalization in an attempt to understand the phenomenon of resistance in other organizations. Being a case study this research basically dealt with how NHC responded to the issue of resistance during the period when it was implementing certain strategic changes. The study was therefore conducted within the context of NHC's working culture and environment. Other organizations may have different cultures, competencies, resources capabilities and structures thereby displaying different reactions to change.

5.5 *Suggestion for further research*

Future research in managing resistance could be conducted in different organizations at the same time while taking cognizance of their respective cultures. It would also be interesting to establish the extent to which these organizations use positive resistance during the change process. Traditionally resistance to change has been viewed in a negative context. It is recommended that further research be done to find how organizations can positively leverage on this phenomenon so as to create some competitive advantage when implementing change.

APPENDIX I

LETTER OF INTRODUCTION

Dear Respondent,

MBA RESEARCH PROJECT

This questionnaire is designed to gather information on managing resistance to strategic change at National Housing Corporation. This study is being carried out for a management project paper as a requirement in partial fulfillment of a Master in Business Administration degree.

All the information you disclose will be treated in strict confidence and in no instance will your name be mentioned in the report.

Your co-operation will be highly appreciated

Thank you.

Yours faithfully,

Kennedy Odhiambo
MBA Student

Prof. E. Aosa
Supervisor

APPENDIX II

QUESTIONNAIRE

To be answered by the top and middle level managers at National Housing Corporation.

Section 1: Personal Details

1. Position in the Company

.....

2. Years of experience in the Company

.....

Section 2: Resistance to strategic change.

1. What type of resistance was being experienced at NHC?.....

2. Describe some of the factors, which were causing resistance to strategic change.

(i)

(ii)

(iii)

(iv)

(v)

3. How were these factors identified?

4. How significant were the factors listed below in triggering resistance towards the change effort that was being carried out? (Rank the factors in order of significance from 1 - 10, 1 being least significant and 10 being most significant).

- (i) Surprise
- (ii) Inertia
- (iii) Faults in the Change process
- (iv) Threat to job status/ security
- (v) Lack of Trust
- (vi) Lack of resources
- (vii) Lack of expertise
- (viii) Uncertainty
- (ix) Work group breakup
- (x) Poor training

5. What were some of the effects of employee resistance to change?

- (i)
- (ii)
- (iii)
- (iv)
- (v)

Section 3: Addressing resistance.

1. Was there someone responsible for managing resistance to strategic change at NHC?

- a) Yes b) No

If yes who was driving the process?

2. Describe some of the strategies that were used to respond to resistance and how were they implemented?

- (i)
- (ii)
- (iii)
- (iv)
- (v)
- (vi)
- (vii)
- (viii)

3. Were there any considerations in determining the strategies use in managing resistance?

- a) Yes b) No

If yes what were they?

4. How significant were the strategies listed below in managing resistance? (Rank them in order of significance from 1 - 8, 1 being least significant and 8 being most significant).

- (i) Education
- (ii) Participation
- (iii) Facilitation
- (iv) Negotiation
- (v) Manipulation
- (vi) Coercion
- (vii) Financial Benefits
- (viii) Political Support

Section 4: Challenges and how they were tackled.

1. Were there any challenges experienced in the process of managing resistance?

- a) Yes b) No

If yes what were the challenges and how were they addressed?

- (i)
- (ii)
- (iii)
- (iv)
- (v)

Section 5: Benefits Achieved

1. Were there any benefits realized from managing resistance?

a) Yes b) No

If yes, describe them.

- (i)
- (ii)
- (iii)
- (iv)
- (v)
- (vi)

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