

## **Employees' reactions to radical organizational change: A nested experiential exercise utilizing a "first do, then learn" format**

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### **ABSTRACT**

Organizational change, particularly one that is radical in nature, is usually accompanied by a reorganization of systems and structures alongside a redistribution of power. An organizational overhaul of this scale is characterized by a paradigmatic shift and can be a great source of ambiguity and uncertainty at both the individual and organizational levels, thereby challenging individual sensemaking. Such a change is therefore frequently associated with important psychological threats to core identity, self-concept, job status, and cultural expectations, leading to a variety of employee reactions to change. Many times these reactions are in the form of employee resistance which can severely hamper the change process. The proposed experiential exercise using a "first do, then learn" format, aims to help business students grasp the nature of a radical organizational change, employees' reaction to it and how change agents can effectively lead a radical change intervention.

**Keywords:** Organizational Change, radical change, resistance to change, employee reactions, experiential exercise

## **INTRODUCTION**

In a business environment characterized by global pressures, technological innovations, and accompanying uncertainty, organizations are undergoing radical organizational change at an ever-increasing rate to maintain or increase their competitive advantage (Drzensky, Egold, & van Dick, 2012; Weber & Weber, 2001). These organizational-wide changes take various forms ranging from restructuring and re-engineering to mergers and acquisitions. Admittedly, radical organizational change, owing to its system-wide impact and transformative nature, is a complex undertaking. While many factors contribute to the success of such a change effort, the one that is considered the most critical is how employees, as change recipients, experience the change intervention and respond to it accordingly (see Armenakis & Harris, 2009; Dam, Oreg, & Schyns, 2008; Piderit, 2000; Rafferty, Jimmieson, & Armenakis, 2013). As mentioned earlier, organizational change has almost become a necessary evil to keep pace with the challenges of today's turbulent business environment. However, it is estimated that somewhere between 40% to 70% of change initiatives fail (Burns 2000), primarily because they overlook the importance of the social and emotional basis of organizational change and its relationship to human cognition (Ertuk, 2008; Walsh, 1995). Given that organizational change is becoming more of a norm than an exception, the purpose of this experiential exercise is to enable our business students be successful change agents and leaders by helping them appreciate and understand the importance of employee (change recipients) experiences of and reactions to organizational change.

## **EXPERIENTIAL EXERCISES AS AN EFFECTIVE LEARNING TOOL TO UNDERSTAND ORGANIZATIONAL CHANGE CONTEXTS**

The extent of uncertainty, ambiguity, and the fear that leads to negative employee reactions to change is sometimes not understood and appreciated by students given their lack of, or limited exposure to, organizational change scenarios. Experiential exercises are widely recognized as an effective tool to facilitate student learning on a wide range of topics in the management discipline (Potter, 2009). Kolb (1984) defines experiential learning as “the process whereby knowledge is created through the transformation of experience”. Thus, the pedagogical philosophy of experiential learning departs from the traditional teaching methods as it is characterized by a shift from “teacher-centered” to “student-centered” learning. The experiential learning approach utilized in this exercise adopts a “first do, then learn format” (see Daft & Marcic, 2013) thereby causing the participants to not only understand, but also *experience*, how it feels when organizational employees are caught “off guard” by a series of events following introduction of a radical organizational change intervention. The experiential exercise presented here also helps students appreciate the “big picture” by understanding the importance of not just the change content but also the context in which the change takes place and the process that is utilized to implement the organizational change in question (see Armenakis & Bedeian, 1999; Walker, Armenakis, & Bernerth, 2007).

## **OVERVIEW OF THE “NESTED” RADICAL CHANGE EXERCISE**

The authors have successfully used this exercise in introductory classes in management and organizational behavior to teach the topic of organizational change. Students in general have

responded very well to the exercise and commented how the experiential learning component and the ‘twist’ because of the nested approach helped them better understand and appreciate radical change environments. A “first do, then learn” format is particularly useful among undergraduate students since the experience and understanding of radical change interventions (that are organizational-wide in nature), and their subsequent impact on interpersonal dynamics is unlikely to have impacted their professional lives. Utilizing this format puts the students in the shoes of employees experiencing change in real organizational settings, which in turn, makes them better relate to the experiences of these change recipients.

### **Scenario One (Students are Assigned to One Team Through-out the Term)**

This activity works best in classes where students work in the same teams for the entire term, be it a semester or a quarter, a practice very common in management classrooms. In fact, the exercise is most successful when the instructor actively orchestrates team composition. Further, it works particularly well late in the semester when students in these teams have spent considerable time together, have progressed through various stages of team development, and are at the norming, or even performing stage (see Tuckman, 1965). These mature stages of team development that are past the storming stage, are characterized by a significant level of cohesiveness, camaraderie among the team members and a stronger sense of belongingness to the team. Additionally, by the time teams reach this level of maturity, they have already reached an agreement or even internalized team objectives, rules, and norms (a summary of the stages of team development in Tuckman’s model is provided at the end of this section). This format works very well in the typical management classes where the organizational level concepts are generally taught towards the end of the term.

Upon entering the classroom on the day this activity will take place, the participants realize that they have been assigned to “new” teams. Teams’ reassignment is accomplished in such a fashion that no two team members from the original teams are assigned to the same new team. These participants, who formerly were in teams with established goals, rules, and norms and had developed both a professional and personal relationship with their former teammates, are now in groups with new team members. All the rules and team objectives that each team diligently developed early in the term are literally “thrown out the window” and new teams have to start from the forming stage, the very initial stage of team development. The idea is to deprive participants of their sense of comfort, predictability, and routine by introducing a sense of uncertainty, ambiguity, and unfamiliarity such as the one associated with a radical organizational change. This information regarding the team reassignment can be presented to them via a slide projector, overhead projector, whiteboard, or whatever relevant teaching aids are available.

Once the students are sitting with their reassigned team members, each team is given a scenario wherein an organization is experiencing a radical organizational change. These teams are given about 20 minutes to analyze the scenario and respond to questions provided at the end of the scenario. Finally, they are expected to present their analysis to the rest of the class. A debriefing by the facilitators follows this presentation.

Because students first experience the emotional and cognitive reactions to a radical change effort and then learn key concepts for effective implementation, the exercise creates an authentic experience enabling less experienced students to fully grasp the topic. Further, we dubbed this exercise the “nested” radical change exercise because students are analyzing a scenario that addresses the stress and uncertainty of organizational change while unknowingly

experiencing the radical change themselves. Using the organizational change concepts, the instructor in this exercise becomes the change agent and the students end up becoming the change recipients or targets. The revelation is startling and fully visible from the instructor's perspective during the change process. Thus, the instructor is amply equipped to debrief the students by asking probing questions triggered by emotional responses. The sort of "nesting" experience, implies an experience within an experience, and therefore, generates rich discussions, enhances student engagement, and a lively interplay among team members as well as an eagerness to initiate discussions.

### **Scenario Two (Alternate plan: If Students are Not Assigned to Teams for the Term)**

If the class design and format does not allow for team assignment for the entire term, there is an alternative way to conduct this exercise. As the students enter the classroom, they are assigned to teams. Each team is given a different scenario. These teams are then given about 10-15 minutes to socialize, come up with a team name, develop a team logo, and agree on certain team goals and rules. They are then given another 10-15 minutes to discuss the scenario. This is followed by a five-minute break. When participants come back after the break, they find themselves assigned to completely different teams by the instructor. Making the situation even more perplexing, the assigned scenarios are shuffled in such a way that all or at least most team members are now presented with a different scenario than the one originally assigned. The idea once again is to deprive participants of their sense of comfort, predictability, and routine by introducing a sense of uncertainty, ambiguity, and unfamiliarity associated with radical organizational change. All the rules and team objectives that each team agreed upon are literally "thrown out the window" since the teams' composition is completely changed. The scenario assigned is also new so the members have to take some time to familiarize themselves with it which is another important source of chaos and confusion. To make it more challenging, each of these new "teams" are given 5 minutes or less to wrap up and present their analysis to the entire class, something they were not told before.

### **A Brief Summary of the Stages of Team Development by Bruce W Tuckman**

1. Forming: Team members meet for the first time during this stage. Some are eager to get to know one another; others are anxious and hold back. This stage is akin to a "first date" during which members are usually at their best behavior that is more guarded and less personal.
2. Storming: Personal relationships and disagreements are resolved during the second stage. Therefore this stage is characterized by considerable conflict and arguments. Needless to say, interpersonal skills are most critical during this phase. Only successful teams move past this stage of low morale and productivity into the next stage.
3. Norming: A strong sense of group identity and "teamness" starts to emerge during this stage. Members arrive at a common understanding of team objectives, norm, values, and rules. A clear structure and role clarity also starts to develop. A commitment to team goals along with a shift of efforts to mutual support is evident. Consequently, team productivity increases.
4. Performing: Team members are competent, motivated, and share a common understanding and a commitment to team goals during this stage. They are therefore focused on doing a superb job to achieve team goals. Loyalty, trust, and a sense of belonging typify the team atmosphere. Team

synergy, wherein together teams achieve much more than what each team member could achieve individually, is evident.

## **MATERIALS AND RESOURCES**

Ideally, the materials necessary for the Nested Radical Change Exercise include a slide projector for PowerPoint presentation, a computer/ laptop connection, a flip chart for the interactive discussion and an array of markers for writing on the flip chart as well as the whiteboard for the instructor during the debriefing session.

Ample space and a classroom arrangement where tables and chairs can be moved around to allow for an interactive discussion among the team members and an easy transition from one team to another as members are reassigned during the change process, is important for this exercise. However, both authors have been able to successfully complete the exercise even when classroom conditions are challenging such as a classroom with a typical lecture hall setting and table and chairs that are not movable. Name cards are needed to identify member names, team names, and logos at each table, and 3x5 index cards are utilized to act as place cards when team members are reassigned to a different team. As stated earlier, each team will receive a different scenario. Therefore, handouts for multiple organizational change scenarios will also be needed. The number of these handouts will depend upon the number of teams in the class. Many such scenarios are available in all management textbooks. Many are also available freely on the Internet. One such example is: <https://www.tinypulse.com/blog/sk-case-studies-successful-change-management>. Sample scenarios are also available on request.

## **DEBRIEFING AND LEARNING SESSION**

The actual running of the exercise should take approximately 25-35 minutes leaving considerable time in most class sessions to devote to the debriefing time period. Because this exercise uses a format of experience before learning, the debriefing period is interlaced with comprehensive discussions of key organizational change concepts such as the phases of organizational change, resistance to change, overcoming personal and structural barriers to change, factors that promote change and organizational development techniques that can be utilized to promote change.

Drawing from Kurt Lewin's (1947) classic three-step model, most management textbooks discuss change as a process including (1) *unfreezing* the status quo which involves persuading change recipients to come on board; (2) *movement* to a desired end state by implementing the change intervention and; (3) *refreezing* the new change to make it permanent. Employee resistance to change is an example of employee reaction in response to attempts to 'unfreeze' their 'frozen' habits and routines, and adapt new routines. The early stages of the change effort therefore are characterized by anticipated negative outcomes of the change including decreased autonomy, role ambiguity, role overload, and loss of control, all causing heightened stress responses in organizational members affected by the change (Smollan, 2015). Employees report being "kept in the dark" about critical job changes and ultimately fear job loss, which is simulated during the exercise when students are assigned to different teams without their knowledge. As the transition and implementation phases emerge, new trials appear such as coping with significantly heavier workloads and grappling with new procedures and policies. This phase is considered to pack the strongest emotional response among employees as the

reality of the new workplace is experienced for the first time. The students react in a similar fashion when they realize that they have no choice but to cooperate with the new team members with whom they do not share any norms or expectation of behavior.

Kotter's (1996) eight-step plan for implementing change is also relevant here and can be conveyed via this exercise. The instructor should discuss how he/she as a change agent should have employed the eight-step plan to promote change and facilitate employee adaptability to change. The authors have also found this exercise to act as a feeder to tie former topics together in a meaningful organizational behavior framework, thus enacting a visual "big picture" or "bird's eye view" to understanding the mechanics and implementation of important organizational behavior concepts. For example, the effects of change on self-concept, self-efficacy and core identity may be explored followed by an emphasis on the role of teamwork, communication and participation, leadership style, and leader's emotional intelligence that might ultimately help or hinder organizational change. It is most effective to begin with an understanding of how students feel and their individual perceptions of the change content, process, and, finally, change context. They may be prompted to think about the impact of change on the individual, group (particularly when groups are cohesive), and organizational levels which would allow them to have a better understanding of employee resistance.

A more comprehensive discussion of employee resistance would also allude to why demonizing resistance, as reflective in the mainstream literature on the topic of change (Piderit, 2000), may not be always be an effective approach to understand and manage employee reactions and intentions (Dent & Goldberg, 1999; Furst & Cable, 2008). These negative employee reactions may be motivated by positive intentions and may come in the form of very valid questions/concerns regarding the feasibility of the intervention. Consequently, attending to these concerns and incorporating the feedback provided by these so called "resisting" employees may make positive contributions to the change process. This discussion can then be complimented by an understanding of how managers or the change agents might use various organizational development techniques such as education, communication, and participation to empower employees to reduce resistance to change. In this fashion, students may make a smoother transition in the event of organization change in their professional lives and have the tools to undertake a successful change effort as a manager.

### **Questions for Discussion During Debriefing:**

1. What just happened?
2. How did you feel and/ or react?
3. Why did you feel that way?
4. How was your self-efficacy and core identity challenged, if it was?
5. Will you still be motivated to perform for a company after going through a radical change effort?
6. Do you think a radical organizational change effort could affect your team performance? How so? What if one or more of your team members is "let go" in a merger situation?
7. What could we as change agents have done to make you feel more comfortable and make the process of organizational change less painful and more predictable?
8. How does a manager's leadership style affect your feelings and thoughts about a change effort? What kinds of leadership styles would you find most advantageous? Why?
9. Is resistance to change always bad? What can change agents do to manage resistance?

The authors find it best to interweave a discussion of aforementioned organizational change concepts with the suggested probing questions in order to encourage and sustain student interaction. Otherwise, the tone of the discussion may shift from active engagement to complacent listening to a lecture.

Summarizing, the process is as follows:

### **Steps for Scenario One**

Step 1 (5 minutes): Reassign students, who were previously assigned to teams for the term, to new teams.

Step 2 (20 minutes): Assign all teams an organizational change scenario in the form of a written mini case or a video presentation and ask them to analyze the situation.

Step 3 (30- 45 minutes): Debrief by interweaving the aforementioned organizational change related concepts within a discussion of suggested questions listed above. The idea is to bridge concepts with experience and vice versa.

### **Steps for Scenario Two**

Step 1 (5 minutes): Assign students to teams as they enter the classroom and provide each team with a different scenario to analyze.

Step 2 (15 minutes): Give teams time to socialize, come up with a team name, develop a team logo, and agree on certain team goals and rules.

Step 3 (10 minutes): Give time to discuss and analyze the given scenario.

Step 4 (5 minutes): Give a 5 minute break to teams while the instructor reassigns teams making sure that no two members from the original teams are together. Scenarios are also accordingly shuffled to add to the unfamiliarity.

Step 5 (5 minutes): Members are asked to wrap up their analysis and present it to the class, something they were not told before.

Step 6 (30 minutes): Debrief by interweaving the aforementioned organizational change related concepts within a discussion of the suggested questions listed above. The idea is to bridge concepts with experience and vice versa.

## **CONCLUSION**

Organizational change is a topic of critical importance in most management classes since students need the tools to successfully negotiate its impact on themselves as employees or leaders of the change. Given the ubiquity and constant nature of environmental uncertainty in which today's business operate, most students will experience organizational change during their business careers. Therefore, in order for students to successfully negotiate a career in business, it is advisable that we, as management instructors, engage our students in organizational change exercises that richly emulate the strong emotional-cognitive component of organizational change. Often times the topic of organizational change is not delved into deeply enough in an undergraduate class. We believe that the experiential exercise presented here constitutes a high impact practice (Kuh, 2010) that facilitates student engagement, reflection, and meaningful learning experiences.

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