

## THE EFFECTIVENESS OF PRACTICES IN REDUCING RESISTANCE TO CHANGE IN A MULTINATIONAL COMPANY

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### ABSTRACT

*We live today in an ever-growing globalized business environment, where change has become a prerequisite for organizations to ensure not only their success but also their survival in an increasingly dynamic and sometimes unpredictable and even turbulent environment. Business companies are increasingly concerned with aligning their operations with an environment where change is seen as an open, complex and continuous process, i.e. as a normal part of everyday life. In this context, resistance to change and the effectiveness of practices to reduce resistance to change are of significant importance in the successful implementation of organizational change. The undertaken study is based on an empirical research, based on an applicable and functional model, which aims to identify and implement change management policies and good practices in the analysed company. Thus, in the present study we aim to present the main factors that determine resistance to change, as well as their influence on the effectiveness of practices to reduce resistance to change in the analysed company.*

**KEYWORDS:** *effectiveness, change, change management, resistance to change.*

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### 1. INTRODUCTION

In recent years, the world economy has undergone far-reaching and complex changes with both general and specific effects on different sectors and types of organizations.

Organizations must continuously adapt and evolve to meet the demands of a dynamic business environment. Whether driven by new technologies, market shifts, or internal initiatives, change plays a vital role in shaping the future of organizations (Schermerhorn et al., 2002; Johns, 1998).

Indeed, many authors see resistance to change as the main reason for the failure of so many change efforts (Bateh et al., 2013; Maurer, 1996; Waddell & Sohal, 1998). Resistance to change can be defined as "active or passive responses on the part of an individual or group militating against a particular change, a change program or change in general" (Peiperi, 2005, p. 348).

Resistance to change does not only come from the lower levels of the organization. Leaders at the top and middle levels of the organizational hierarchy, for example, may show resistance to changes proposed by their subordinates, especially if these leaders are focused on immediate performance. In contrast, if leaders are more focused on mastery and exploration, they are more willing to listen and adopt subordinates' suggestions for change (Smollan, 2011; Rothwell, 2012). Resistance to change can be positive, it can cause opinions to be presented and discussed among members of the

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company, which can generate appropriate and effective solutions to solve different workplace problems, thus providing change agents with the opportunity to effectively monitor resistance to change in order to ensure fit with the preferences of organizational members (Ford et al., 2008).

In many cases, the resistance to change of employees and managers at the middle level of the organizational hierarchy can be reduced more by a slow transition intervention than by a rapid intervention (King et al., 2019).

Leaders who promote and coordinate organizational change, across different companies, need to facilitate change and align it with organizational values and appropriate competencies and practices, coupled with relevant feedback from subordinates. At the same time, managers must learn to recognize manifestations of resistance and develop social competencies in order to succeed in their effort to maintain or decrease resistance to change to acceptable levels in order to succeed and implement organizational change as effectively as possible (Judson, 1991).

## 2. LITERATURE REVIEW

Resistance to change, can be considered as a critical success factor, which highly influences the effectiveness of change management practices in business organizations (Metz, 2024).

If company members can communicate openly and without reservations about change initiatives and plans, then they will embrace organizational change and efforts to implement it will achieve its intended purpose. This requires trust, competence and a strong change culture within the organization. At the same time, managers and other employees who are effectively involved in the complex process of implementing organizational change need to have skills in both the technical aspects of change as well as those that relate to the social aspect of change (Singh & Ramdeo, 2020).

The main sources of resistance when organizations face change are the following:

- Individual sources:
  - ✓ *Habits or programmed responses*, when company members are confronted with change there is a tendency to respond in habitual, traditional ways.
  - ✓ *Security*, the members of the organization need to ensure security in relation to job retention.
  - ✓ *Economic factors*, refers to changes in work tasks and responsibilities, which may cause them to fear that they will be adversely affected in terms of performance or adapting to new demands.
  - ✓ *Fear of the unknown*, when organizational change replaces ambiguity and uncertainty with the unknown.
  - ✓ *Selective information processing*: people hear what they want to hear and ignore information that challenges the 'world' they have created.
- Organizational sources:
  - ✓ *Structural inertia*: when an organization is faced with change, this structural inertia acts as a counterbalance to sustain stability.
  - ✓ *Narrow focus on change*: Organizations consist of multiple interdependent subsystems, meaning that a change in one subsystem impacts the others.
  - ✓ *Group inertia*: when individuals want to change their behaviour, group norms can manifest as a factor that can create problems and affect the effectiveness of implementing change in the company.
  - ✓ *Threat to expertise*: when there are changes in the models used to implement change.
  - ✓ *Threat to established power relationships*: any redistribution of decision-making authority may threaten long-established power relationships within the organization.
  - ✓ *Leader ethics in the change process*: according to employees is one of the important sources of resistance to the change process (Kotter, 2007; Robbins & Judge, 2019).

One important reason, often cited by members of the organization, that can cause resistance to organizational change initiatives is that they can disrupt continuity in a work environment and create a climate of uncertainty and ambiguity, which is why change initiatives concerning old relationships or old ways of doing things need to be redefined, modified or even replaced. For this reason, some members of the company seek to maintain the status quo and show resistance to these organizational changes in the workplace. In this context resistance to change can be identified as a result or a combination of the following factors:

- Significant change in the job (skills, working conditions etc).
- Reduced occupational or job security (direct threat of job loss).
- Psychological threat (perceived or real).
- Disruption of social arrangements.
- Redefining authority relations (Dawson, 2003).

Organizational change is known to cause a certain resistance from members of the business community, which can jeopardize the success of change.

It is well known that most employees find it difficult to perform new tasks in new ways, so they are not enthusiastic about implementing change in their workplaces and in many cases even resistant to change. This fact leads companies in the business environment to look for solutions to maintain or even reduce employee resistance to change, knowing that failure in implementing organizational changes means unnecessary time consumption and are very costly in terms of the expenses they involve, with effects in the non-achievement of goals, respectively with the failure of change efforts. Robbins and Judge (2019) argue that resistance to change does not reside in the individual but is a result of the context in which change occurs. It is caused by an interaction between change recipients, change agents and the relationships between the two.

If we refer to corporate restructurings, which involve major changes, we can find that middle managers show resistance to change and create difficulties in implementing participative management programs, which reduce their authority and status. In order not to show resistance to change, company members need to be informed about the need for change and the benefits of implementation (Dam et al., 2008).

Business companies engaged in process innovation and core process redesign programs to lessen resistance to change adopt an organizational development approach that involves "planned change interventions based on humanistic-democratic values that aim to improve organizational effectiveness and employee well-being" (Kinicki & Williams, 2020, p. 588). The sharing of organizational goals and values by company employees, as a goal of organizational development as a component of organizational change, is achieved by: deepening the sense of organizational purpose and aligning individuals to them; promoting interpersonal trust, communication, cooperation and support; encouraging a problem-solving approach; developing an appropriate work experience; providing formal authority coupled with expertise-based authority; taking personal responsibility; and encouraging a desire for change (Kinicki & Williams, 2020).

Recent approaches to change management advocate a shift from traditional organizational change initiatives to initiatives to reduce companies' resistance to change, with the aim of also focusing on managing the stressors to which organizational members are exposed (Kinicki & Fugate, 2018).

To minimize resistance to major changes in organizational processes, actions can be taken in the following directions:

- *Ensuring job stability and security.*
- *Providing development and training programs for company members:* training courses serve the effective application of change management practices, with effects in maintaining a balance between change and stability.
- *Specialization and cooperation of work groups in the company:* can reduce resistance to change if social relations are appropriate.

- *The imposition of new processes by the company's leadership*: this is only achieved through changes that are based on timely and accurate information about the need for change and how it affects the status quo, which ensures that employee resistance is kept in check (Sinding & Waldstrom, 2014).

In terms of the techniques used to counter and reduce resistance to change, the most relevant are the following (Kotter & Schlesinger, 2008; Robbins et al., 2018):

- participation and involvement in change;
- education;
- training;
- communication;
- facilitation and support;
- negotiation;
- manipulation and participation;
- coercion;
- their involvement in planning and implementing change;
- reducing change anxiety etc.

In order to find the best solutions for keeping resistance to change under control and reducing it where necessary, not only the sources and reasons for change need to be identified, but also the barriers and difficulties to change.

### 3. RESEARCH METHODOLOGY

In this study we aim to present the main factors that determine the manifestation of resistance to change processes within the company and how they determine the effectiveness of change management practices.

The questionnaire, employed as a quantitative research tool in this study, includes items designed to pinpoint the most impactful practices and solutions for implementing organizational change within the company being analysed.

The analysed variables were evaluated on a Likert-type scale from 1 to 5 (1 - strongly disagree; 2 - disagree; 3 - undecided; 4 - agree; 5 - strongly agree).

The research was based on a sample of 86 managers and non-managerial employees.

Therefore, in order to build the model to analyse the main factors that determine the resistance of company members to the complex process of change as well as the effectiveness of its reduction in the company under research, the construct includes the following aggregate variables:

- The most relevant factors determining how resistance to change manifests are included in the statistical variable "*FRC*".
- Effectiveness of practices to reduce resistance to change are synthesized by the statistical variable "*EPRC*".

### 4. RESULTS

#### 4.1 Analysis of factors determining resistance to change

The analysis of changes implemented at the company reveals that most employees, similar to those in many other successful businesses, are supportive of organizational change and show minimal resistance that could hinder its implementation.

As arguments we can mention this study undertaken in the company analysed, as well as many other examples of companies that have benefited from significant support from most employees to

implement changes, some even unexpected and large-scale, such as those caused by the Covid 19 pandemic, which have caused major changes in the labor market and workplace.

The analysis of the factors and reasons for resistance to change in the analysed company, based on the information obtained from the data processing of the questionnaire administered to the respondents who were part of the research sample, shows that among the main factors that generate resistance to change, are the following:

- Feelings of occupational insecurity about the future due to change.
- Lack of adequate knowledge about change.
- Emotional reactions when change is achieved through coercion.
- Non-involvement in the process.
- Lack of skills needed after the change.
- Distrust in the expected change.
- Forcing change.
- Fear of failure.
- Personality conflicts.
- The company did not assess its readiness for change and did not take the necessary steps to prepare effectively.
- Not understanding change.
- Lack of trust in the agent of change.
- Poor cooperation.
- Lack of understanding of employee needs.
- Perceived threats to employee status quo or job security.
- Dissolution of highly cohesive working groups.
- Interference with other objectives.
- Fear of the changes that need to be made in personal behaviour.

As for the main statistical indicators presented in Table 1, they indicate that the aggregated variable summarizing the factors that determine the resistance to change *FRC*, has a mean of 3.7762 and a standard deviation of 0.3289.

**Table 1. Descriptive statistics *FRC***

Variable	Obs	Mean	Std. Dev.	Min	Max
FRC	86	3.776279	.3289844	2.79	4.47

*Source:* Own research

#### 4.2 Analysis of the effectiveness of practices to reduce resistance to change

The effectiveness in reducing resistance to change, represented by the aggregate variable *EPRC*, encompasses the full range of practices, methods, and techniques that can be applied to mitigate resistance to change within the company being studied.

The analysis of the *EPRC* variable, based on descriptive statistics indicators, shows that it registers a mean of 4.185, with a standard deviation of 0.3959 considered good, in terms of the variation of the responses from the mean.

**Table 2. Descriptive statistics *EPRC***

Variable	Obs	Mean	Std. Dev.	Min	Max
EPRC	86	4.185	.3959018	3.27	5

*Source:* Own research

Based on the structure of the *EPRC* variable construct, we can identify the most effective practices for containing and reducing resistance to change based on the information provided by the questionnaire respondents based on their perceptions.

In order to improve the effectiveness of practices and methods to reduce resistance to change, change leadership will seek to identify and use the most appropriate methods, techniques and tools to mitigate and control resistance to change, based on the perceptions of the questionnaire respondents. To this end, we constructed the aggregate *EPRC* variable, composed of 11 primary variables. These are as follows (Metz, 2024):

- The company has adequate tools and means to reduce resistance to change:
  - ✓ employee training/development;
  - ✓ effective organizational communication and sufficient communication channels;
  - ✓ engagement of company members in the change process of those affected;
  - ✓ developing the company's resilience potential;
  - ✓ negotiation.
- Reducing resistance to change and keeping it under control is achieved by:
  - systematically approach the change process phase by phase and define specific roles and responsibilities;
  - creating a change leadership committee to represent the concerns of all stakeholders at all levels of the organization;
  - widespread employee involvement in planned, large-scale and complex organizational change;
  - collect and disseminate information on organizational change to all participants;
  - involving employees to get feedback and alleviate fears/fear of failure;
  - employees sharing the company's common goals and values.

As this information shows, the company has adequate and effective tools and means to overcome resistance to change.

The aspects viewed as most important by questionnaire respondents include: communication (4.30), education (4.27), and involvement in decision-making for those affected (4.01).

Additionally, several highly effective practices for minimizing resistance to change include: systematically approaching the change process phase by phase and defining specific roles and responsibilities (4.29); creating a change leadership committee to represent the concerns of all stakeholders at all levels of the organization (4.26); collecting and disseminating information on organizational change to all participants (4.28).

### 4.3. Analysis of statistical relationships between *FRC* and *EPRC* variables

In the following we aim to study the analysis of the statistical relationships between the variables summarizing the factors that determine resistance to change (*FRC*) and the effectiveness of practices to reduce resistance to change (*EPRC*).

Thus, as shown in Table 3, there is a strong correlation ( $R = 0.67$ ) between the analyzed variables, indicating a positive and significant relationship between the factors driving resistance to change and the effectiveness of practices aimed at reducing it..

**Table 3. Correlation analysis between *FRC* and *EPRC* variables**

	FRC	EPRC
FRC	1.0000	
EPRC	0.6715	1.0000

*Source:* Own research

Therefore, in Table 4 we aim to analyze the size of the influence that the independent variable *FRC* has on the dependent variable *ERRC*.

**Table 4. Linear regression EPRC and FRC**

. regress ERRC FRC in 1/86, vce(robust)

Linear regression	Number of obs	=	86
	F(1, 84)	=	95.86
	Prob > F	=	0.0000
	R-squared	=	0.4510
	Root MSE	=	.2951

  

EPRC	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
FRC	.8081213	.0825402	9.79	0.000	.6439811	.9722614
_cons	1.133309	.3099423	3.66	0.000	.5169543	1.749663

Source: Own research

The *FRC* variable has a statistically significant impact on the *EPRC* variable as the F-test has a p-value of 0.0000. The variation of the *FRC* variable explains 45.10% ( $R^2 = 0.4510$ ) of the variation of the *EPRC* variable. The coefficient of the *FRC* variable equals 0.8081 and is estimated with p-value = 0.000 ( $P>|t| < 0.05$ ). The sign of the coefficient is positive, this means that for a one unit increase in the *FRC* variable, the *EPRC* variable will increase by 0.8081 units.

In other words, we can say that for a one-unit increase in the factors driving resistance to change (*FRC*), the effectiveness of practices to reduce resistance to change (*EPRC*) will increase by 0.8081 units.

We observe that the impact of factors driving resistance to change on the effectiveness of practices to reduce it within the company is substantial.

The most effective practices for reducing resistance to change, according to the respondents to the questionnaire, are education, communication and development. This is also demonstrated by the results of the regression analysis in which the dependent variable is the effectiveness of change resistance reduction practices and the three practices (education, communication and development) as independent variables, according to Table 5.

Thus, the three practices to reduce resistance to change explain 83.94% of the influence of the dependent variable *EPRC*.

The regression coefficients are positive, meaning that all three practices have a positive and significant influence. Among these, communication is very important, which is why it ranks among the company's top 5 core values.

**Table 5. Linear regression EPRC and Communication, Education and Development**

Linear regression	Number of obs	=	86
	F(3, 82)	=	115.54
	Prob > F	=	0.0000
	R-squared	=	0.8394
	Root MSE	=	.16154

	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
EPRC	.4612206	.0559727	8.24	0.000	.3498731	.572568
COM	.2128501	.0512861	4.15	0.000	.1108257	.3148745
TRN	.1445996	.0607479	2.38	0.020	.0237527	.2654465
DVL	.883487	.1973191	4.48	0.000	.4909566	1.276017
_cons						

Source: Own research

## 5. CONCLUSIONS

In recent years, the world economy has undergone far-reaching and complex changes with both general and specific effects on different sectors and types of organizations. The pace of change in business companies must match the demands of change in the environment in which they operate in order to ensure their safe survival in the marketplace and to respond promptly and effectively to new challenges. As a consequence, successful companies have implemented changes to ensure that they are able to adapt to the frequent changes brought about by the new economic, social and political context.

In business settings, resistance to change reflects attitudes or behaviors that indicate reluctance to initiate or endorse a desired change. This perspective on resistance to change suggests that when employees exhibit resistance, they are, in essence, protecting something valuable that they feel may be compromised by the change. For this reason, managers of different companies need to look more deeply into the sources and reasons that generate resistance to change (Schermerhorn et al., 2002; Johns, 1998).

In this context, resistance to change and the effectiveness of practices to reduce resistance to change are of significant importance in the successful implementation of organizational change. The undertaken study is based on an empirical research, based on an applicable and functional model, which aims to identify and implement change management policies and best practices in the analysed company. Thus, in the present study we aim to present the main factors that determine resistance to change, as well as their influence on the effectiveness of the practices to reduce resistance to change in the analysed company (Metz, 2024).

Based on direct observations, administered interviews and some analysis conducted by the company's leadership, we can state that the company under research performs well in difficult times when faced with a crisis situation. Employees seek to solve the problems they face in the right way and organize themselves flexibly, in virtual and hybrid teams, when the situation requires it. At the same time the company's leadership continuously monitors the external environment to understand and prevent certain problems the company may face in the future; makes the right decisions in crisis situations; encourages and supports innovative solutions with resources; has sufficient resources (financial, human, information) to perform even when more difficult to anticipate situations arise; develops comprehensive crisis management plans; creates a database and information on crisis action to strengthen its resilience.

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