"A Study on the Impact of Change Management on Employee's Responses"

Gobind Daya Singh Marwaha[1] Dr. Prof. H. Sandhu[2]

[1]Research Scholar, IIU, School of Doctoral Studies – European Union

[2]President IIU, European Union

Abstract – Like many other industries, organizations in the paper industry are struggling with how to effectively implement the myriad changes necessary to remain competitive. The purpose of this paper is to provide an overview of the findings from the early stages of a stream of research on managing organizational change. At the present time, results are available from different studies which have encompassed different change initiatives in many different organizations representing twenty-one different industries including banking, engineering, health care, manufacturing, technology services, and utilities.

----------♦----------

INTRODUCTION

Frequent and often pervasive change is becoming a fact of life as organizations face increasing challenges in ever-more competitive environments. This is particularly true for companies in the paper industry as they work to adjust to a rapidly changing business environment (Ault, Walton, & Childers, 2008).

Such realignments are going to result in a great deal of upheaval within the affected organizations, i.e., most or all companies in the industry. Unfortunately, as in most industries, it appears that companies in the paper industry are also struggling with how best to implement the myriad of changes necessitated by these adjustments so as to minimize employee resistance and gain their buy-in and support. Without this acceptance, it can be extremely difficult to fully realize the potential gains inherent in any major change effort.

The bulk of the research on organizational change takes an organizational (macro) rather than an individual perspective. Such research tends to either examine organizations' strategic adaptation to environmental changes (strategic management literature - Kotter & Schlesinger, 2009; Romanelli & Tushman, 2004), or processes and procedures used for implementing single changes in organizations (organizational development literature - Quirke, 2006; Schweiger & DeNisi, 2001; Miller et al., 2004). Yet, ultimately, the key elements in determining the success of organizational changes are the attitudes and behaviors of the individuals charged with implementation (Herold, Fedor, & Caldwell, 2002).

Thus, we have a reasonable understanding of how organizations deal with their environments, how specific contextual variables affect the success of specific change efforts, and how change management practices/processes can affect the consequences of specific changes, such as layoffs (e.g., Brockner, Konovsky, Cooper-Schneider, Folger, Martin & Bies, 2004).

In contrast, much less is known about how individuals perceive organizational changes, how such perceptions are affected by the specifics of the change itself as well as by other changes occurring in the environment, and the factors that determine their ultimate responses to the change. Armenakis and Bedeian (2009), in their review of organizational change theory and research developments in the 2000's, divided these developments into four categories or themes: content issues focusing on the substance of the change (e.g., reorganizations), context issues focusing on forces internal and external to the organization, process issues focusing on how the change was implemented, and criterion issues focusing on outcomes commonly assessed.

The fact that ten years of change-oriented research can fit these categories, without requiring a category addressing the individuals affected by the changes, is further evidence of a crucial missing link in our understanding. If change implementation ultimately depends on the attitudes and

behaviors of organizational members, then we need to broaden our models for studying change.

LITERATURE REVIEW

At a very general level, it seems reasonable to hypothesize that the nature of the change ("What"), the totality of other changes ("What else"), the process by which change is managed ("How"), and the predispositions of the individual experiencing the change ("Who") will all play roles in determining individual responses. Unfortunately, there is surprisingly little research or theory to guide us in developing such a framework. Of the four categories of variables ("What," "What else," "How," and "Who"), the organizational development and organizational behavior literatures have probably provided the greatest insight into the "How" variables through research on change practices and the importance of such factors as procedural justice (Beer, 2000; Brockner et al., 2004; Lind & Tyler, 2008). At the "What" level, we don't have much to go on. When studies have focused on particular changes, e.g., layoffs (Brockner et al., 2004), reorganizations (Ashford, 2008), organizational transformation (Mossholder, Settoon, Armendakis, & Harris, 2000), or simply important policy changes (Lau & Woodman, 2005), they have typically used one particular change as a vehicle for studying some process or outcome variable of interest (procedural justice, coping, attitudes about the change).

As a result, this has limited our understanding of the broad array of possible organizational changes. Furthermore, we currently lack a typology of changes that would help in dimensionalizing the domain in terms of what it is about different changes that influences individuals' responses. At the "Who" level, the state of research is reflective of the general neglect of individual differences or personality characteristics research in organizational studies (Caldwell, Fedor, & Herold, 2002).

Only recently, researchers such as Judge et. al. (2009) have begun to study person variables (personality, self-esteem, locus of control, etc.) as determinants of how people cope with change. As a result, we have not been able to determine the impact of individual differences within the more realistic context of what has changed and how that change has been managed. Similarly, at the "What else" level, we have little to go on because change research has almost always focused on a particular "change event," rather than on capturing the broader change environment. As such, there is an entire context to any change that has, to date, been completely ignored by researchers in this area.

CHANGE IN THE INDUSTRY

The need for a more comprehensive approach is highlighted by some preliminary data we have collected as part of cross-organizational studies of change. Fortuitously, there were four paper-related companies that participated in this research. Below, we summarize comparisons between these paper companies (broken down into plant, sales, and administrative employees) and all other organizations in this sample. We then discuss three studies that have investigated specific aspects of the proposed framework.

The respondents working for various companies were less likely to believe that the goals of a given change effort had been met, and were more likely to report increased levels of withdrawal and decreased satisfaction as a result of the changes being experienced. This suggests a possible industry pattern of reduced efficacy and increased possibilities of negative consequences when changes are introduced.

The results are particularly evident in the plant operations and sales departments of various companies studied. When respondents rated the managerial and organizational support shown for a given change and the quality of the planning that went into the change, the paper company employees again had more negative impressions of how the change was handled than employees of all other companies. Those involved in the sales functions at the paper companies showed an interesting pattern of responses suggesting reasonable planning, but poor support from the organization for the changes. From these initial results, the question arises as to whether paper companies are more apt to plan changes adequately, but less likely to provide the training and other resources needed for successful change.

These preliminary data suggest that the paper industry has much to gain from a deeper understanding of the factors associated with successful management of change. The purpose of this paper is to provide an overview of the findings from the early stages of a stream of research on change management. At the present time, results are available from three different studies which have encompassed different change initiatives in many different organizations, spanning a broad cross section of industries includes financial services, manufacturing, and government (the entire list of industries is available from the first author).

Therefore, these results are expected to be valid for many different types of organizations. If available, initial results from this project will also be presented at the conference.

METHOD OVERVIEW

The three studies highlighted below share a common methodology. Data were collected on different changes occurring in separate organizations in India. Within these three separate studies, one manager in each organization was asked to identify a specific change in his/her work unit that was very nearly or recently completed and to survey affected individuals about that particular change. To reduce response bias, respondents in each organization randomly received one of two surveys.

One survey was designed to capture data on the specific change and the organization's change management practices (Organizational Change Survey), while the other survey focused on individual differences and reactions to the change (Personal Change Survey). The specific change being studied was identified at the beginning of each survey so that all respondents in a given organization were referencing the same change. The targeted changes reflected a wide variety of change initiatives including major reorganizations, reengineering or work process changes, structural changes, technology changes, and changes in strategy or corporate direction. The number of respondents for any one organization averaged 23. Finally, for each of the three studies, similarities in the demographics of the two survey samples (i.e., those responding to the Organizational Change Survey and the Personal Change Survey) indicated equivalent groups of respondents in each organization.

SUMMARY AND IMPLICATIONS

The picture that begins to unfold from these three studies is quite interesting. Study points to the fact that even relatively minor changes need to be properly managed, while more major changes might be given more latitude possibly because the reason(s) for them are more obvious. In addition, this study found that age was negatively related to change acceptance (not totally surprising) and that this effect was not ameliorated by managing the change fairly. In contrast, good change management worked well for younger employees. This raises a concern about how to get older works "on board" when it comes to change initiatives.

Study found that organizations create change-related strain for their employees in two ways. First, the level of strain depends on the impact the change has on the individual's own job. In other words, high personal demands tend to translate into high strain. Second, if a change has a significant impact on the work unit and that change is not managed well, in terms of fairness, this also tends to lead to experiences of personal strain. In the final study, we found further evidence of the need to consider the change occurring at both the work unit and individual job level in relation to two forms of commitment (i.e., to the change and to the organization), and the importance of including the impact that the change had on the work unit.

Somewhat ironically, while the participating employees reported reasonable acceptance of the change being implemented, they also seemed to become less committed to the organization. Moreover, the highest commitment occurred when the change was seen as good for the work unit, there as a lot of change at the work unit level, but little direct job impact. Ergo, employees like lots of beneficial change that also leaves them relatively untouched. In contrast, the greatest decrease in organizational commitment was reported when a somewhat minor change was seen as good for the work unit, but the personal job impact was high.

Taken all together, these studies point to the need to include multiple levels of change, how the change was managed, the impact of the change, and individual differences into our models of how individual employees (i.e., the change implementers) respond to change. Although these findings are very revealing, they appear to only begin to unravel the complex nature of organizational change. These studies have several practical implications for organizations facing change.

First, they point to a need to improve our understanding of the effects that multiple levels of change have on individuals, since most organizational changes have, at minimum, personal and work-unit implications. Second, the findings point to the more complex role played by change management practices, and alerts us to when such processes may or may not ameliorate the negative consequences of change. Third, our findings point to the need to consider individual differences (in this case, employee age) and how they affect responses to change.

Although many organizations "tip their hat" to the notion that the consideration of employees is essential to effective change management, most do not seriously follow through to make sure such considerations guide their change practices. Even in those instances where the change tends to have negative outcomes (e.g., downsizing), management should be vigilant about finding ways to ameliorate any negative consequences for individual employees. As such, our findings suggest that organizations can actually benefit, in terms of better P-O fit, less strain, and higher commitment, in the face of difficult changes.

REFERENCES

- Armenakis, A. A., & Bedeian, A. G. 2009. Organizational change: A review of theory and research in the 2000s. Journal of Management, 25: 293-315.
- Ashford, S. J. 2008. Individual strategies for coping with stress during organizational transitions. Journal of Applied Behavioral Science, 24: 19-36.
- Ault, R., Walton, R., & Childers, M. 2008. What works: A decade of change at Champion International. JosseyBass: San Francisco.
- Beer, M. 2000. Organizational change and development: A systems view. Santa Monica, Ca.: Goodyear Publishing Co.
- Brockner, J. 2002. Making sense of procedural fairness: How high procedural fairness can reduce or heighten the influence of outcome favorability. Academy of Management Review, 27: 58 – 76.
- Brockner, J., Konovsky, M., Cooper-Schneider, R., Folger, R., Martin, C., & Bies, R. J. 2004. Interactive effects of procedural justice and outcome negativity on victims and survivors of job loss. Acadamey of Management Journal, 37: 397-409.
- Caldwell, Fedor, & Herold (2002). The Role of Individual Differences in Shaping Interpretations and Reactions to Organizational Change. Paper presented at the annual meeting of the Academy of Management, August, Denver, Colorado.
- Herold, Fedor, & Caldwell (2002). Toward a More Integrative Framework for Understanding Individuals' Reactions to Organizational Change. Working paper. Georgia Institute of Technology, Atlanta, GA.
- Judge, T. A., Thoresen, C. J., Pucik, V., & Welbourne, T. M. 2009. Managerial coping with organizational change: A dispositional perspective. Journal of Applied Psychology, 84: 107 – 122.
- Kotter, J. P. 2006. Leading Change. Boston, MA: Harvard Business School Press. Kotter, J. P., & Schlesinger, L. A. 2009. Choosing strategies for change. Harvard Business Review, 57: 106 – 114.
- Lau, C. M., & Woodman, R. W. 2005. Understanding organizational change: A schematic perspective. Academy of Management Journal, 38: 537 – 554.
- Leffler, N. 2007. Global industry restructuring as Asia expands. Asia Pacific Papermaker, 7, 64.
- Lind, E. A., & Tyler, T. 2008. Procedural justice in organizations. The Social Psychology of Procedural Justice, 173 – 202. New York: Plenum Press.
- Miller, V. D., Johnson, J. R., & Grau, J. 2004. Antecedents to willingness to participate in a planned organizational change. Journal of Applied Communication Research, 22: 59 – 80.
- Mossholder, K. W., Settoon, R. P., Armenakis, A. A., & Harris, S. G. 2000. Emotion during organizational transformations. Group & Organization Management, 25: 220 – 243.
- Pulp & Paper Factbook 2009-2000 (North America). San Francisco: Miller Freeman, Inc.
- Quirke, B. (2006). Communicating Corporate Change. McGraw-Hill : England.
- Rhodes, L., & Eisenberger, R. 2002. Perceived organizational support: A review of the literature. Journal of Applied Psychology, 87: 698 – 714.
- Romanelli, E. & Tushman, M. L. 2004. Organizational transformation as punctuated equilibrium: An empirical test. Academy of Management Journal, 37: 1141-1166.
- Schweiger, D., & DeNisi, A. 2001. Communications with employees following a merger: A longitudinal field experiment. Academy of Management Journal, 34: 110 – 135.