CHAPTER ONE
INTRODUCTION

1.1 INTRODUCTION

Humankind and their organizations exist in a world of constant evolutionary activity. They evolve and change in many ways. Their structures, mission, purpose, and levels of activity are crucial elements of the process. Outdated structures, purposes, missions, and activities are indicators of a need to change and possible evolve into new forms and/or systems.

According to Krupp (1995), to grow, one must change. People perceive change as frightening, exciting, overwhelming, or growth producing. Individuals approach change with trepidation or retreat to comfort of the known, while others create change and thrive on exhilarated feelings that take place with change. Change by itself is unsettling; its predictability making it an unwelcome business partner. "Change has become the only constant, besides death and taxes (Thomas & Hubble, 1997).

At the organizational level, change is the single most important element of successful business management today. To remain competitive in increasingly aggressive markets, organizations (and individuals in them) have to adopt a positive attitude towards change, as ignoring or trivializing a change trend can be costly. Research in the literature reveals that for organizations to survive and prosper will mean they must adopt an attitude of welcoming change, constantly searching for improvements, being close and responsive to their customers, and being innovative, creative, and flexible (Nixon, 1995). It is evident that for organizations, change is the way to stay competitive and grow. For individuals, the opportunities created by change enrich career and personal lives (Heller, 1998).

Organizational change therefore, is a reality of the modern world. No matter how changes are defined, the challenge to the organization is inevitable: balancing the demands and expectations among stakeholders, including employees, management, shareholders, and customers. Without balance, an organization risks an anxious workforce that may yield diminishing productivity.

Research shows that a significant number (nearly two thirds) of all major changes in organizations fail (Maurer, 1996). Surveys (U.S.) also reported the following success rates:

- Only 20 to 30 percent of all reengineering projects succeed (Hammer and Champy, 1995)
- Only 23 percent of all mergers and acquisitions make back their costs (Fisher, 1994).
- Just 43 percent of all quality-improvement efforts make satisfactory progress (Moran et al, 1994)
- 9 percent of all major software development applications in large organizations are worth their cost. 31 percent get cancelled before completion and 51 percent will result in cost overruns by 189 percent (Johnson, 1995).

These grim statistics represent a tremendous cost to organizations in terms of money, resources and time. Failed change initiatives also take a human toll. Employees are left feeling discouraged, distrustful, and reluctant to participate in the next round of failures (Maurer, 1996).

Many such change initiatives, even those undertaken with the best of intentions, are often destined for failure at some point in their implementation (Siegel et al., 1996). These failures can be traced in hindsight to a number of factors, including inappropriately conceived future

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states, resistance by organizational members, faulty implementation strategies during transition periods, or simply a lack of knowledge regarding important aspects of change management on the part of managers and executives (Beckhard and Pritchard, 1992; Burke, 1994; Burke and Doldstein, 1980; Kanter et al., 1992; Tichy, 1983).

While some of these problems can be attributed to the content of the change initiative itself (e.g. are a new set of values identified by senior management the correct ones for the company as a whole?), issues of resistance or implementation throughout the organizational system can be attributed to poor management of the change process (Siegel, et al., 1996). It is the management of the process elements of organizational change that are often least considered during the change initiatives. And yet, management of these factors is vital to the successful implementation of change, a perspective advanced by Kotter (1995) and Champy (1995).

A range of authors have provided guidelines on the principles and practices underlying the successful implementation of organizational change. Contemporary research and experience at implementing change into organizations suggest that among the significant factors which influence success at organizational change are the committed and active participation of leadership (APQC White Paper Findings, 1997), level of commitment demonstrated by participants of the change (Mecca, 1998), effective communication throughout the change (Schalk, Campbell & Freese, 1998), sustaining momentum by providing resources and building a support system for change, motivating change by creating readiness and overcoming resistance (Cummings & Worley, 1996) and articulating a compelling vision (Kanter, 1992).

1.2 OBJECTIVES OF THE STUDY

The purpose of the study is to test various system models and change guidelines that deal with the dynamics of successful change. It was hypothesized that those organizations which were assessed by respondents to have achieved successful change outcomes would have also managed the change process in accordance to the general guidelines derived from the literature on the effective management of change.

1.3 HYPOTHESES

The principles for successful change lead to a number of specific hypotheses which derive from the general aim above. These hypotheses are as follows:

H1 : Successful change outcomes would be associated with action by senior management to develop, justify and communicate an organization vision with a limited (and not excessive) number of clear and consistent themes for change.

H2 : Successful change outcomes would most likely be associated with cohesive action from the CEO, board and senior management team in creating a sense of urgency, sharing and championing a common vision and modelling appropriate change behaviours to manage alignment behind the vision.

H3 : Successful change outcomes would most likely be associated with a leadership style which emphasized involvement, participation and empowerment.

H4 : Successful change outcomes would be accompanied by the provision of adequate financial, human, training resources and management support.

H5 : Successful change outcomes would have been specifically associated with a variety of rewards with the power to motivate appropriate change behaviours – e.g. personal satisfaction, challenge, identification with and ownership of the change, identification with influential managers, financial rewards, team pressure, and so forth.

H5a : Motivational strategies that emphasized punitive action, would not be associated with successful change outcomes.

H6 : Successful change outcomes would be accompanied by specific structural arrangements to manage the change.

H7 : Successful change outcomes would most likely be associated with communication strategies that emphasized direct communication and "proof" by managers of commitment to the change process as well as a variety of media emphasizing written or symbolic communication.

H8 : Successful change outcomes would most likely be associated with all the above dimensions at once. In other words, H1 to H7 would apply together rather than selectively.

The last hypotheses basically postulates the integrated nature of the "universalistic principles" associated with Hypotheses 1-7.

1.4 SIGNIFICANCE OF THE STUDY

The findings of this study can be made available to facilitate the implementation of change initiatives and to better understand change at various levels and magnitudes in the organization. An understanding of the relationship between different change processes and change outcomes can be used by management and change agents for better change management. In addition, the findings could offer a step toward the exploration of ways that could assist individuals to adapt to the accelerated paces of change at micro and macro levels.

This study can be used to help individuals to motivate their employees and empower them with a greater understanding of change and its impact on our daily lives.

The study has revealed a need to encourage continual individual and collective learning as an integral component in the design of self-renewing organizational climates that honour and make use of the total individual in successful organizations.

1.5 LIMITATIONS OF THE STUDY

This research was conducted under several constraints and as such, the assessments and findings may not accurately reflect actual situations. The limitations of the study were as follows:

(1) *Partial responses*

Respondents may not have been impartial or truthful in providing their opinions during this study. This may be due to several factors such as vested interest and personal attachments to the change initiative, the inclination to perceive and/or project themselves in a positive light even though their identities are not known, or certain

pre-conceived notions of the change and/or change processes they may have had.

(2)   *Time limitation*

This study was to be completed in 3 months and as such may not be comprehensive enough to reflect actual situations. It was not possible to include all factors or variables that could have an impact on the study, therefore, it was necessary to limit the scope of study. This was not desirable although necessary under the circumstances due to time constraints.

1.6   ASSUMPTIONS OF THE STUDY

This study relied on the individual's honest responses on the instruments. The researcher operated under the assumption that the validity of the instrument was consistent on all variables. Based on the literature reviewed and hypotheses formulated in the study, the fundamental unit of analysis was the organization. However, since organizations are unique living systems whose basic composition is the individual, to fulfill certain study objectives, the individual was also used as the unit of analysis.

1.7   ORGANIZATION OF THE STUDY

Chapter 1 has presented the introduction, study objectives, hypotheses, limitations and assumptions of the study. *Chapter 2* contains the review of literature and research related to successful organizational change. *Chapter 3* describes the research methodology adopted for the study. *Chapter 4* describes the research results and findings. *Chapter 5* presents a summary of the major findings, discussion and recommendations for further study.