

## 1. INTRODUCTION

This chapter introduces the concept Change and the problem statement of this study. Thereafter follows the significance of the study and research question, and the chapter ends with organisation of the study.

### 1.1 Background

***“If it is working, why change?”*** This seems to be the natural response when a status quo is about to change. “It” in this context can refer to any aspect of our life, family, company, country, nation or world. To challenge an existing status quo, needs a tremendous effort, well planned and thought through master plan, a solid yet robust supporting foundation – technology, infrastructure and support from all impacted stakeholders.

With Vision 2020 and various high impact projects launched by the Malaysian government, all are with the same underlying philosophy – CHANGE. Do we (organisation) have the required behaviours to allow our organisation to respond to the changing environment effectively and quickly? Change is a process and not an event.

Datuk Seri Idris Jala, CEO of Performance Management and Delivery Unit (PEMANDU) and Minister in the Prime Minister’s Department (The Star, 17th

June 2012) shared the same predicament. In his opinion, Malaysia to achieve a high-income society, it is not an easy journey, where it is full of challenges, of which some are beyond the control of the policy makers, will require a positive attitude, sufficient information and knowledge, constructive, and have the competitiveness attitudes.

The current growth is the Malaysia's gross domestic product (GDP) for Quarter 1 (Q1) of 2012 was at 4.7%, of which it falls within the expected growth. Economic Transformation Programme (ETP) plays a significant role in this, and this programme will serve as an indicator if Malaysia has the capacity to change.

## 1.2 Research Question and Objectives

Kotter (1996) in his best-selling book "Leading Change", cited that the reasons why Change failed is due to several factors – complacency, power and leadership, communication and organisation culture. Many researchers have anchored their studies around these few areas and it is obvious that the basic unit – employee/staff of an organisation plays a significant role in any Change activities. While that is important, an organisation needs to have a proper environment – structure, process, controls for any organisation to progress.

Given that, this study attempts to determine if the behavioural factors – supportive and non-supportive (Judge & Douglas, 2009) influence the Organisational Change Capacity (Szamosi & Duxbury, 2002), and this will allow an organisation to establish a baseline for any transformation / change initiatives.

The research questions are as follows

1. What is the relationship between Supportive Behaviour factors (SBF) and Organisational Change Capacity within the workforce in Malaysia?
2. What is the relationship between Non-Supportive Behaviour factors (NSBF) and Organisational Change Capacity within the workforce in Malaysia?

### 1.3 Problem Statement

The concept of Change Management seemed to be around ever since there is Management and Leadership. Despite that, this concept deemed to be “up in the air” or the “New Black”. Change is a process, hence having some measurement, which allows a quick assessment of current situation is not viable, but indicators are used.

Assessing Malaysia’ growth since 1990s, at the average rate of 6.2% per annum, we performed better than ASEAN (Association of Southeast Asian

Nations) and better than some developed countries such as European Unions, Japan and the United States of America. With the financial turmoil 1997-1998, Malaysia has indeed responded well to it by implementing currency leveraging and effective capital controls.

Despite that, Malaysia until 2012 still is not able to elevate himself to becoming a Developed country and we are stuck in the middle-income trap. For Malaysia to achieve the status of a developed nation by 2020, we need to have a steady growth of 8% per annum from 2008 onwards (GTP Roadmap, 2008). While focus is on the economic transformation programme (ETP) lauded by the PEMANDU, equal emphasis has to be given on the assumptions adopted that is do we have the appetite for all these changes to take place? Are we ready for these changes to take place?

The literature gathered to-date, focussed around exploratory and longitudinal studies. Hence, the availability for an off-the-shelves tool to measure change capacity of an organisation is not available. In Malaysia, we have witnessed all types of organisation - Private, Public and even Government-Linked Companies - go through tremendous transformation to enable their organisation to be competitive. This is apparent, when in these organisation, there is a unit within the organisation structure, which manages transformation, - some are labelled as Programme Management Office,

Change Management unit or even being part of Human Resources division – Organisation Design and Development (Rothwell, 2012).

The value of doing this research is to allow academicians to continue to explore the uncharted territory, where to understand if the behaviour of an organisation influence the Organisational Change Capacity. As such, findings from Szamosi and Duxburry (2002), Judge and Douglas (2009), which attempted to measure Change, their ideas are being synthesised. While that is aimed for academicians, practitioners would be able to benefit from this study, that they are provided with an additional tool - a structured tool to allow them to have a snapshot of the health condition of any organisation (from the readiness aspect) prior to any intervention.

This study aims to contribute to current literature by leveraging measures developed for supporting and non-supporting behavioural measures to assess change capacity of an organisation, of which a measurement developed but not used in this manner. The purpose and objectives of the study are

1. Streamline the factors – both Supportive and Non-Supportive which affects Organisational Change Capacity (OCC) and,
2. Determine if relationship between Supportive and Non-Supportive behaviours influence Organisational Change Capacity (OCC) of the workforce in Malaysia.

#### 1.4 Scope of the Study

The scope of study encompasses the companies, which operate in Malaysia – regardless of Public, Private or Government Linked Companies. The respondents are selected based on their existing presence in the company (non-probability sampling) and they are not to forward to their colleagues given this survey unit of analysis is Organisation/Company.

#### 1.5 Importance of the Study

This research will contribute to the literature by leveraging the existing measures in determining the supportive and non-supportive behaviour that affects organisational change capacity. This will provide an insight of the influence of employee's behaviour on any Change programme within an Organisation. Through this, the management will put emphasis in establishing a dedicated team in managing Change activities – from planning to monitoring.

The output of this study can also enrich the existing body of knowledge especially in the area of Change Management or Organisational Change as practitioner in the industry may not necessarily are trained in this area, just they are merely an adopter.

## 1.6 Organisation of the Study

Chapter 2 begins with a literature review of definition of Organisation Change, Capacity and Capability, Change Resistance, Change Management and Leadership. The chapter ends with a proposed measurement of Change Capability.

Chapter 3 develops the hypotheses and presents the research methodology. The findings of the study will be in Chapter 4, followed by discussion, conclusion and recommendation on the findings in Chapter 5.

## **2. LITERATURE REVIEW**

The concept of Change, most talked about and yet unable to measure supported by the literature review. Majority of the researches are in a qualitative method. While some have attempted Change scales which remains as a theory. This chapter will end with the proposal in applying a synthesised scale to measure if the workforce in Malaysia have what it takes to undertake a Change initiative.

### **2.1 Dependent Variable**

#### **2.1.1 Organisation Change, Capacity and Capability**

Change is a constant feature of organisational life and the ability to manage it seen as a core competence of successful organisations (Burnes, 2004). The changing landscape of the business environment has triggered the need to continuously to change to its environment. Kurt Lewin (1951) through the three-phase model of change outlines that ones will go through the three (3) stages as shown below



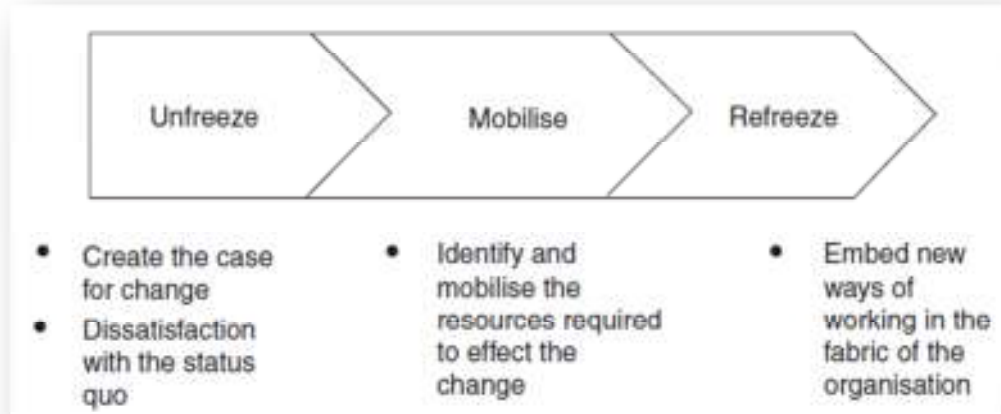


FIGURE 1 : THE THREE-PHASE MODEL OF CHANGE (ADAPTED FROM LEWIN, 1951)

However, this theory may not be robust enough to cater to the level of complexity experienced in the business environment. The complexity further explored through

- i. Chaos Theory (Lorenz, 1979, 1993; Bechtold, 1997; Haigh, 2002),
- ii. Dissipative Structures Theory (Prigogine & Stengers, 1984; Prigogine, 1997)
- iii. Theory of Complex Adaptive Systems (Goodwin, 1994; Stacey et al, 2002).

According to Stacey (2003), the main difference between theories above is that the latter theory attempts using an agent-based approach, whilst the rest seek to construct mathematical models of systems at the macro level - whole systems and populations. Despite the difference in the angle, these three (3)

theories based on the fundamentals of the nature of chaos and order, the 'edge of chaos' and order-generating rules.

As such, management and change will take on a new dimension in managing the complexity arises in the business environment. Morgan (1997) concurred that managers need to rethink the nature of hierarchy and control, learn the art of managing and changing contexts, promote self-organizing processes, and learn how to use small changes to create large effects.

Hughes (2007) outlined that, Kurt Lewin's three (3) steps Change Model used as the underlying theory for all the development of Change Management tools used in the management tools and techniques. Beer (1987) suggested 'practicing managers can learn from concepts and theory developed by academics, while academics can learn from the experience of practitioners on the leading edge of change.'

Anthony (2007) through his research paper of Critical Perceptions of Organisational Change indicated that the response of a Change Advocate / Manager aligned to the situations accordingly.

		Likelihood	
		High	Low
Appeal		Inevitable	Impossible
High Desirable		1. Expedite	2. Encourage and Empower
Low Undesirable		3. Reframe	4. Revitalize or Retrench

FIGURE 2 : PERCEPTION OF ORGANISATIONAL CHANGE MATRIX

Scenario	Response
1 : Expedite – High Likelihood; High Appeal	Develop and execute of an implementation plan that lays out critical tasks and timeframes.
2 : Encourage and Empower - Low Likelihood; High Appeal	Facilitate the evolution of change reactions (Jick, 2003), shift perceptions from perceiving change as impossible to seeing it as inevitable. Change Agents must advocate and champion the cause.

Scenario	Response
3 : Reframe – High Likelihood; Low Appeal	Communicate a compelling vision such that negative aspects of the change are de-emphasized (Kotter, 1996).
4 : Revitalise or Retrench – Low Likelihood; Low Appeal	Shift perceptions regarding the low appeal of a change or its improbability. “Join them or Beat Them”, where organisation can be part of the change or decide to opt out from the change. This is deemed as the most challenging Change Scenario.

If the organisation sees the benefits as undesirable, the political pressure against change will create a major force restraining implementation. Management of any organisations should possess the necessary competencies in managing the Change Journey, which requires different response in different scenarios.

In the paper prepared by Rhydderch, Elwyn, Marshall and Grol (2004), four (4) organisational theories (The Big Four) were compiled – Systems Theory, Organisational development, Complexity Theory and Social Worlds Theory.

- i. Systems Theory – the units of an organisation are related and all to be given equal importance.

- ii. Organisational development – introduction of change centred on the people-side of an organisation (teamwork, work satisfaction), hence application of behavioural science. The three-step change model by Lewin is the backbone of this theory.
- iii. Complexity Theory – an evolutionary process where change takes place when a series of interaction between change agents and the context (environment). This series of interaction will allow the impacted parties to understand the pros-and-cons of a situation/process.
- iv. Social Worlds Theory – echoing the Complexity Theory, the Change process is a result of negotiation and re-negotiation of impacted parties.

Each of this theory can used for different settings of an organisation i.e. for clearly defined goals, duration of plan – long term or short term, repetitive change or one-off effort and/or shift of power. Clearly, any of these theories, will have no immunity from resistance from the impacted parties and type of leadership be exercised.

Soparnot (2011) in “The concept of organizational change capacity” presented an interesting model, which anchored around three (3) dimensions – Context, Process and Learning. His definitions of these dimensions are from few literatures he refers. Through his literature, where he cited March (1981) in

saying that organisation change is a respond to an environment. This is also concurred by Pettigrew (1985) whom not only addressed the context (why need change), content (what is the change about) and process (how it will be carried out).

Based on his findings through interviews, documentation and observation of a technical department of an automotive company in Europe, the Organizational Change Capacity model was been developed.



FIGURE 3: MODEL OF ORGANISATION CHANGE CAPACITY, ADAPTED FROM SOPARNOT R

In a nutshell, Change Capacity is a degree of being proactive and adaptive, and Soparnot (2011) thinks this model is still a theory but adds value to the Management team where they should consider the three dimensions (Context, Process and Learning) when planning for Change.

A research on *Developing Organisational Change Capacity* done by Oxtoby, McGuinness and Morgan (2002) through a LITT (Listen, Interpret, Translate, Transfer) process onto a sample of UK automotive component companies. A model of Sustaining Successful Organisational Change was developed where amongst some highlighted are

- i. Have a clear goals and measurement objectives
- ii. Leadership
- iii. Followership
- iv. Communication
- v. Learning
- vi. Performance Measurement

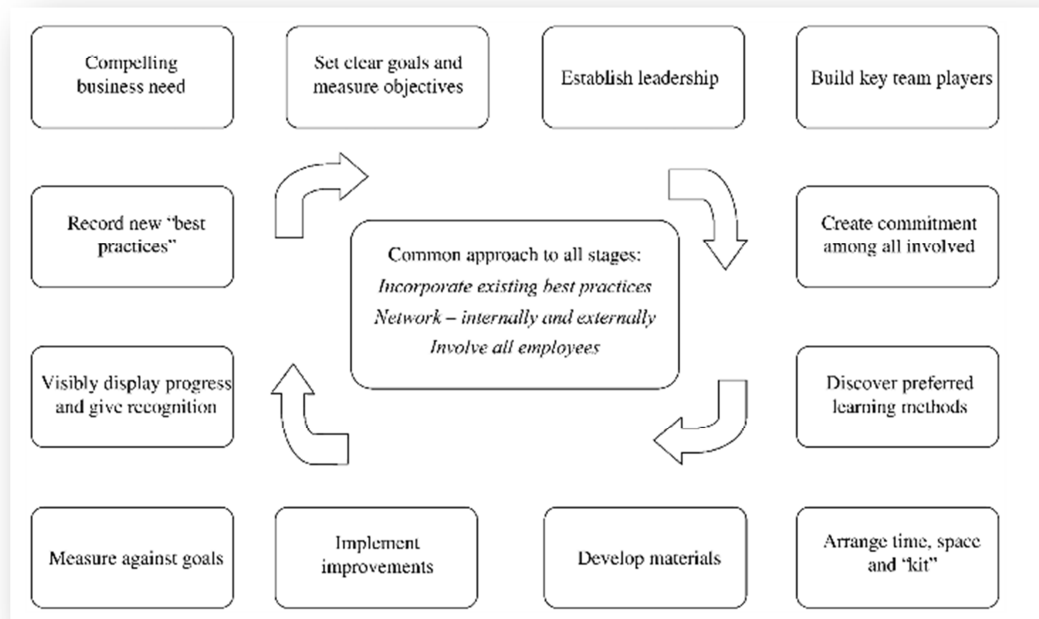


FIGURE 4 : MODEL OF SUSTAINING SUCCESSFUL ORGANISATIONAL CHANGE, ADAPTED FROM OXTOBY, MCGUINNESS & MORGAN (2002)

### 2.1.2 Organisation Commitment

With globalisation, employees have gain accessibility to allow them to progress within country and cross-country. Hence, the level of commitment of employees towards their organisation has always been the key question/challenge to the management. McKenna (2005) also concurred that since early 1980s employee commitment has been the centre of research especially on its impact to job satisfaction, performance, absenteeism, and turnover intentions (Lok & Crawford, 2001; Yousef, 2000). These researches also led to the development of Commitment model by Meyer and Allen (1997) which outline 3 components – Affective, Continuance and Normative.



- Affective – employee's emotional attachment to, association with and involvement in an organisation. If an employee has high affective commitment, he/she is likely to stay with an organisation because of the desire to do so
- Continuous – commitment based on the cost and benefits that the employee associates with leaving and staying with the organisation.
- Normative – employee has a duty / obligation to stay with an organisation

Robbins (2005) defines organizational commitment as an individual orientation toward the organisation in terms of loyalty, identification and involvement. An employee identifies with a particular organization and its goals, and wishes to maintain membership in the organisation. Hence, it is not surprising that many researches have shown that there is positive relationship between organisational commitment and job productivity, and evidence demonstrates negative relationships between organizational commitment and both absenteeism and turnover. A committed team player will make sacrifices to achieve company's objective and will even promote the company as the best place to work even with nominal pay increment for the next few years (Cole, 2000).

### 2.1.3 Change Leadership

Gill (2003) in “Change Management or Change Leadership” mentioned while Change is been planned and managed, it requires effective leadership to sustain the Change.

An integrated Leadership model which covers the dimensions of

- i. Cognitive (win people’s mind) - envision, have mission, common values
- ii. Spiritual (win people’s souls) - yearn the meaning and worth of one’s job/tasks
- iii. Emotional (win people’s hearts) - understand oneself and others, self-control and self confidence
- iv. Behavioural (walk the talk)- understand the body language (sent and received)

Besides these dimensions, other Change Levers need to be present. These Change Levers are

- i. Vision - needs to be meaningful, ethical and inspiring of which this will create commitment, inspiration and motivation by connecting and aligning people within the organisation. This is viewed as “Creating a Sense of Urgency” by Kotter (1995).

- ii. Values - deemed as the key feature of a strong organisational culture, which supports common purpose, creates a sense of belonging and promote competitive advantage (Deetx, Tracy & Simpson, (2000).
- iii. Strategy - roadmap in pursuing the vision and mission and value. The effectiveness of strategies is if their leaders lie or committed, ability to leverage off the resources within the organisation (Eden, 1993)
- iv. Empowerment – enable the people to do what needs to be done during the Change journey. This promotes sense of ownership within the organisation. This is widely seen during the restructuring in General Electrics headed by CEO Jack Welsh.
- v. Motivation and inspiration - credible leaders (Kouzes & Posner, 2002) to motivate and inspire people to want to do what needs to be done. Recognising short-term wins can motivate people, providing them the reward accordingly. (Kotter, 1995)

It is a fact that most Change Management effort failed due to poor management, planning, monitoring, control, lack of resources and know-how, and incompatible corporate policies and practices. If these elements traced to its roots, the management has a great influence or contributions either in the capacity of a Change Agent or a Change Sponsor in managing the Change Journey.

The preliminary research carried out by Malcolm and Deborah (2005) concluded that evidently that the assumptions underlying change may be characterized as lying on two axes (which is deemed to be contentious and simplistic) –

- i. Perception of the complexity of change
- ii. Extent to which it is believed that change can be affected on a uniform basis or is seen as a more widely distributed as an activity.



FIGURE 5 : MAP OF LITERATURE ON CHANGE

The findings from Malcolm and Deborah (2005) have provided some evidence that certain combinations of leadership behaviours (i.e. framing change and building capacity) appear more effective than others (i.e. shaping behaviour) in change situations as are more successful. This is aligned to other earlier

research (Kouzes & Posner, 1998; Alimo-Metcalfe, 1995; Collins, 2001; Higgs, 2003) which pointed out the importance of a more supportive model of leadership being necessary within a transformational context.

The importance of the studies was that a more decentralised emergent approach is requires a conducive environment where emergence can function. On top of that, leaders need to be coached to understand their role within the Change Journey.

Lakshman (2005) highlighted that leadership research has identified attributes such as business knowledge, behaviours such as information search, acquisition and use, and contingencies such as knowledge and information requirements of decision situations (Day & Lord, 1988; Viitala, 2004; Kets de Vries, 2005).

This is reflected through his work for General Electric (GE), Welsh and his management team have encouraged knowledge sharing in a transparent manner and using Information Technology as an enabler thus enabled the organisation to be able to make timely decisions. In encouraging that the organisation always improve its performance, several improvement initiatives were put in place i.e. Six Sigma, Benchmarking and institutionalise The Corporate Executive Council (CEC) which serves as a Think Tank for GE.

While these were put in place, Welsh had embedded the “personal” touch to all these, where he will be “on the ground” with his people. Welch declares, *‘All you have to do is tap into that well. I don’t like to use the word efficiency. It’s creativity. It’s a belief that every person counts’* (Byrne, 1998).

Evidence provided by the triangulated set of data sources suggested that knowledge management played a significant role in Welch’s leadership of GE over the approximately 20-year period of his reign as CEO (Glaser & Strauss, 1967; Yin, 1994; Lewis & Grimes, 1999). Case study evidence suggests that he brought about revolutionary change with his organization-wide knowledge leadership through the two broad routes suggested by researchers (Hansen et al., 1997), viz. technological and sociocognitive.

This study provides rich evidence from qualitative sources and combines it with some preliminary quantitative evidence for the concept of knowledge leadership at the macro organizational level.

Ruth (2007) in *The Triangular Model for Dealing with Organisational Change* suggested that success of change are influenced by 3 constraints – Process of Change, Type of Change and Readiness to Change, and each of these constraints are influenced by 3 constraints which are outlined by the chart below.



FIGURE 6: THE TRIANGULAR MODEL OF CHANGE IN THE INSTITUTIONAL ENVIRONMENT

Through the research conducted by Ruth Alas on the Estonian companies in the year of 2001 and 2005, changes initiated from the top and more often than not, the Management underestimated the Support processes. On the latter, the managers realised that close attention are needed in establishing goals, vision, mission and an implementation plan amongst others

Armenakis, Harris, Cole, Fillmer, and Self (2007) through “A Top Management Team’s Reactions to Organisational Transformation: The Diagnostic Benefits of Five Key Change Sentiments” believed that the five (5) sentiments are

crucial to the ultimate success of any organizational change. The aim of this sentiment framework is to enable the Management to take the necessary actions during the readiness, adoption and institutionalization phases of a change effort, besides monitoring the progress of a change effort. The five (5) change sentiments are

- i. Discrepancy - captures the sentiment that a need of change exists. Can be referred as a “Burning platform” by Kotter (1995).
- ii. Appropriateness - whether the proposed or implemented change address the current situation. This is aligned to the Social Accounts Theory by Bies (1997).
- iii. Efficacy - being confident in one’s competencies in managing and implementing Change, this been outlined in the Bandura’s Social Learning Theory (1982).
- iv. Principal Support – The management or empowered team/personnel support the organisational change and are motivated to see it through.
- v. Valence – perceived benefits (intrinsic and extrinsic) as the results of the Change.

The summary of the findings from a newly created Strategic Business Units over a period of 2 years on the Top Management Team (TMT) concluded that leadership team should be vigilant about the need of the organisational change. Leaders should revisit the action plan and results in ensuring the overall Change plan is achieve. Establishing a team of Change Agents, an extension of the TMT can help to promote the change to the entire



organisation. Resistance to change is inevitable, as such, the Change Agents should try to understand the reasons of the resistance, and propose solutions in managing that.

Most studies conducted aimed to address the skills in managing change and little on skills needed in absorbing change and adaptability. Research conducted by Sally and Chris (2004) in Leading and coping with change aims to address the latter, which focus on the financial institution in UK.

When change is in motion for any organisation, leader-driven solutions (Heifetz & Laurie, 1997) itself will not work if the members of the organisation do not embrace the journey together. As such, leadership involves a learning strategy is seen as key to a theory of change, and it is helpful to reframe leadership in terms of 'managers who foster communities of practice' (Hendry, 1996). Hence, managers and staff are better able to lead and cope with change than others; otherwise, it can bring about additional pressures. Being sensitive to the coping problems of both managers and staff is an important aspect of change management.

Aquila (2010) argued that Making a Change in an organisation is not the role of an external party i.e. Consultant, but lies within the organisation especially in the senior leadership. More often than not, it is observed that the

leadership understood the change but expect others to execute. Lack of ownership is the key reasons of failure in Change Programmes. Senior leadership needs to walk the talk, echoing what Ralph Walton Emerson wrote that is – “What you do speaks so loud that I cannot hear what you say”. Organisation would not commit unless they see the commitment from their leadership.

On the role of Leader in Change Activities, Wan Yusoff and Zakaria (2011), a Qualitative survey carried out in exploring the types leadership required for Change Transformation activities in a Malaysian bank. It discovered that employees agreed that CEO/Top Management are the main drivers for change. Besides them, the other driver will be the Change Sponsor, whom typically the direct stakeholders impacted/benefited from the Change. Despite the findings, it also discovers that the CEO/Top Management need not have the necessary skills to combat political constraints, but having a political coalition will have enough influence over the Change initiatives. It is viewed that the Change will work by Walking the Talk, constant communication – issues, information, alignment between vision and action, active engagement with all stakeholders. It acknowledged that this research finding might not be conclusive as it was a qualitative research, and the method used due to lack of expertise in this area. Several of studies in this aspect are carried out in US and Europe.

The role of leadership in Change initiatives are being concurred by studies conducted by Eisenbach, Watson and Pillai (1999). They have looked at findings from few gurus. In their literature, it was highlight that there is an inter-relation between leadership and Change but not conclusive (Almaraz, 1994). The punctuated equilibrium model (Tushman & Romanelli, 1985) highlighted the change takes place over inertia stages, where incremental change will happened. This is also concurred by Miller and Friesen (1980).

However, Brown and Eisenhardt (1997) argued that this model is not reflective of actual scenarios happening with the firms. Organisational survival depends heavily on the ability to engage in the changes. Three (3) key characteristics needed for managers for successful change – clear responsibilities and priorities with extensive communication and authority; explorative with variety of ways – enhance learning experience and finally is the ability to link current activities to the future goals (time based)

Nadler and Tushman (1989) highlighted skills needed in managing the change, mainly at the managerial level. Gersick (1994) outlined 2 change pacing

- a. Temporal - Non routine situations as it allows punctuated change
- b. Event - Incremental change

Time-based pacing reap better benefit (compared to event based) s as it will have more time to restructure and organize (Sastry, 1997). This is observed in General Electric under the leadership of Jack Welsh.

Models of Logic (Ford & Ford, 1994) outlined that change will vary depending on the logic used. Logic refers to conflict or struggle faced. The conflict between for and against change will work on each other until a synthesis derived. Dissatisfaction in the current situation is the pre-requisite for change.

Transformational and Transactional Leadership popularized by Burns (1978) (in the political setup) and Bass (1985) (in the organizational setup) are deemed to be one of the most comprehensive theories. Bass envisioned that Transformation leadership encapsulates of charisma, intellectual stimulation and individualized consideration and these are critical to leaders of firms are undergoing change. This elements were extended to the change process - recognizing the need for change, creating a new vision, and institutionalize it (Tichy & Devanna, 1990).

## 2.2 Independent Variable

### 2.2.1 Change Attitudes and Behaviour

With the forever changing environment, this can give rise to pressures and demand from the people of the organization, which eventually can be translated into stress, and there is evidence that the cost of occupational health and stress to organizations is considerable (CBI, 2003). 'Coping' proposed as the key to people maintaining well-being and satisfactory performance. These are on the assumptions of Sharing common goals and involvement of Community of Practice (COP) in becoming an implementation partner of the management.

Hence, the role of the Top Management Team (TMT) i.e. CEO or the Leadership Team becomes the creator of an energizing context instead of a source of innovation (Spender & Grinyer, 1995).

Woodward and Henry (2004) suggested three (3) ways on how to enhance Change Management skills. Management or incumbent identified in managing change needs to have clarity of the roles and responsibilities of that role. Organising and planning series of events to promote Change Management will provide an outcome where TMT will pay attention to different plans (coping and learning) and behave differently in promoting Change. Employees like to appear capable and competent at their workplace, as the

necessary skills development programme has been put in place in addressing the gaps resulted from the Change.

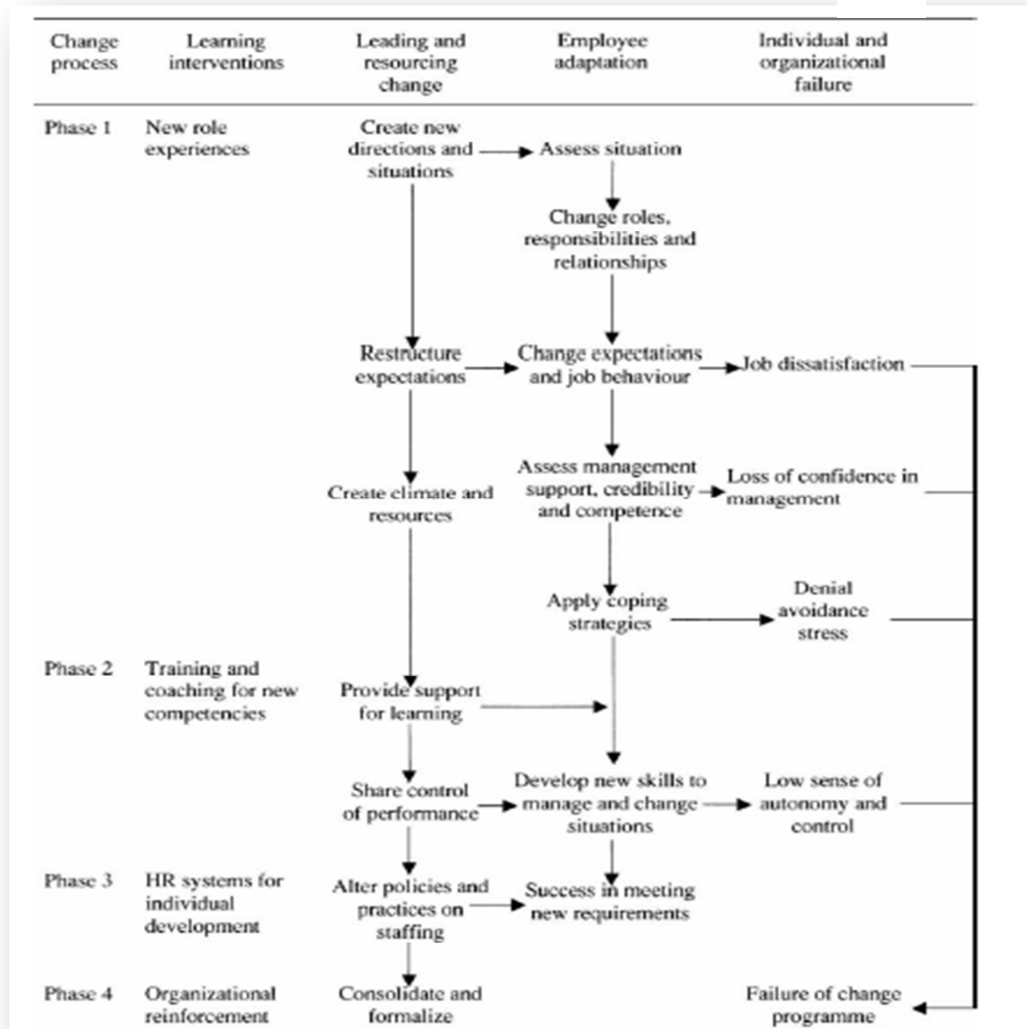


FIGURE 7: LEADING AND COPING WITH CHANGE MODEL

Lines (2004) in his research attempted to address the knowledge gap related to participation in strategic change by focussing on 2 interrelated research questions – forms of participation between consultative participation and right

to veto a decision and to what degree the effects of participation depend on the context in which the approach is applied.

The outcome of the research proves the research conducted. At the general level, it concluded that the use of participation seems related to successful implementation of strategic change i.e. through constant communication – engaging and participating (2 way). Thus, the claims made by some writers on strategic change regarding the efficacy of participation receive some support from the findings of this study. This is more apparent if the organisation is under a serious threat and change is essential to manage the threat, hence making the participation-outcome links stronger.

However, the relationships between participation and goal achievement, and resistance are somewhat stronger than the relationships between participation and the three components of organizational commitment

- i. belief in and acceptance of organizational goals and values;
- ii. willingness to exert effort toward organizational goal accomplishment; and
- iii. strong desire to maintain organizational membership (Porter; Steers,; Mowday, & Boulian (1974))

This is a surprising finding as previous research found participation a better predictor of attitudes than behaviour. Possible explanation to this is that subject then was directly related to the processes, whilst organizational commitment is a result of employees' experiences with the organization over time and across tasks.

This research indicates that the effects of participation are stronger when the change intended to increase the level of efficiency in the organization. This is supposedly because the need to use processes associated with a high level of procedural justice increases when the content of the change perceived as negative (Kim & Mauborgne, 1998).

While that is focussed on the leadership, a study done by Rees & Johari (2010), provided an interesting insight of the HRM practice and managerial behaviour in relations to Organisational Change initiatives. It was through the study by Ulrich (1998) that the HR will deliver value to the organisation is by becoming the implementation partner for strategies identified, and be responsible for designing the organisation structure which supports organisational strategy. However, issues have emerged on to which level HR's strategic focus is symbolic. There are not much of findings in supporting it especially in Asia. A local financial institution fully owned by the government has displayed the change of the typical role of HR from being an administrative role to a strategic role. Senior Managers were interviewed in



explore three (3) areas – their key concerns, factors influencing them, and their view of ethics and spiritualism in HR. Despite acknowledging the role of HR in CM, there is still no clear achievement in the strategic level. It was noted that HR needs to be objective in executing the strategic activities and be bold enough to stay otherwise especially if it was not strategic. Communication skills and quality need to be improved to garner higher involvement from the organization. As for the integration, it was acknowledged as a delicate matter and needs to be handle with care.

Rees and Hassard (2010) also commented that that the nature of Asia – complexity, size, diversity posed a challenge to define parameters of organizational change as a field of study. Four (4) cases were presented in this editorial edition – India, China, Malaysia and Indonesia. The common amongst them are the involvement of HR in the implementation, more so from a Strategic view.

Lawson and Price (2003) from the McKinsey argued that change management-driven activities would be easy if the attitudes and behaviour of the staffs can transform. It is believed that four (4) conditions need to be in place to facilitate this :-

a. Purpose

- The ideology by Leon Festinger, Stanford social psychologist where the Theory of Cognitive Dissonance Theory emphasized

that if there is a gap between belief and action, it will create a dissonance. Hence, if people believe in the overall purpose of a change, behavioural change will happen to serve its purpose

b. Reinforcement Systems

- The organisation through the staffs need to be motivated to change. Organisation setup – from Management to Operations need to be consistent and supportive of the change required. This is part of the conditioning and positive reinforcement scheme popularised by B. F Skinner. Skinner believed that the reinforcement be revised regularly to break away the monotony.

c. Required Skills for Change

- Organisation needs to be equipped with the necessary competency – skills, knowledge for them to embrace the change. Adult learning theory needs to be employed and David Kolb emphasized that the learning will take place when it goes through the cycle of 4 stages.

Concrete experience abilities (CE) – Learners must have the capacity to involve themselves fully in new experiences in an unprejudiced way.

Reflective observation abilities (RO) – Learners must be able to observe, and to reflect on their experience from different angles or viewpoints.

Abstract conceptualization abilities (AC) – Learners must be able to incorporate their observations into valid and rationally based theories.

Active experimentation abilities (AE) – The theories learners develop must enable them to make decisions and to be able to solve problems.

FIGURE 8: DAVID KOLB LEARNING THEORY

d. Role model.

- An organisation needs to walk the talk; hence the value of their behaviour needs to be consistent regardless of their roles (individual / group). This philosophy is the same as how the young children modelled their significant others. This is supported by the clinical work conducted by famous paediatrician - Benjamin Spock.

Based on studies by Taylor and Bradford (2004), knowledge management has been seen as one of the key components influencing the performance of any organisation. That is not limited to Private sector but extending to the Public sector. It is of the view that the importance of Knowledge Sharing needs to be well communicated and socialised prior to dwelling into how to make Knowledge Sharing effective. Studies carried out had intrinsic and non-monetary factor has great influence over sharing attitude, and that is concurred by some researchers whom identified people related matters i.e. culture, leadership, perception influence this attitude. New information system inspired knowledge revolution but most people will shy away from using it as it needs cognitive in getting information.

The research aims to identify factors influencing knowledge sharing at the organisational level, and if these factors are unique for Public Sector. The six latent factors (Six Factor Model) were grouped into 3 main groups (2 latent

factors each) – Organisational Climate; Infrastructure and Processes and Strategy Implementation.

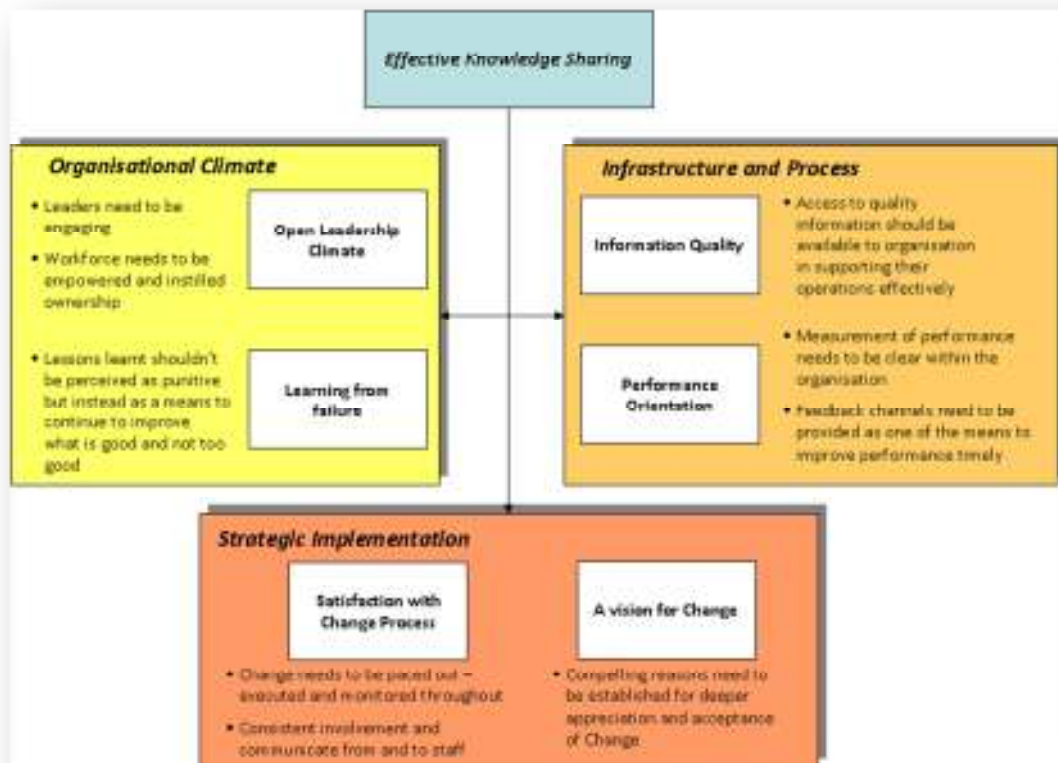


FIGURE 9: SIX FACTOR MODEL

Judge and Douglas (2009), developed a scale to measure Organizational Change Capacity using 32 item inventory within the identified 8 dimensions – Trustworthy Leaders, Trusting Followers, Capable Champions, Involved mid-management, Innovative Culture, System Thinking and Systems Communication. However, the development of this scale needs to further improved by extending to the impact of environmental conditions, different

culture (beyond US). Nevertheless, it is viewed that the ability to successfully lead organizational change is the key to winning in the twenty first century (Welsh, 2005).

Meanwhile, Szamosi and Duxburry (2002) also attempted in developing list of behavioural based measures of organisational supporting and non-support for revolutionary change. Through the findings, a total of 9 behaviour was identified as supportive (3 key areas – communication, business expansion and financial strategies for change) and 21 items are non-supportive (2 key areas – communication and resistance).

Studies by Szamosi and Duxburry (2002) and Judge and Douglas (2009) have remained as a non –practiced theory. Hence, this research aims to synthesized the scales developed and allowing the gauge of the readiness of workforce in Malaysia to embrace change.

### 2.2.2 Change Resistance

Resistance to Change is inevitable. Kubr (1996) viewed that the resistance to Change is due to factors below, which are mainly

Emotional	Reluctance of management to deal with difficult issues
Dislike of imposed change	Disturbed practices, habits and relationships
Dislike of surprises	Self-interest and shifts in power and influence
Lack of self-confidence and confidence in others	Lack of self-respect and trust in person promoting change

If Change is viewed as technical i.e. fixing a problem, the entire Change effort will also fail, even though the emotional components are being incorporated into these efforts. This is concurred by McLagan (2002). Kotter (1990a, 1990b) found that management produces orderly results, which keep something working efficiently, whereas leadership creates useful change, and both are mutually conclusive in making a Change effort successful.

It is argued that the challenge faced by the leadership today is their vision for the future and having the right resources to embrace the journey to the future (Heifetz & Laurie, 1997).

Many authors (including Kotter, 1990; Hammer & Champny, 1993; Higgs & Rowland, 2000) felt that 70 percent Change initiatives failed, but that did not hamper the rise of the needs to implement Change in responding to the ever changing business environment which are becoming more complex (Senge, 1997; Pascale, 1999; Rumelt, 1991) and volatile.

Litchenstein (1996) proposes that the root of much of the failure in change is that managers are trained to solve complicated problems rather than complex ones. Thus, managers view change as a problem that can be analysed and then solved in a linear or sequential manner. However, complex problems require managers to cope with dilemmas in the system rather than to arrive at definitive solutions.

Oxtoby, McGuiness and Morgan (2002) in *Developing Organisational Change Capacity*, highlighted proper intervention needs to be in place based on their *Model of Sustaining Successful Organisational Change*. They are communication, a Change Champion, Commitment and Motivation, Continuous Learning. This model below explains it.

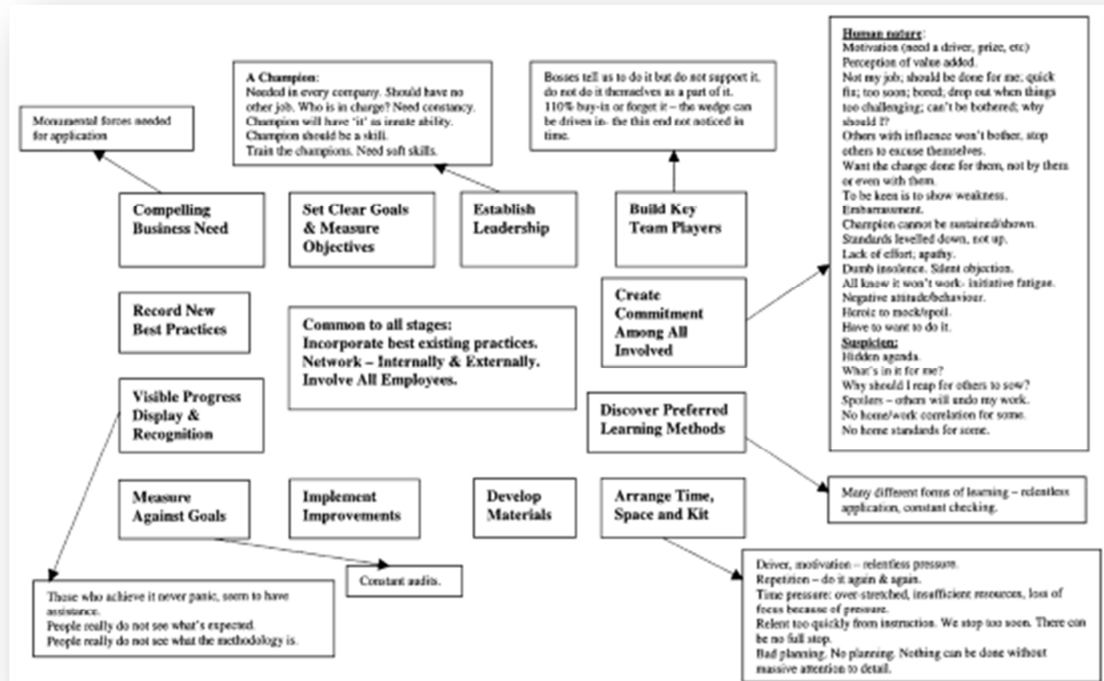


FIGURE 10: OVERCOMING PERCEIVED BARRIERS TO SUSTAINING IMPROVEMENTS IN COMPETITIVENESS ADAPTED FROM OXTOBY, B., MCGUINNESS, T., & MORGAN, R., (2002)



## 2.3 Theoretical framework

Based on the literature review conducted, the theoretical framework is as below. This is a synthesis between the model established by Szamosi and Duxburry (2002) and Judge and Douglas (2009).

