

A Study on Exploring the Factors which are Considered Important for Change Management within an Organization

A. R. Krishnan* and B. Swathi**

Abstract: This paper aims at organizational changes in recent days operate in a complex environment These areas are in a state to react or respond to the growth in economic development and to behave in adherence with regional, national and international challenges posed their way. To equip to the changes in these areas, it becomes mandatory to determine how important change management is and how it is to be implemented in the ongoing process. Trying to identify the above said, few constituents were marked important for effective change management and it being Critical Planning, Defined Governance, Committed Leadership, Informed Stakeholders and Aligned Workforce. Therefore in today's dynamic business environment the changes and ways of addressing these are prevalent as we seek to stabilize and sustain transformation across borders. So, the way change is handled and how successful it is, largely depends on the business nature and the people involved. This study will suggest how well the organization and people understand the need for the change and the process involved.

Keywords: Change Management, Challenges, Critical Planning, Committed Leadership

1. INTRODUCTION

Change is something which cannot be resisted by any organization. Day in and day out newer ideas are launched for the betterment of performance, hike in profits and improving the competitive advantage. The organizations may incorporate newer technologies to provide a more mobile workforce, engineering the existing processes to ensure compliance or undertaking an organization wide transformation covering buyers or stakeholder's experience.

Companies are challenged with complex, quick more interdependent and multi cross functional change than before. In order to thrive in this changing landscape and achieving the strategic vision the organization must be able to deliver results on multiple changes. Change Management: activities involved in (1) defining and instilling new values, attitudes, norms, and behaviors within an organization that support new ways of doing work and overcome resistance to change; (2) building consensus among customers and stakeholders on specific changes designed to better meet their needs; and (3) planning, testing, and implementing all aspects of the transition from one organizational structure or business process to another.

Change Management is the coordination of a structured period of transition from situation A to situation B in order to achieve lasting change within an organization. The systematic approach and application of knowledge, tools and resources to deal with change. Change management means defining and adopting corporate strategies, structures, procedures and technologies to deal with changes in external conditions and the business environment. Change management is the process, tools and techniques to manage the people-side of business change to achieve the required business outcome, and to realize that business change effectively within the social infrastructure of the workplace.

* HOD – Marketing, Faculty of Management, SRM University, Kattankulathur – 603203, Chennai, India. Email: arkrish555@yahoo.com, Cell:09444494129

** HOD – Marketing, Faculty of Management, SRM University, Kattankulathur – 603203, Chennai, India. Email: swathimalini@yahoo.com

Change can happen for various sources be it technical, social, political or economic pressures, or from internal sources as well as a management answer to a span of issues such as varying client needs, costs or a personnel performance issue. This can influence one small area or the whole organization itself. Irrespective of the way change has started, this concept proves of handling a planned and structured way to align an organization with change. The effective and strong form of change management involves dealing with stakeholder groups to help them understand what change means and helping them survive the transition and overcome the challenges involved. From a management perspective it involves the organizational and behavioral adjustments that need to be made to accommodate and sustain change.

2. II.LITERATURE REVIEW

Planning, organizing, controlling, and directing/leading are the four primary management functions as described by Donnelly, Gibson, and Ivancevich (1998, p. 7-8)[4], as well as others such as Robbins and Coulter (1999, p. 11-12)[5], Daft and Marcic (1998, p. 8-10)[6] and Hellriegel, Jackson, and Slocum (1999, p. 9-11). Planning is often cited as the most critical of the management functions in determining the overall long-term survival of the business entity. Managers are taught in business schools and in management seminars that planning is critical to the success of an organization in meeting its goals and objectives. However, the specific relationship of the planning function to the profitability and performance of the business entity is uncertain.

Planning in term of aspects of the nature is divided to types of physical planning, organizational planning, process planning, financial planning, task planning and public planning (Dessler, 1988)[7]. Here planning is meant public planning that all other types are usually planning in itself. Planning in the general concept means identifying the project work and plans to move future and making decisions about what should be done to reach the goal. Planning is not thinking about the future or its control but also is a process that can be used in conducting these affairs.

During the last two decades the research area in finance is primarily focus on the area of corporate governance. The separation of ownership from control is the core of the agency problems facing by the firms (Berle & Means 1932; Jensen & Meckling 1976)[8]. This leads to many issues related to efficient control for the assets of corporations in the interest of all company's stakeholders. A great research has been done in the area of corporate governance by keeping the agency related problem. Core (1999) firms who have weaker governance to direct and manage company matter face greater agency problems. Corporate governance importance arises in modern corporations due to the separation of management and ownership control in the organizations. The interests of shareholders are conflicting with the interests of managers. The principal agent problem is reflected in the management and direction related problems due to the differential interests of firm's stakeholders. There is not a single definition of corporate governance rather it might be viewed from different angles. Berle and Means (1932) and the even earlier Smith (1776)[9]. Zingales (1998)[10] defines corporate governance as "allocation of ownership, capital structure, managerial incentive schemes, takeovers, board of directors, pressure from institutional investors, product market competition, labor market competition, organizational structure, etc., can all be thought of as institutions that affect the process through which quasi-rents are distributed.

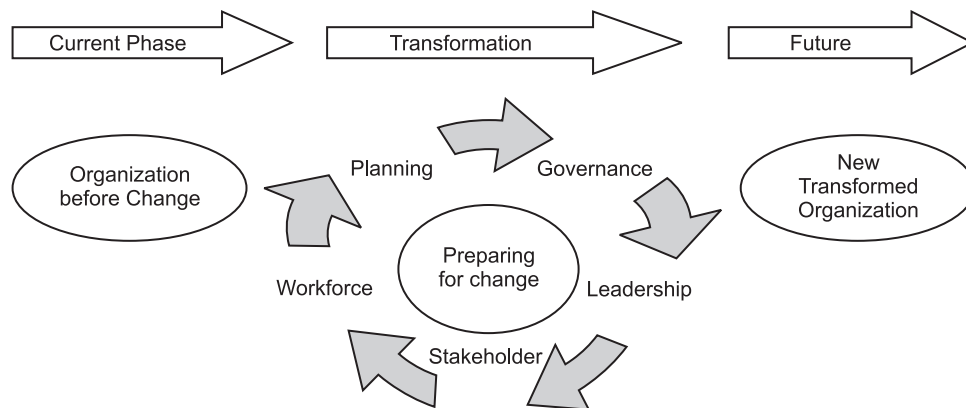
A leader's goal is to influence people towards the accomplishment of goals. But what is the best way to get people to do things? How should leaders (i.e. managers in this case) go about influencing their employees? What kind of leadership really improves organizational performance? In short, what practices define a great leader?. Therefore, an extensive amount of research has been done to investigate leadership and especially effective leadership in order to distinguish different leadership styles and provide organisational practice with supporting theory on how to lead an organisation (e.g. House, 1971; Burns, 1978; Bass, 1985; Dirks & Ferrin, 2002)[11]. For example, many researchers have tried to define universal leadership traits,

behaviours or styles that make a leader effective. This might however prove a complicated endeavour since leaders that are perceived as excellent by some could simultaneously be perceived as inefficient by others (Nathan, Leslie, Toshio & Daniel, 2011)[12]. Yet, literature on this topic constantly attempts to find trait or style patterns associated with great leadership. Contemporary research focusses primarily on the influential concepts of transformational and transactional leadership (Bass, 1999)[13], two leadership styles that have received much attention over the past decades.

Stakeholders are individuals who have a vested interest in your company or organization. Using them to convey your corporate messages not only helps you expand your message's reach, it also gives stakeholders the opportunity to contribute to the overall success and prosperity of the organization with which they are associated. Stakeholders, including investors, board members and employees, all share a common goal of wanting the best for the business or organization they represent. As such, stakeholders typically are good corporate representatives willing to help share and communicate the company's messages to their own colleagues as well as to personal and professional contacts. Stakeholders usually have an in-depth understanding of a company or organization's goals and objectives and can succinctly communicate those messages better than someone without inside knowledge. They can also speak with authority because of their role with the organization. As such, employing stakeholders to help spread important news and information can be an important method for reaching new audiences or reinforcing a position.

Workforce alignment refers to the fit between workforce attributes and the strategic goals of the firm. But what precisely are these workforce attributes? As noted above, many scholars have suggested that firm performance is enhanced when employees have the skills, opportunity, and motivation necessary contribute to firm goals (Bartel, 2004; Batt, 2002; MacDuffie, 1995)[14]. Similarly, others have claimed that greater firm performance accrues to firms that have the right types of people, in the right places at the right times, doing things which result in the organization receiving maximum benefits (Vetter, 1967: 15; Dyer & Ericksen, 2005)[15].

3. RESEARCH CONCEPTUAL MODEL



4. PURPOSE OF THE STUDY

In the recent dynamic business environment, the methods of addressing them are prevalent as we are to stabilize and survive transition across locations. The success or survival of any business depends on the nature of it and the people involved. It is also dependent on how the organization and people understand the need for change. In defining the purpose of this study, the main objective was to expand the existing knowledge base regarding the factors which have a strong connect to change management within an organization. In order to do this it was scheduled that a more up to date and complete description of the factors were to be

collected. The extracted factors would apply across all complex and large organizations. Despite the range of approaches to change management, some common factors for delivering successful change exist.

A. Objectives of the Study

The researcher's central objective of this paper is to find out the factors which have got a strong influence on organizational change. Initially this was found out through review of organizational change. Secondly, through empirical analysis, looking at the relationship between organizational resistance to change and organizational growth constructs of interest during unforeseen organizational restructuring, with special emphasis on organizational change. Change is then investigated, especially as it relates to the attitudes of current employees and the pace at which they adapt themselves to the transformation in the new process.

5. METHODOLOGY AND DATA COLLECTION

A. Research Instrument

The empirical research component of the study consisted of the completion of structured questionnaires through personal interviews. The research instrument consisted of structures questions in order to collect the gather employee's demographic details and various other factors related to the change management issues within the organization. Data from the questionnaire survey was analyzed using factor analysis. Factor analysis is unlike many statistical techniques, it is not intended to test hypothesis. Rather, it is used to reduce larger sets of variables and summarizes them to the components. These components, if grounded in theory or observation, can then be used to measure the variables or constructs they relate to (Field, 2005 pp. 620–621 [16]; Pallant, 2007, pp. 179–178)[17]. A rotated component matrix produced indication that components corresponded with the constructs under investigation. To further test the reliability of the variables reduced from the items, each was tested in order to make up a corresponding factor. The results are reported for each of the constructs.

B. Data Gathering

Given the nature of the current study, it was required to collect data from the primary and secondary sources. Primary data were collected through the questionnaire. Secondary data were collected from research studies, books, journals, newspapers and ongoing academic papers.

Table 1
Cronbach's Alpha Values

<i>S.No.</i>	<i>Constructs</i>	<i>Cronbach's Alpha Coefficient</i>
1	Critical Planning	.840
2	Defined Governance	.826
3	Committed Leadership	.741
4	Informed Stakeholders	.905
5	Aligned Workforce	.863

C. Data Analysis

The Statistical Software package SPSS, Version 20 was used for the analysis of the data collected.

D. Reliability

Before applying factor analysis, testing of the reliability of the scale is very much important as it shows the extent to which a scale produced consistent result if measurements are made repeatedly. This is done

by determining the association in between scores obtained from different administrations of the scale. If the association is high, the scale yields consistent results, this is reliable. Cronbach alpha is a widely used method. It may be mentioned that its value varies from 0 to 1 but, satisfactory value is required to be more than 0.6 for the scale to be reliable [18, 19].

If we compare our reliability, value with the standard value alpha of 0.7 advocated by Cronbach [19], a more accurate recommendation [20] or with the standard value of 0.6 as recommended by Bagozzi & Yi [21]. Cronbach's alpha values were calculated to determine the reliability of the questionnaire as a measuring instrument. The calculation of Cronbach's alpha values was for each change management constructed. Hocking, Stacks and Mc Dermott [22] indicate that Cronbach's alpha values determine the consistency according to which respondents answered the various items on the questionnaire. Cronbach's alpha values that were calculated for the six constructs. Since all the Cronbach's alpha values are 0.7 and above in Table 1, the questionnaire can be regarded as a reliable research instrument (Ellis and Styen 2003:51; Hocking et al 2003:132)[23]. Researcher ascertains that the scales used are highly reliable for data analysis.

E. Validity

Validation procedures were done. Researchers are satisfied with the content and construct validity.

Table 2

<i>Constructs</i>	<i>Cumulative variation in %</i>	<i>Communalities in %</i>
Critical Planning	68.12	51.3 – 80.09
Defined Governance	68.76	31.0 – 79.99
Committed Leadership	64.42	50.3 – 86.67
Informed Stakeholders	73.84	62.0 – 90.03
Aligned Workforce	77.82	64.6 – 93.80

Table 3
Rotated Component Matrix^a

<i>Serial Number</i>	<i>Variables</i>	<i>Factor Loadings</i>		
		1	2	3
1	Setting clear Plan	.531	.392	–
2	Identify the case for change	.333	.694	–
3	Long Planning before change take place	–.031	.818	–
4	Leads are known and people aid in change	.767	.112	–
5	Process is flexible and reactive	.829	.089	–
6	Develop a change plan and measure	.821	.339	–
7	Document the positives and negatives	.869	.732	–
8	Strong governance promotes positive change	.511	.221	–
9	Roles and structures are well understood	.339	.593	–
10	Communicate success throughout the organization	.456	.712	–
11	Key people are convinced, stakeholders will be on board	.887	.032	–
12	Project teams sometimes lack consistency	.005	.879	–
13	Giving caution to people, process and infrastructure	.796	.339	–
14	Assistance from project owners	.899	.043	–
15	Change starts from top management	.619	.322	–
16	Leaders must visibly support the change	.712	.046	–

Serial Number	Variables	Factor Loadings		
		1	2	3
17	Assess readiness and make adjustments accordingly	.598	.398	–
18	Ensure continuous engagement regarding change	.716	–.175	–
19	100% performance to be there when change takes place	.832	–.013	–
20	Consider the impact on people and structure	–.021	.899	–
21	Take action to resolve issues	.729	.499	–
22	Communication should be integral part of change	.701	.453	–
23	Know your stakeholders	.562	.521	–
24	Communicate frequently actively across multiple channels	.021	.942	–
25	Monitor the responses	.849	.212	–
26	Poor communication leads to poor change	.598	.509	–
27	Understand human impacts	.132	.086	.934
28	Conduct proper workforce planning	–.309	–.592	.112
29	Training being inadequate for change respects	–.119	.884	.156
30	Being able to take ownership	.856	–.212	.189
31	Awareness of who is ultimately responsible for change	.838	.336	.069
32	Receiving good support from seniors	.498	.209	–.421
33	Conflicts are looked for and are solved	.861	–.016	.013

From Serial Number 1 to 26:

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

(a) Rotation converged in 3 iterations.

From Serial Number 27 to 33:

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

(a) Rotation converged in 5 iterations.

6. RESULTS AND DISCUSSION

After checking the reliability of the scale and correlation matrix, we tested whether the data, so collected is appropriate for factor analysis or not. The appropriateness of factor analysis is dependent upon the sample size. In this connection, Mac Callum, Windaman, Zhang and Hong (1999) have shown that the minimum sample size depends upon other aspects of the design of the study.

To test factor analysis the following steps were taken:

- Correlation matrices were computed. It reveals that there is enough correlation to go ahead for factor analysis.
- A Cider Meyer Olkin measure of sampling Adequacy (MSA) for individual variance was studied. It found that sufficient correlation for all the variables.
- To test the sampling adequacy, Kaiser Olkin is computed which is found good enough for sampling.
- The overall significance of correlation matrices tests with a Barlett test of Sphericity provided support for the validity of the factor analysis of the data set.

After the standards indicate that the data is suitable for factor analysis, principal components analysis was employed for extracting the data which allows determine the factor underlying the relationship between

a numbers of variables. Loading on factors can be positive or negative. A negative loading indicates that this variable has an inverse relationship with the rest of the factors. The higher the loading the more important is the factors. However Comrey [24] suggested that anything above 0.44 could be considered salient, with increased loading becoming more vital in determining the factor. Rotation is necessary when extraction technique suggests there are two or more factors. The rotation of factors is designed to give an idea of how the factors initially extracted differ from each other and to provide a clear picture of which item load on which factor.

Critical Planning is a factor considered important for change management: The researcher has found out those two factors extracted together accounts for 68 % of total variance. Setting a clear plan accounted for about (0.531), Identify the case for change (0.333), leads are known and people aid in change (0.767), process is flexible and reactive (0.829), developing a change plan and measuring (0.821) and Document the positives and negatives of change (0.869) on Factor 1. The Factor 1 can be named as “Scrutiny Factor”. As a clear evidence on factor 2 we have understood that Long planning takes place before change takes place (0.818). This factor can be named as “Visionary Factor”.

Defined Governance is a factor considered important for change management. The researcher has found out that two factors extracted together accounts for 69% of total variance. Strong governance promotes positive change accounted for about (0.511), Roles and structures are well understood (0.339), Communicate success throughout the organization(0.456), key people are convinced, stakeholders will be on board (0.887), giving caution to people, process and infrastructure (0.796) and Assistance from project owners (0.899) on Factor 1. The Factor 1 can be named as “Measuring Factor” . As a clear evidence on factor 2 we have understood that Project teams sometimes lack consistency (0.879). This factor 2 can be named as “Adherence Factor”.

Committed Leadership is a factor considered important for change management. The researcher has found out that two factors extracted together accounts for 64 % of the total variance. Change starts from top management accounted for about (0.619), leaders must visibly support the change (0.712), Assess readiness and make adjustments accordingly (0.598), Ensure continuous engagement regarding change (0.716), 100% performance to be there when change takes place (0.832) and Take action to resolve issues (0.729) on Factor 1. The Factor 1 can be named as “Performance Factor”. As clear evidence on factor 2 we have understood that considering the people and structure accounts for about (0.899). This factor can be named as “Human Factor”.

Informed stakeholder is a factor considered important for change management. The researcher has found out that two factors extracted together accounted for 74% of the total variance. Communication should be the integral part of change accounted for about (0.701), know your stakeholders (0.562), monitor the responses (0.849) and poor communication leads to poor change (0.598) on Factor 1. The factor 1 can be named as “Looping Factor”. As clear evidence on factor 2 we have understood that communicating frequently and actively across multiple channels accounted for about (0.942). This factor can be named as “Awareness Factor”.

Aligned Workforce is yet another factor considered important for change management. The researcher has found out that two factors extracted together accounted for 79% of the total variance. Being able to take ownership accounted for (0.856), Awareness of who is ultimately responsible for change (0.838), Receiving good support from seniors (0.498) and Conflicts are looked for and are solved (0.861) on factor 1. The factor 1 can be named as “Change Sponsor Factor”. As clear evidence on factor 2 we have understood that training being inadequate for change respects accounted for (0.884) and hence this factor can be named as “Updation Factor”. The higher factor loading was on the variables understanding human impacts which accounted for (0.934) and Conduct proper workforce planning (0.112) being factor 3 and this factor can be named as “Commitment Factor”.

7. CONCLUSION

It has been researched that organizations are sensitive to change happening within and outside. Therefore few factors are considered to be highly reliable and are therefore explored to be important factors of change. One of the big mistake organizations today end up with is that they try to initiate changes without primarily allocating the requirements for the human resources. The requirements may fall under different category as time, knowledge and money. Personnel will always need some time to hop from their old behaviors and habits and transform themselves with the new set of behaviors. So when this is not done perfectly where does the quality of change lie within the organization? Organizations will have to take care to see that negative reinforcement will make future changes even more difficult. In order to avoid all this, the organization must adopt a holistic approach that is, by strategizing a comprehensive picture of how change process will be carried out organization wide and at constituent parts as well. This article has made an effort to investigate the relationship between various constructs and their highest reliable factors to the organizational growth and the wider implications of organizational change. In doing so it has succeeded in developing measures of constructs being Critical Planning, Defined Governance, Committed Leadership, Informed Stakeholders and Aligned Workforce.

Limitations of the Study

The researcher has found out limitations on three various stages or grounds. Initially being the method of observation, next being its inability or the research scope and finally its language and problems Regarding questionnaire translation. The survey was not on a repeated basis. The principal constructs of measures are all sensitive to external manipulation. So organizations can therefore change considerably from time to time. Secondly: apart from measuring factors of change, no effort was made from the organizational level to investigate and find out differing levels of various and versatile external information available to its employees. Thirdly: consideration regarding the inability to interpret and translate questions in the right sense. Question items for the scales were carefully worded in order to appropriate the theoretical constructs. All questions were written in English as a source language without taking into account the language demographics of the respondents. This study was conducted only with 150 random samples. The variables taken into account for this research cannot alone make this study a near perfect one and the findings may not be generalized to other sectors as well.

Managerial Implications

It is concluded that we should further recognize that we are living in the globalization era, or the Global Age. According to this statement it must be crystal clear that the booming economy sets various new standards of victory and benchmarked opportunities for organizations. Leadership and management skills, such as visioning, prioritizing, planning, providing feedback and rewarding success are key factors to any successful change initiative. When compared to organizations those who do not adhere to the new standards in change management they would suffer high employee attrition rate. Since the sheer quantity of change is increasing at a rocket speed the after effects are happening more frequently and faster than ever before. In order to keep up with this increasing pace of transformation the organizations need a better and more structured way to manage the individuals in the organization who are affected or impacted by all of these changes.

Scope for Further Research

Further research will benefit from using the attained constructs on this topic. Here no effort was made to measure all the stake holding factors to change management. It is suggested that future research focuses on all other aspects of Change management within the organization. As the survey was confined to the southern region of Chennai alone the results may vary if research is conducted in other parts of Chennai. These findings cannot be generalized for all other change management topics.

References

1. <http://www.gao.gov/special.pubs/bprag/bprgloss.htm>
2. (BNET Business Dictionary)
3. SHRM Glossary of Human Resources Terms, www.shrm.org.
4. Donnelly, J.H., Gibson, J.L., & Ivancevich, J.M. (1998). *Fundamentals of Management*. (10th ed.). Chicago: Richard D. Irwin.
5. Robbins, S.P. & Coulter, M. (1999). *Management*. (6th ed.). Upper Saddle River, NJ.: Prentice Hall, Inc.
6. Daft, R.L., & Maric, D. (1998). *Understanding management* (2nd ed.). Orlando, FL.: The Dryden Press.
7. Dessler, D. (1988). *management principles and practices*, translate to Persian by Madani, d, publication of pishroo.
8. Berle, A. A. and Means, G. C. (1932), "*The Modern Corporation and Private Property*", *Macmillan, NY*
9. Smith (1776), "*The Impact of Internal Corporate Governance System on Firms Innovative Activities*", Research design to be presented at the *DRUID Academy's Winter Conference on Innovation, Growth and Industrial Dynamics* Aalborg, Denmark
10. Zingales (1998), "*Corporate Governance and National Development*", An outgrowth of the OECD Development Centre's Experts Workshop in 2000 and Informal Policy Dialogue in 2001 sponsored in part by CIPE.
11. House, R. J. (1971). A path goal theory of leader effectiveness. *Administrative Science Quarterly*, 16 (3), 321-339. Bass, B. M. (1985). *Leadership and performance*. New York: Free Press. Dirks, K. T., & Ferrin, D. L. (2002). Trust in leadership: Meta-analytic findings and implications for reasearch and practice. *Journal of Applied Psychology*, 87 (4), 611-628.
12. Nathan, J. H., Leslie, A. D., Toshio, M., & Daniel, D. (2011). Searching for Outcomes of Leadership: A 25-Year Review. *Journal of Management* (July), 1137-1177.
13. Bass, B. M. (1999). Two decades of research and development in transformational leadership. *European Journal of Work and Organizational Psychology*, 8 (1), 9-32.
14. Bartel, A.P. 2004. Human resource management and organizational performance: Evidence from retail banking. *Industrial and Labor Relations Review*, 57: 181-202. Batt, R. 2002. Managing customer services: Human resource practices, quit rates, and sales growth. *Academy of Management Journal*, 45: 587-598. MacDuffie, J.P. 1995. Human resource bundles and manufacturing performance: Organizational logic and flexible production systems in the world auto industry. *Industrial and Labor Relations Review*, 48: 197-201.
15. Vetter, W.W. 1967. *Manpower strategies for high talent personnel*. Bureau of Industrial Relations: Ann Arbor, MI
16. Field, A. (2005). *Discovering statistics using SPSS* (2nd Ed.). London: Sage Publications.
17. Pallant, J. (2007). *SPSS Survival Manual*. London: Open University Press.
18. Malhotra, NK, 2005. *Marketing Research: An applied Orientation*, Pearson Education. (India Branch), New Delhi.
19. Cronbach, L.J., 1951. Co efficient Alpha and the Internal Structure of Tests, *Psychometric theory* (3rd ED), New York: Mc Graw – Hill.
20. Nunnally, J.C. And I.H. Bernstein, 1994. *Psychometric theory* (3rd ED), New York: Mc Graw – Hill.
21. Bagozzi and Yi's., 1988. *Academy of Marketing Science*, *Journal of the Academy of Marketing Science*, 16 (1): 74-94
22. Hocking J.E., D. W. Stacks and S.T. McDermott, 2003. *Communication Research*, Boston: A&B publishers.
23. Ellis, S.M and H. S. Steyn, 2003. Practical Significance (effect sizes) versus or In Combination with Statistical Significance (p-values), *Management Dynamics: Contemporary Research*, 12 (4): 51-53.
24. Comfrey, A.L., 1973. *A First Course in Factor Analysis* San Diego: Academic Press.

