

ANALYZING CHANGE MANAGEMENT IN ORGANIZATION

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ABSTRACT

Every company will be faced a change either business or non-business company. A change will be happened because of technological change, industry change, and institutional rules change. If the company lack in adapt the changing of competition, business cycles, technology and institutional rules the company might face a bankruptcy. Why? To make a successful change there are steps and process of change. Research objectives are to analyze what should company do in order to do change management and to analyze the change management inside organizational to help manager or owner reach their business goal in organizational. This type of research is qualitative research with literature study which is using secondary data. A conclusion and results are the company need to build an awareness of the change in organization and follow the four tasks which are appreciating change, mobilizing support, executing change, and building change capability in order to make successful change. A company must know that every problem in organization can be solved just inside the organization not outside the organization so the leader needs to get information and data to know the problem that make this organization lagging behind from the competitor. After that the leader need to make a goal not too high and not too low so it will be easy to achieve that goal, and also understand evolution in business environment.

Keywords: *change management, steps of change, change process, type of change*

INTRODUCTION**Research Background**

People and performance in work land sometimes facing issue in common that concern for organizations in every industry in the world. Basically, it came from people strategies and becoming stuck inside business strategy. Business strategy is needed for every company must have for the company benefit or for becoming the company reference to running the business. Some company or business want to expand globally through acquisition or internal growth, restructuring entire divisions, attempting to standardize processes with new technologies or outsourcing human resources (HR) services to minimize the cost.

Even though every company wants to expand their business but it doesn't always walk smooth as they want the way it is. Why? Because to run and hold the business into always has a good performance need a lot of things to do, also the employee must active involved inside the company. Either business or non-business organizations today facing a world that is challenging in a number of ways. Nilakant and Ramnarayan (2006) argued that there are three challenges that managers might face.

First, globalizations, rapid technological change and unanticipated event are the factor for changes. This means the organizations must adapt and compete in a world that is constantly changing. Over the last decade, technological change has a big influence in organizational business such as in advertising from newspaper to online advertising because of rapid growth in internet users. Over the years, globalization has resulted in greater degree of inter-connectedness between markets, economies and countries. Organization's

core capabilities threatened by the revolutions in information and communication technologies. An unanticipated event such as war can be a factor for organization to change its strategy.

Second, there is increased competition for an organization's resources. Business firms today face increasing competition in their markets and for their inputs. Non-business organizations face competitions for their funds. Third, it is difficult to predict what will happen in a organization's environment. Nowadays in a globalized market there will be a competitor and challenge from anywhere. The organization must protect and maintain its competitive advantage that differentiates with the other organizations. The future impact of a new technology may be hard to predict. Customer preferences and community standards may shift in unexpected ways. The other problem related to people whereas the key people from the organization may leave for a higher salary, better career, and working conditions. So, the point is, in today's world both external and internal uncertainties have turned a manager's job both challenging and difficult.

Griffith (2002) recommends that in all three dimensions, change management fails, not because people pick and choose the wrong approaches, methods and technologies, but because the choices are illusory: there can be no such thing as successful change management programs, actions or skills. In short, the whole industry is a fraud. Change management can bring a harmful between employee, business and business strategies. This is caused by when the change management happens in a company not every single employee could adjust the management changed that the company has made. Or the other case that could happen is the company cannot hold on with the changed that they had made. If both cased above happens the company may collapse or the company might declined the employee.

This harmful between employee, business and business strategies is a common problem that employee and change practice is uniquely adept at solving. A systematic approach to change management is beneficial when change requires people or employee throughout an organization to learn new behaviors and skills. This can lead into a better employee or worker they can learn and know how to work efficient and effective. By formally set the expectations, employing tools used to improve communication and proactively seeking ways to reduce misinformation inside the company or between the employee or worker, stakeholders are more likely to buy into a change initially and remain committed to the change throughout any discomfort adjust with it.

In today's inside organizational world, the ability to analyze and strategize new directions and implement changed sometimes is critical to success. The capacity to success while facilitate organizational change offers the opportunities in professional domains, whether the company focused on the profit, nonprofit or public sector. To begin, the company needs to anchor point that acts starting point for this discussion. As simple as this sounds, an underlying principle for managing change is that a future state that is different than today can be envisioned, and that are changing to that future state to achieve a specific and desired outcome.

Saying change for reason does not mean that the reason for every change is the same, only that there is a specific reason or objectives for any particular change. The reasons for change are as varied as the change itself: revenue growth, improved customer satisfaction, reduced costs, better product or service quality, reduced risk exposure, improved quality of life and so on. Projects and initiatives are undertaken not because they are fun and exciting, but because there is an opportunity to capture or a problem to solve. Most importantly, there is a chance to improve performance in a meaningful way. A fundamental assumption of change is that something different is possible. This gives us our anchor point and the first tenet for change management.

Effective change management significantly influences project success. The more people are affected by an organizational change, the more important it is to manage the people side of that change. Often a great deal of responsibility for managing 'people change' falls to the project team, yet organizational change management is rarely integrated into their existing project management methodology.

Change management is important to the smooth operation of any business. In order to implement new procedures, products, or any other change in company, the manager need to understand what is change management. Change management is the process that assures the organizational structure, including employees, can handle changes. When employees are properly prepared, they know the process and they are comfortable with it. Learning to manage change is important in maintaining continuity within the business. Gill (2003) argued that while change must be well managed it must be planned, organized, directed and controlled it also requires effective leadership to introduce change successfully: it is leadership that makes the difference.

Research Objective

The objectives of the research are as follows:

1. To analyze the change management inside organizational to help manager or owner reach their business goal in organizational.
2. To analyze what should company do in order to do change management.

THEORETICAL REVIEW

Theories

Change Management

Nilakant and Ramnarayan (2006) argue that change management is a systematic approach to dealing with change, both from the perspective of an organization and on the individual level. A somewhat ambiguous term, change management has at least three different aspects, including: adapting to change, controlling change, and effecting change. Gill (2003) argues that change is a process of taking an organization (or a nation) on a journey from its current state to a desired future state and dealing with all the problems that arise along the journey, then change is about leadership as well as management.

Jansson (2003) argues that change management is an umbrella term comprising a wide range of elements. Recklies (2001) argued that change management means to plan, initiate, realize, control, and finally stabilize change processes on both corporate and personal levels.

Theory of Change Management

Jansson (2003) argued that change management theory is based on experience gained from the results of change processes in both public and private sector companies. It takes a holistic view of what persons involved in or exposed to big changes need to know and understand about themselves and others to ensure that desired changes are sustainable. Nilakant and Ramnarayan (2006) argue that theory of change management requires two steps. The first step in any change process is an assessment of the environment and an audit of the organization to identify if the organization requires change. If the first step leads one to conclude that change is essential, then the second step involves designing or planning the change process.

Leadership at Change Management

Gill (2003) suggested Leadership is about showing the way: using personal power to win the hearts and minds of people to work together towards a common goal. Hooper and Potter (2000) suggest that the leadership of change is developing a vision of the future, crafting strategies to bring that vision into reality and ensuring that everybody in the organization is mobilizing their energies towards the same goals.

Dubrin (2001:76) suggested that the transformational leader helps group members understand the need for change both emotionally and intellectually. How to meet the challenge of change can be understood more broadly using a new model of transformational leadership. This model attempts to integrate the multiple dimensions and requirements of leadership which are the cognitive, spiritual, emotional and behavioral. Nilakant and Ramnarayan (2006) argue that effective change management requires four different kinds of leadership. Each of the four complex tasks, which are appreciating change, mobilizing support, executing change and building change capability, requires a specific type of leadership.

Previous Research

Moran and Brightman (2001) described the change management cycle: understand the current situation, develop a change plan, enlist others to develop critical mass and track and stabilize results. List what is needed in leaders to increase their ability to manage organizational change effectively. Gill (2003) argued that change must be well managed, it also requires effective leadership to be successfully introduced and sustained. An integrative model of leadership for change is proposed, reflecting its cognitive, spiritual, emotional and behavioral dimensions and requirements. Griffith (2002) described that failed change efforts are commonly blamed on inadequate change management competence, which in turn drives the search for, and selection of change management solutions.

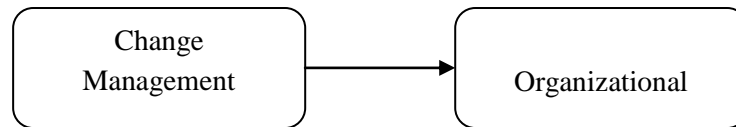


Figure 1. Conceptual Framework

Source: Theoretical Review

The diagram above explain about change management through organizational. Which is change management has influence inside organizational. Whether the change management that the company or organizational do has bad impact or good impact in organizational performance, whether the organizational can keep going or collapse.

RESEARCH METHOD

Type of Research

This research using qualitative method. Sekaran and Bougie (2009:29) suggested that qualitative data refer to information gathered in a narrative form through interviews and observations. Qualitative data are in the form of words and interview, or in other words means language. Examples of qualitative data are interview notes, transcripts of focus group, answers to open-ended questions, transcriptions of video recordings, accounts of experiences with a product on the internet, news articles, and so on. The other type of this research is a descriptive method which did not seek to measure the effect of variables but to describe what will happen or how it is happening. According to Sekaran and Bougie (2009:105) a descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation.

Place and Time of Research

This study is conducted in Manado between January to February 2014.

Data Collection Method

Data collected in this research was from secondary sources. The secondary data was collected from books, articles, web, and e-books. Sekaran and Bougie (2009:184) argue that secondary data refer to information gathered by someone other than the researcher conducting the current study. There are several sources of secondary data, including books and periodicals, government publications of economic indicators, census data, statistical abstract, databases, the media, annual reports of companies, etc.

Method of Analysis

Qualitative Method

Sekaran and Bougie (209:369) argue that qualitative data are in the form of words. Examples of qualitative data are interview notes, transcripts of focus group, answers to open-ended questions, transcriptions of video recordings, accounts of experiences with a product on the Internet, news articles, and the like. Qualitative data can come from a wide variety of primary sources and /or secondary sources, such as individuals, focus groups, company records, government publications, and the Internet. The analysis of qualitative data is aimed at making valid inferences from the often overwhelming amount of collected data. Qualitative data can give data, information, meaning, and objective or purpose in certain condition.

Descriptive Method

Sekaran and Bougie (2010:105) argue that a descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation.

RESULT AND DISCUSSION

Result

Change Process

Nilakant and Ramnarayan (2006) recommended that managing change involves managing four complex tasks. Each of these complex tasks needs to be completed effectively in order to achieve a successful outcome. Failure in any one of these four tasks will lead to a failure in the overall change. These four tasks are: appreciating change, mobilising support, executing change, and building change capability.

(a) Appreciating Change

In this task requires the leader to know mental models inside the organizations and the forces of change in the environment that's called cognitive tuner. To make a change a leader need to consider that organization's goal not too high and not too low, and also understand evolution of business environment. There are two types of change which is first-order change and second-order change. If the change objective of the company is general to gain market share and profitability so the most appropriate with this change is first-order change. First-order change will be suitable if the company has time and not faces a crisis. But second-order change will be suitable if the company faces a crisis and need a change rapidly. The organization should focus just on divisions that have more problems. Every problem in organization just can be solved inside the organization so the leader needs to focus on get information and data to know the problem in an organization that make lagging behind the competitor. To get what the leader needs to change, he/she must do active learning, collecting, and analysing data from employee at each division. He/she needs to use participative changes that allow people from lower down to initiate changes. This analysis will help to decide the content and timing of change. The change is most successful and effective when people in an organisation act together to find solutions and doing actions.

(b) Mobilizing Support

Generally, the organizational change is most successful when people in organization take place of the change. The leader needs to build a new change management team that is highly participative from other employees that called team-driven approaches. Team-driven approaches also require managers to become participative style. For executing change the team-driven approach requires to establishment a parallel organization. Parallel organization are also cross-functional that means each team is made up of people from different divisions. To communicate the change the leader needs to consider six principles of persuasion. First, liking, so from parallel organization that made up of people from different divisions that means will be easy to communicate the changes. The fact is individual will like people who are similar with them, so each person from this parallel organization need to communicate change to other employees that similar with them so the employees will be easily to argue the change. Second, authority which means individuals are influenced by others who are perceived as experts, a leader needs to develop technical and show a professional job so the other employees will trust. Third, scarcity, a leader should share strategic information to other employees. With this type of communication will make employees easy to understand the purpose and the process of change and undergo the change. Firstly, reason to involve employees in change process because the company will reduce the likelihood of opposition to change. Secondly, it's being ethical to give involvement in change process because they are worthy goals in themselves. Employee commitment, support for change mobilised and consent for change are important before change can be executed effectively. A leader needs to identify in the company who is the connectors, maven and salesmen. Connectors will spread the message of change very effectively, mavens will effective in influencing others, and salesmen will be good at persuading others. The other employees' mindsets can also be influenced by framing the change. The role of a leader is to speed up the process of letting go old mental models and adoption new models. Leadership style in mobilising support is people catalyser. The leaders need to influencing and persuading others to let go of their old mental models.

(c) Executing Change

Change leaders in executing change is known as system architect. The role in system architect is designing, building, maintaining a social architecture. To identify and change routine should be done by people inside the organisation. To modifying and changing organization's routine need an effort of cooperative of different people in an organisation. There are four things need to happen to modifying, creating, and eliminating of routines by insiders, which are: exposed to alternative perspective, create organisational arrangements to

make people from different division to work together, remove the barriers, creating new routines that focus to organisation's attention. A leader needs to choose who will be the change leaders that have a skill to facilitate the execution of change. This leader has three tasks:

1. **Creating cross-functional linkages in the organisation.**
This team consist of people from different division with different specialisations and should about 10-12 individuals for effectiveness. For example, a marketing & sales team may include managers from research & development, finance, manufacturing & logistics.
Selection for people in CFTs and leadership in CFTs are a crucial factor for success. Leaders in every team should have skill to ensure focus and success in their teams. One type that can make team more focused and energised is reframing technical problems.
2. **Aligning policies and removing structural impediments to change.**
The structure of organisation becomes vertical levels in terms of hierarchy of authority, horizontal linkages in terms of departmentalization and coordination mechanisms.
3. **Developing new routines for continuous change.**
The leaders need to set up routines to support continuous improvement.

(d) Building Change Capability

Leadership role in this task is efficacy builder. Main task for this leader is to build employees self-efficacy and to make employees trust in their own ability to master new tasks. A leader should make incentives to induce people to do the best and get high goals but they must ensure there are any support mechanisms to achieve the goals. Building change capability is a fundamental aspect of change management. To build a change capability there are four steps:

1. **Capability is built by individuals and groups.**
In organisation there are 3 categories of people in change, 10% active learners, 60% random or passive learners, 30% resistant to change. Managers need to know who is in the active learners and use this group to communicate the change to the others for 60% passive learners.
2. **Capability is built when people complete the task.**
The manager needs to consider people's ability and capacity in his groups and then build task slightly beyond their capacity. After teams already undertake a task and completely done their capability will be built and self-efficacy will be increased.
3. **Capability is built in order paying attention to both action and reflection.**
Groups need to reflection from experience to produce new ideas and effective performance.
4. **Leaders and organisations can help people and groups build capability.**
Organisations need to build a good behavioural climate to promote building of capability.

There are related aspects of building capability by individuals. First, self-efficacy that means they must have confidence in the abilities to learn and believe that their efforts will increase capabilities. In case to build self-efficacy the managers need to make sure not centralised control of organisational resources, good communication, good relationship and high discretion. Change leaders can establish their employees by creating challenging goals and helping them to achieve those goals. Second, focus that means they must have clear set goals, clear specific steps to be taken and evolve an action plan to build their capabilities. Third, energy that means they must have effort to encourage capability building and know what to do to achieve the goals.

Discussion

Type of Change

Tushman et al (1986) argued that there are two types of organizational change which are both continuity and discontinuity. Greiner (1972) argued that there are two types of change which known as evolution and revolution, as organizations grow they move through five distinct stages of change. This research summarize there are two types of change which are continuous and discontinuous. Each level of this change is suitable to the organization with different problems. If an organization needs a rapid change in strategy, power, and control, the organization should apply discontinuous change. During this period of change, an organization does a large change in strategy. The other name of discontinuous change is known as frame-breaking change or upheaval. If

an organization needs a few change and not face a problem that need rapid change, the organization should apply continuous change. A continuous change referred to incremental change and convergence.

Steps of Change

To make a change an organization need steps. This step of change will drive a company with a structure change. If the change in the company build with good structure the company will be easy to maintain and face challenges. Nilakant and Ramnarayan (1998:53) recommend seven steps to make a successful change which are: assemble a change management team, establish a new direction for the organization, prepare the organization for a change, set up change teams to implement change, align structure, systems and resources to support change, identify and remove roadblocks to change, absorb changes into the culture of the organization. This research argues that to make a successful change an organization must follow these seven steps of change.

Forces of Change

Nilakant and Ramnarayan (2006:26) suggested that business cycles, competition, technology and institutional rules are four main factors that can trigger changes in organisations by impacting on their performance. This research suggested that technological change, institutional change, and governmental change are forces of change. The example of technological change is for the newspaper organization. Since computer and printer exist, newspaper organization tends to use computer rather than typewriter. As time goes, typewriter became obsolete. That is why the newspaper organization need to change their system to use computer because of efficiency and efficient. The other factors that influence change are institutional change and governmental change. For instance, when the governmental change occurred and there is some institutional change, the organization must follow the new rule and regulation. That is why change will happen and affect from this three changes.

CONCLUSION AND RECOMMENDATION

Conclusion

The conclusions of the research are as follows:

1. Change management in organization is needed because the changing in business cycles, competition, technology and institutional rules compel organization to change. If the company lack in adapt the changing of competition, business cycles, technology and institutional rules the company might face a bankruptcy and vice versa.
2. To make a change the company needs to build an awareness of the change in organization and follow the four tasks which are appreciating change, mobilizing support, executing change, and building change capability.

Recommendation

This research proposed several recommendations to the company:

1. In order to make a successful change a manager should know the six principles of persuasion and then make a cross functional (parallel organization), make cross-functional team because in that team made up of people from different divisions, make a goal not too high and not too low. The company should focus on divisions that have more problems.
2. An organization should know that every problem in organization can be solved just inside the organization so the leader needs to get information and data to know the problem that make this organization lagging behind from the competitor. The leader must do active learning, analyzing, and collecting data from employees at each division to know the problem and what is needed to change. The last that manager should do is to build employees' self-efficacy and make employees trust in their own ability to master new tasks.

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