Change management of business transformation initiatives

Business, Management

FACULTY OF ADMINISTRATIVESCIENCEAND POLICY STUDIES CHANGE MANAGEMENT OF BUSINESS TRANSFORMATION INITIATIVES IN POS MALAYSIA By, NORAINI BINTI MOHD SALLEH – 2008256926 WAN NOR HAFIZA BINTI WAN ZAKI – 2006100587 Table of Contents

Chapter 1: Introduction 1. 1. Background of the Study Most of the Government Link Companies in Malaysia are required to participate in the Government Link Company Transformation Program that was launched in May 2004 by the Malaysian

government. This is part of an ongoing effort by the Government to develop and grow Malaysian economy.

As one of the top 20 Government Link Companies, Pos Malaysia Berhad (Pos Malaysia) embarked on a comprehensive transformation program based on the Government Link Company Transformation Manual that was launched on 29 July 2005. Since then many transformational projects were implemented to build strong capabilities, improve performance, undertake better decision making and achieve competitive advantage. Moving forward, Pos Malaysia put in place a five-year transformation plan in August 2009 which is intended to transform the group into a more agile postal organization that is cost-efficient and customer-centric.

Many of the transformational projects are delivering significant results that meet Pos business objectives. In Berita Harian Online (April 1, 2010), the Malaysia's leading Malay daily, stated that Pos was among the performing Government Link Companies. This was reaffirmed by The Star Online (April 19, 2010), which reported the former group managing director and Chief Executive Officer Datuk Syed Faisal Albar has said that " Pos Malaysia Bhd expects its revenue to rise by 15% to 18% in each of two 12-month periods after its postal tariff hike takes effect on July 1 2009".

In transforming organization, Pos Malaysia employs various technologies to run its operation efficiently in order to maintain its competitive edge. Various projects such as the ultra modern hub (The Star Online, 2010), PITTIS, Shared Banking Services (Pos Malaysia Annual Report, 2009), GIFTS (Pos Malaysia Annual Report, 2008) exploited Information System (IS) and postal

latesttechnology. Therefore in order ensure successful exploitation of purchased technology, enhancing an individual's desire to use a given new technology is vital.

Successful in doing this will lead to higher productivity organization. Ahmed Z. U. et al. (2006) mentioned in their research that contribution of technology in any transformational projects can be determined by measuring productivity as the fundamental economic measurement tool. They highlighted that the ability and willingness of the employees to exploit and adopt new technology in their day-today operations are the key factors to ensure higher productivity. The return of investment of technology could be minimized whenever employees refuse or resist dopting new technology to fully utilize the potentials of the technology. The reluctance of employees could depend on how difficult to understand, learn, or operate in order to adopt new technology (Rogers, 1962). And it also related to the extent to which a person believes that by using a certain technology will result in free of effort (Davis, 1989). Therefore, resistance to change of employee could be one of the reasons implementation failures in transforming the organizations. Malhotra (1998) estimated that 70% of the Business Process Reengineering (BPR) projects fail.

He also stated that the most important obstacles are: i. lack of sustained management commitment andleadership; ii. unrealistic scope and expectations, and iii. resistance to change. Therefore, the prime objective of this study is to examine the relationship between resistance to change and implementation success of transformation initiatives, as well as the

moderating effect of change management initiatives. 1. 2. Problem Statement Implementation success of transformational projects in any organization is very crucial.

Many organizations are struggling in ensuring their organizational transformational initiatives such as Business Process Reengineering (BPR), Enterprise Resource Planning (ERP), Lean Six-Sigma program etc. are successfully implemented. It is known that 70% of the Business Process Reengineering projects had failed to deliver the intended outcome (Malhotra, 1998). The most important obstacles are: 1) the lack of sustained management commitment and leadership, 2) the unrealistic scope and expectations, and 3) the resistance to change.

At Pos Malaysia, various transformational initiatives were introduced since August 2009 as part of it strategic plan to build strong capabilities, improve performance, undertake better decision making and achieve competitive advantage as demanded by the stakeholders. In implementing all the initiatives, Pos Malaysia also faces the same problem as other organization that embarked on organizational transformation efforts. Not all of the initiatives were successful implemented or progressing smoothly as per plan due to various factors.

Factors such as lack of sustained management commitment and leadership, unrealistic scope and expectations, and resistance to change (Maholtra, 1998) exist in Pos Malaysia. Especially factors that related to human because the transformational initiatives involve many changes on the way employees carry out their day-to-day operation. Many manual-type operations are going

to be replaced by system or machineries. Employees are required to accept the changes and at the same time they also required to learn how to fit themselves in the new way of doing things.

Therefore, the negative organizational response to transformational initiatives implementation i. e. resistance to change, can become a biggest problem to Pos Malaysia in executing its transformational programs. In order to overcome this problem, study current change management initiatives effectiveness and examine resistance to change will help further Pos Malaysia in implementing transformational initiatives. 1. 3. Research Questions Based on the problem statement stated above, the following research questions have been developed: a) Is there any resistance to change in the organization?) Do employees satisfied with the project implemented? c) What is the impact of resistance to change on transformational projects implementation success? d) Do change management initiatives influence the relationship of resistance to change and implementation success? 1. 4. Research Objectives The research objectives are elaborated by each variable as follows: a) To determine resistance of change in the organization? b) To determine employee satisfaction of the outcome of implemented project.) To examine the relationship between resistance to change and implementation success; d) To examine the change management initiatives influence on relationship of resistance to change and implementation success. The expectation of this study is that it outcome may help in increasing the implementation success in service organization i. e. Pos Malaysia. The outcome of this study will generate a list of factors that are responsible for employees' resistance to

change, provide a measurement tool for the assessment of resistance and produce a model for reference by other scholars nd future researchers. 1. 5. Significance of the Study This study is expected hopes to provide significant theoretical and practical contributions in the area of change management. Theoretically, this study should provide guidelines for the organization especially in service organization on how to manage resistance to change effectively and practical contribution on operation of organization especially in field of change management. 1. 6. Scope and Limitation of the Study The scope of this study is relates to implementation success of the completed transformational initiatives in Pos Malaysia Berhad.

The other factors include in this study are employee resistance to change and change management initiatives in the organization. The study has several limitations that need to be considered. The study uses a sample drawn from a population of Pos Malaysia employees in Klang Valley. This population may not be representative of implementation success on transformation initiatives in general. Therefore, the actual implementation success result throughout Pos Malaysia nationwide could not be measured accurately due to demographic, geographic and psychographic differences that become a constraint (e. . varies of position, job and initiative availability) to this study. 1. 7. Organization of Chapter This research has been organized into five chapters. The first chapter is an introduction of the research and explains the statement of the problem, purpose of the study, assumptions of the study, research questions, significance and the limitations of the study. The second chapter presents a review of relevant literatures on the subject. Variety topics were reviewed for the study.

Some of the topics studied were implementation success, resistance to change and change management initiatives. The third chapter explains the methodology for the research used for the study. In-depth explanation and rationale have also been specified for the use of survey questionnaires for the study. In chapter three also explains the measurement tools and methods for questionnaires administration. The forth chapter consists of the analysis, findings and results obtained from the study. The final chapter presents an overview of the research findings derived from the tudy with a series of recommendations. Chapter 2: Literature Review 2. 1 Overview of Organizational Transformation Initiatives The businessenvironmenthas become increasingly complex and changes the marketplace from local setting to a global one. Constant pressure is applied on the management to improve competitiveness by lowering operating cost and improving logistic. For the case in Malaysia, the Malaysian government is promoting organizational transformation efforts to all public listed companies under its stable.

Through Khazanah Nasional Berhad, all Government Link Companies have to embark on a comprehensive transformation program based on the Government Link Company Transformation Manual that was launched on 29 July 2005. There are various ways an organization could transform how they should improve their business. Some may adopt the principles and techniques of total quality management and re-engineering (Llana, 1998) or embark in Enterprise Resource Planning System (to manage the efficient and effective use of resources such as materials, human resources, finance, etc. (Nah, F. F. nd Lau, J. L. , 2001) or adopt various latest accounting systems

which acronyms such as ABC/M, EVA and TOC (Cooper and Kaplan, 1988; Johnson and Kaplan, 1987). Many organizations have responded with enthusiasm, adopting them with varied results. A large proportion of corporations venturing into business process transformation succeed at the initiation and design phases. At this stage, it did not require involvement of various levels of employees in the organization. The difficulties occur during the stage of implementation of the transformational projects (Davenport, 1998).

During this stage, many people were involved and require a comprehensive change management initiative. " About half of Enterprise Systems (ES) projects fail to achieve hoped-for benefits because managers underestimate the efforts involved in managing change" (Pawlowsiki and Boudreau, 1999). Researches from past scholars have proved that most BPR failures are more caused by the processes of implementation rather than those of the innovation itself (Klein et al, 2001). A comprehensive change management model will assist not only in ensuring support from employees but it also will cushion the resistance to change as well. . 2 Implementation Success The measurement of information systems success in organizational transformation effort has been researched for over thirty years (Zviran & Erlich, 2003). There are various ways of measuring the implementation success of any transformational projects. Markus & Tanis (2000) stated that the definition and measurement of implementation success of Enterprise Resource Planning (ERP) is very much depending on who defines it. For instance, project managers and implementation consultant often define success in terms of completing the project on time and within budget.

The senior management on the other hand would prefer to translate the implementation success in term of bottom-line offinancial statement. Enzweiler Group summarized other measures of implementation successes based on people improvements, process improvements, and system implemented (http://www. enzweiler. com/faq/managing. html). People improvements cover measurement of new skill sets, learning the skill to use new system. On process improvements, the measurement of improved resource utilization, improved relationships, or cost reductions can be used to determine the implementation success.

For instance, reduction in inventory from USD5 million to USD1. 5 million or reduction in customer service errors from 4% to 1%, or eliminate transaction processing time in the payroll and human resource department. However, measuring directly on the success of an information systems success has been found to be impractical and perhaps impossible because of intangible costs, and benefits of it are difficult to recognize and convert to monetary equivalent (Galetta & Laderer, 1989; Ives et al. , 1983).

For the purpose of this study, the two measures of implementation success to be used are predeterminedgoalsand user satisfaction. 2. 2. 1 Predetermined Goals This first measure was adopted from Hong and Kim (2002). The predetermined goals were defined as the degree of deviation from project goals in terms of the expected cost overrun, schedule overrun, system performance deficit and expected benefits. This type of measurements was derived from the project implementation perspective. Oliver, Whymark, & Romm, (2005) rationalized this type of measurement as

appropriate to indicates a clear istinction of why certain systems are deployed and the nature of their intended effects. The minimum set of success metrics of project implementation should include project metrics, early operational metrics, and long-term business results (Markus and Tanis, 2000). In this study, the predetermined goals of the projects were chosen as one of the implementation success variable. 2. 2. 2 User Satisfaction Employee or user satisfaction has received widespread acceptance as a substitute measure of information systems success (Wu et al, 2002).

This measure represents important feedback from the people who experience the system performance in their day-to-day operation. Nolan and Seward (1974) advocate that user satisfaction is the most feasible and practical tool for evaluating the success of information systems project implementation. Powers and Dickson (1973), Holsapple, Wang and Wei (2005) recognized that user satisfaction as one of the key factors that's affecting the success of implementation of management information systems projects.

Ives, Olson, and Baroudi (1983) and Doll and Torkzadeh (1988) had developed several models to measure user satisfaction, including the user information satisfaction instrument and a 12 items satisfaction End User Computing Satisfaction (EUCS) instrument. Following this suggestion, successful organization transformation implementation success measurement should be evaluated based not only on cost of ownership and quantifiable benefits, but should also take into account the time required to implement the technology and also user acceptable in terms of satisfaction.

Therefore in this study, as for the second implementation success measure, user satisfaction method was adapted from Doll and Torkzadeh (1988) because the instrument had been used widely and has been validated through several confirmatory analyses and constructs validity tests. 2. 3 Resistance to Change Change has always been said to be the constant thing in life. Changes can be triggered either from within or outside the system. Change in many organizations may result from mergers, acquisitions, implementation of new technologies, cost-cutting, right sizing, etc (Grover, 1999).

Therefore, any resistance from employee can affect the changes intended in an organization. Resistance to change has been research for over than fifty years. Zander (1950) defined resistance to change as a behavior which is intended to protect an individual from the effects of real or imagined change. While another scholars, Folger and Skarlicki (1999, p. 36) defined resistance as " Employee behavior that seeks to challenge, disrupt or invert prevailing assumptions, discourses and power relations".

Chawla and Kelloway (2004) said that resistance may be viewed from two different angles which were attitudinal and behavioral responses to change. They defined resistance as a phenomenon which can deter the overall change process, either by delaying or slowing down its beginning, or obstructing or hindering its implementation, and also increase its costs (Ansoff, 1990). The employees aren't really resisting the change, but rather they may be resisting the loss of status, pay or comfort (Dent and Goldberg, 1999).

In his studied, Zander (1950) mentioned that resistance occurs due to six primary reasons as follows: a) the nature of the change is not made clear to the people who are going to be influenced by the change; b) the change is open to a wide variety of interpretations; c) those influenced feel strong forces deterring them from changing; d) the people influenced by the change have pressure put on them to make it instead of having a say in the nature or direction of the change; e) the change is made on personal grounds; and f) the change ignores the existing established institution in the group.

Major failures have been recorded for a vast majority of Systems Applications and Products (SAP) and Enterprise Resource Planning (ERP) implementations. A majority of these failures were greatly connected to shortcomings regarding managing employee resistance (Aladwani, 2001). Resistance to change can be considered as important factor in determining the success of organizational change. Hong and Kim (2002) in their research related to critical success factors for Enterprise Resource Planning (ERP) system implementation found that by lowering organizational resistance will increase the chances of success in implementing system.

According to Pawlowsiki and Boudreau (1999), about half of Enterprise System (ES) projects failed to achieve its business objectives because of underestimation the efforts involved in managing change. In a recent study on impediments to successful ERP implementation, Kim, Lee and Gosain (2005) suggested five critical impediments as follows: a) conflict of interest b) inadequate human resources commitment; c) lack of organizational change management expertise; d) business processes not reengineered to

take advantage of ERP; and e) resistance of users. In their study, B. Fowke and D.

Fowke, (1991) summed up resistance to change as a manifestation of cultural values and cultural strengths. They also concluded that resistance is an artifact of corporatecultureand is largely unconscious. Because of this nature, resistance and cultural variables generally are hard to understand. In order to facilitate a smooth transformational or change efforts implementation such as ERP, BPR, structure, etc. organizations must be competent in effective change management as well as manage any resistance to them. Hence, lower organizational resistance is expected to increase implementation success of transformational projects. . 4 Change Management Initiatives Research from past scholars have proved that most business process transformation failures are more caused by the processes if implementation rather than of the innovation itself (Klein et al, 2001). Summer (1999) found that many ERP implementation failures have been caused by lack of focus on " the soft issues" such as the business process and change management. While Appleton (1997) and Pawlowski and Boudreau (1999) estimated that half of ERP projects failed due to enterprise underestimating the efforts involved in change management.

An appropriate change management model will assist not only in ensuring that employees are supported in the change process but also the resistance to the innovation will be cushioned. In order to establish an effective and a successful change management by changing the behavior of individuals, Kotter (1996) suggests the following eight pitfalls: a) allowing too much

complacency; b) failing to create a sufficiently powerful guidingcoalition; c) underestimating the power of vision; d) under communicating the vision by factor of 10; e) permitting obstacles to block the new vision; f) failing to create short-term wins;) declaring victory too soon; and h) neglecting to anchor changes firmly in the corporate culture. Grover et al (1995) indicated how critical is an effective change management in implementing new technology and business process reengineering. Without an appropriate change management processes, enterprise may not be able to adapt to the new systems and to capitalize on performance gains (Kim et al, 2005). This can be further extended to mean that positioning an organization with adequate and finely-tuned change management processes and procedures nurtures radical changes more effectively.

Acknowledging the need for a change is very important as the stronger the need for change, more and more top management and stakeholders will embrace change management initiatives to ensure success of the implementation of change. Norris et al (2000) pointed out that the tools of management for change are leadership, communication, training, planning, and incentive systems. They argued that these tools can be leveraged and are able to remove great obstacles with minimal efforts when applied properly. 2. 5. 1 Leadership

Lorenzi et al (1999) writes that no matter how exaggerated a technological implementation can be, an absence of effective leadership can actually deteriorate all efforts. Clarke et al (1996) discovers that an individual's resistance to change maybe made perfects if his interest is being threatened

in the proposal for change. To overcome employee resistance to change, leadership must involve employees to experience the need for the changes in effect (Pawar & Eastman, 1997). Organizations cannot separate effective leadership and their roles in accomplishing change management (Kotter, 1996).

However, there are still many organizations do not envision the informative and political roles championed by management in the implementation of change efforts until there is a majorfailure(Huq et al, 2006). 2. 5. 2 Communication Communication is considered as one of the most critical success factors in implementing change (Waddel and Sohal, 1998). The manager and the project team must communicate and consult regularly with the employee to make change happen. Communication during change is often a bigger task than can be imagined.

Stuart (1996) reports that there are communication principles that can be adopted such as message repletion (the more it is repeated, the less likely employees can forget), use of variety of media, face-to-face preferred, opinion leaders and personal relevant information rather than an abstraction. Every employee must be given the opportunity to be involved in all aspects of the change and they must be given the opportunity to provide feedback. 2. 5. 3 Training Training in change management has always been one major factor that is crucial to implementation of successes (Russo et al, 1999).

According to a finding by Moore et al (2000), there is a direct relationship between training and the impact it has on a company's productivity. The report explains that employees who are trained more often are better able to

sue resources at their disposal more effectively. The team that lead and involved in business process transformation needs to be trained in problem solving and communication from a initiation stage (Huq et al 2006) so that they can be educated on the politics and resistance factors (Lientz et al, 2004).

Training in this regard should involve all employees involved in the change process, be directed towards skill enhancement and ensure that the new skills are implemented quickly and absorbed into the system. In most cases, resistance has come as a result of changes in the line of command. In other instances, exaggerated leverage and cost saving benefits of the new technology is emphasized with less and infinitesimal regard to retraining employees required for all transformational projects (Grover, 1999) Researcher such as Aladwani (2001) has used change management strategies as a moderator in his research framework.

This is also consistent with other researchers (e. g. , Al-Mashari and Zairi, 2000; Aladwani, 1999) that responsiveness to internal customers is critical for an organization to avoid difficulties associated with the change. In this study, change management initiatives will represent the moderator variable. . Chapter 3: Methodology 3. 1 Research Framework This research explores and examines the relationship resistance to change and implementation success, and how change management initiatives act in the capacity of a moderating role. The theoretical framework for this study is presented in Figure 3. . The independent variable (IV) of this study is only one which is resistance to change. Resistance to change for this model refers

to 1) employee resisting to change, 2) cases of blaming occurrence, 3) employee persist old ways of doing thing, and 4) people wishing change to fail. This study framework requires two dependent variables (DV). The two dimensions of implementation success will become dependent variables. The first DV is predetermined goals. Predetermined goals refer to cost, timeline, performance and expected benefits of the implemented project.

User satisfaction is the second dependent variables (DV). User satisfaction refers to user feeling using system, user satisfaction gain, and user satisfaction on the output of the system. In this framework, change management initiatives will act in the capacity of a moderating role. This study will examine on how well the moderator variable affects the relationship of the IV on the DV and interacts with the IV to predict outcome scores. The moderator variable refers to leadership, communication and change readiness. Implementation success * Predetermined goals * User satisfaction Resistance to change

Change management initiatives Figure 3. 1: Conceptual Framework This framework will use statistical moderation technique or hierarchical regression analysis. The change management initiatives such as getting the employee involved, attending to employee concerns, and making available support group will mitigate the effect of resistance to change and enhance implementation success. Early user involvement in the design and implementation of new business processes as well as extensive top-down and cross-functional communication may generate enthusiasm for ERP (Stratman and Roth, 2002).

Wee (2000) advocated that establishing a support organization such as help desk, online user manual, etc. is also critical to meet users' needs and manage organizational change. Norris et al. (2000) pointed that the tools of management are leadership, communication, training, planning and incentive systems. They argued that these tools can be leveraged and are able to remove great obstacles with minimal efforts when applied properly. As such in this study we establish the following hypotheses:- 3. 2 Research Design A descriptive research design was used in this study.

In addition to collecting descriptive data about resistance to change and implementation success, the study will investigate change management initiatives impact on the relationship of independent variable and both dependent variables. The variables in the study were identified through a review of relevant research literature. The research provided insights and an in-depth understanding of the topic and problems, which would result in the recommendations of necessary steps that could be undertaken. 3. 3 Data Collection (Sampling and Procedures)

In this quantitative research we are using primary data collection, specifically for this research, by survey technique. The survey is using a set of questionnaires which developed for this research. The survey research is chosen because it is one of the most important areas of measurement in applied social research. The unit of analysis is individual, which mean the eligible employee of Pos Malaysia. 3. 4. 1 Sampling Population The selected respondents represent a balanced mix of employees from various level that

affected by the organizational transformation project in terms of they carry out their day to day function.

The population of interest in this research was the employees of Post Malaysia Berhad. 3. 4. 2 Sampling Size The target sample for this study is employees who work in Klang Valley that involved in business transformational projects in Pos Malaysia. In this study, 130 questionnaires will be distributed and to be used as a sampling to test reliability of this study. 3. 4. 3 Data collection Data collection used in this study was cross-sectional analysis which takes place at a single point in time.

Cross-sectional studies are used in most branches of science, in the social sciences and in other fields as well. Cross-sectional research takes a slice of customers' satisfaction target group and bases its overall finding on the views or behaviors of those targeted, assuming them to be typical of the whole group. 3. 3. 4Data Analysis Technique This section describes methods to be used in the data analysis. The data collected was analyzed with the Statistical Package for Social Sciences (SPSS) Version 18.

Initially, the data was coded in numerical order before it was entered into the statistical program. Subsequently, the data was screened and treated for errors and missing values. The various statistical technique used were descriptive analysis namely; factor analysis, reliability analysis, correlation analysis and hierarchical regression analysis. Frequency tables were generated to provide frequency and percentages of demographic characteristics of respondents. Chapter 4: Results and Discussions This chapter is dedicated to the analysis of data collected through questionnaire.

The main objectives of the study were to look at the significant relationship between employee resistance to change in Pos Malaysia and implementation success with change management initiatives as the moderating roles as shown in the theoretical framework. The data used in this study were gathered from Pos Malaysia's employees, one of the major service organizations in the country. 4. 1 Overview of data collected One hundred thirty (130) copies of questionnaires were distributed but only one hundred twenty four (124) feedbacks received from respondents. The percentages of respondents' feedback were 95. 0%, while 4. 60% did not respond. After the coding processes were completed, all 124 questionnaires were ready to be analyzed. The data collected were analyzed using Statistical Package for Social Science (SPSS) Version 18 and discussed individually in the following order; (i) frequency analysis, (ii) factor analysis, (iii) reliability, (iv) correlation analysis, and (v) hierarchical regression analysis. This study also discussed thoroughly the relationship between the resistance to change and implementation success that might contribute to research finding.

Besides, respondents' demographic profile was also analyzed in order to examine the pattern of employees' preferences and their interpretation of implementation success according to the variables. 4. 2 Frequency Analysis This section illustrates the demographic profile of the respondents. The questionnaire included a segment on employees' profile, as an assortment of demographic and other factors were likely to influence the degree of implementation success of transformational projects in Pos Malaysia. 4. 2. 1 Gender Table 4. 1 represents respondents based on their gender.

The result shows that 71 respondents or 57. 3% of the whole respondents were male. Apart from that, 53 respondents were female or 42. 7% of the whole respondents. Table 4. 1 Frequency Output of Respondent's Gender Gender| | Frequency| Percent| Valid Percent| Cumulative Percent| Valid| Male| 71| 57. 3| 57. 3| 57. 3| | Female| 53| 42. 7| 42. 7| 100. 0| | Total| 124| 100. 0| 100. 0| | 4. 2. 2 Age Result from the Table 4. 2 shows that the sample employees were mostly in the age group below 35 years (54. 0%). From the table age between 36 - 40 years is 12. 9%, 41-45 years is 16. % and above 46 years old 16. 1%. Table 4. 2 Frequency Output of Respondent's Age Age| | Frequency| Percent| Valid Percent| Cumulative Percent| Valid| 20-25| 16| 12. 9| 12. 9| 12. 9| | 26-30| 27| 21. 8| 21. 8| 34. 7| | 31-35| 24| 19. 4| 19. 4| 54. 0| | 36-40| 16| 12. 9| 12. 9| 66. 9| | 41-45| 21| 16. 9| 16. 9| 83. 9| | > 46| 20| 16. 1| 16. 1| 100. 0| | Total| 124| 100. 0| 100. 0| | 4. 2. 3 Position Result shown in Table 4. 3 indicates that 84 respondents were predominantly the front line employees (68. 5%), followed by 31 respondents were supervisors (25. 0%), 6 respondents were managers (4. %) and, only 2 respondents were senior management staff (1. 6%). This implies that respondents represent the actual user of the outcome from the transformational projects. Table 4. 3 Frequency Output of Respondent's Position Position| | Frequency| Percent| Valid Percent| Cumulative Percent| Valid| senior management| 2| 1. 6| 1. 6| 1. 6| | management| 6| 4. 8| 4. 8| 6. 5| | supervisory| 31| 25. 0| 25. 0| 31. 5| | operational/clerical| 85| 68. 5| 68. 5| 100. 0| | Total| 124| 100. 0| 100. 0| | 4. 2. 4 Location It was obviously indicated that most of respondents' were located the operation sites (80. 6%). And 19. % of respondents were from the headquarters of Pos Malaysia. The result shown in Table 4. 4. Table 4. 4

Frequency Output of Respondent's Location Location| | Frequency| Percent| Valid Percent| Cumulative Percent| Valid| HQ| 24| 19. 4| 19. 4| 19. 4| | Others| 100| 80. 6| 80. 6| 100. 0| | Total| 124| 100. 0| 100. 0| | 4. 3Discussion Many corporations embarked in transforming their organization in order to become competitive. Various transformational initiatives were deployed such as BPR, ERP, Lean Six-Sigma, Supply Chain Management etc. but, relatively little research has been conducted about the implementation success.

In this study, negative organizational response was found related to the implementation success to transformational initiatives. Resistance to change was negatively related to user satisfaction, but positively related to predetermined goals. Another significant finding was change management initiatives are not qualify as a moderating variable in both relationship of resistance to change and implementation success variables. As recommended by Hong and Kim (2002), change management initiatives can be treated as an independent variable to predicting the success of transformational initiatives.

In general, organizations must seriously deploy an effective change management to generate buy-in or ownership level of commitment of their employees in order to ensure success of transformational projects implementation. In the next section, more in-depth discussion of the results will be carried out. 4. 3. 1Resistance to change and user satisfaction As mentioned in the previous chapter, resistance to change was found negatively related with user satisfaction. The finding is consistent the research carried out by Hong and Kim (2002) and Ahmed et al. (2006).

In the case of high resistance, the employees will feel unhappy with the changes imposed on them. This situation will shape an employee with low satisfaction. An unhappy employee is not good for the organization because they are less productive and more likely to have higher absence rate (Corporate Leadership Council, 2003). This result indicates that management must effectively establish a lean and user-friendly new processes or system when transforming organization. This can be done by ensuring an effective process reengineering exercise during early implementation phase.

During this exercise, management should include the affected employees in the team that design new processes or system. The outcome of the process reengineering must pay more attention to the end user (people) and emphasize more on human issues. This suggestion is consistent with proposal made by Holsapple et al. (2005). 4. 3. 2Resistance to change and Predetermined goals Another significant result found in this study was the positive relationship between resistance to change and predetermined goals. This finding was against the study made by Ahmed et al. (2006).

The result interprets that high deviation of the pre-set goals will emerge whenever resistance to change is high. It indicates that high resistance able to influence timeline, cost management or benefits realization during implementation of transformational projects. A project that took longer time to complete or high cost overrun, or difficult to realize the benefits can be said experiencing with high resistance employees during implementation. Organization must be competent in effective change management that involves the affected employees to accept the changes in order to facilitate a

smooth ERP implementation (Ahmed et al. 2006). The information about the transformational projects which include cost, timeline, deliverables and expected benefit should be made available and clearly communicated to affected employees. Ahmed et al. (2006) also noted that any effort to educate users through a structured program will overcome resistance issues during implementation. 4. 3. 3Change management initiatives Although change management was found not moderated the relationship between resistance to change and implementation success, it still remains critical for implementation of any transformational projects.

Change management has a significant relationship to implementation success and resistance to change. This study shows that an effective change management is able to increase user satisfaction and also will assist in achieving all predetermined goals. It means that change management plays an important factor in ensuring the success of implementation. Change management initiatives were also found to have a negative relation with resistance to change. This result is consistent with Ahmed et al. (2006) study.

They stated that change management initiatives will help in reducing the negative impact whenever there is resistance among employees. Kim et al. (2005) suggested that change management should not only carried out by the project team, but also to others. Therefore it is important for the senior management team to play active roles in change management initiatives. Change management tools such as leadership, communication, training, planning and incentive can be leveraged and are able to remove any

resistance during implementation of the changes (Norris et al. , 2000). Chapter 5: Conclusion and Recommendation 5. 1 Summary

The main objective of this study is to examine various factors that contributed to the implementation success of transformational initiatives in service organization, which is Pos Malaysia. The studied factors were resistance to change, change management initiatives, predetermined goals and user satisfaction. A total of 130 sets questionnaires were distributed to various sites in Klang Valley and 124 sets (95. 4%) sets were returned. All data was analyzed by using SPSS ver. 18 software. In this study, all hypotheses were tested with hierarchical regression analysis to determine it significant level of DV, IV and MV relationship.

As a result, two out of the four null hypotheses were rejected. Table 5. 1 shows the summarization the findings of this study. 5. 2 Recommendation Since that not many studies were being made in organizational change, followings are the list of recommendations for future research. 5. 3. 1 Sampling size Future study should include respondents from other service organizations either at regions or state in order to obtain more robust results. The outcome will able to generalize the research results to the whole population of service organizations in Malaysia. 5. 3 Conclusion

In this study, resistance to change had been examined and confirmed as a critical factor in explaining implementation success of transformational initiatives. The management should keep resistance as low as possible in order the success in implementing transformational projects. In addition, this study also found that change management was not act as a moderating

variable in relationship of resistance to change and implementation success. Although it is contradicted result from previous researches particularly change management initiatives as moderating variable.

These results can be concluded as accurate in Pos Malaysia's perspective since each organization has different demographic profile that affects implementation success. Overall of the study revealed that the human factor such as employees' acceptance of the changes imposed to them, as well as understanding of objectives and benefits of the changes are the important issues in implementing organizational changes in service organization, specifically Pos Malaysia Berhad. These issues if not seriously anticipated may lead to development of negative organizational response in the organization.

Finally, in order to overcome this problem, the management should embark on a structured program to educate the user about the potential benefits of the new processes or system. This may in many ways able to reduce the potential resistance and increase the likelihood of a successful implementation of any transformational projects. Reference Ahmed, Z. U. , Zbib, I. , Arokiasamy, S. , Ramayah, T. & Chiun, L. M. (2006), Resistance to Change and ERP Implement Success: The Moderating Role of Change Management Initiatives, Asian Academy of Management Journal, 11(2), 1-17 Aladwani, A. (2001).

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