

Organisational change management effects on employees management essay



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This research is on the study of the effects of organisational change management on its employees. The importance of this research is to help management in different organisations to see the effect of organisational change management on their employees, how employees view management in handling organisational change and how management can be more effective in achieving their goals and objectives.

The methodology applied in this research is carrying out a survey on employees views on organisational change management with the use of questionnaires.

At the end of this research, I have been able to make management to see the effects of organisational change management on its employees and how to manage it effectively. Also employees have the opportunity to change some of their set minds about management for organisational goals and objectives to be achieved irrespective of the rapid organisational change in today's business environment.

CHAPTER 1

INTRODUCTION

In today's dynamic business world, change remains a constant factor in every organisation irrespective of their sizes or years of existence. Change means the alteration of status quo or making things different. The constant pace of change in the 21st century business environment is accelerating extremely very fast.

It is easier for machines to easily adapt to change in command but human composition does not find the adjustment such easy that is why it becomes a <https://assignbuster.com/organisational-change-management-effects-on-employees-management-essay/>

very sensitive issue in the organization. Change can then be said to be a single important factor in the organization. Since change is a constant and sensitive factor in every organisation therefore it becomes imperative to understand what an organisational change is, what provokes an organisational change, reaction to organisational changes and how best it can be managed to achieve organisational goals and objectives efficiently.

ORGANISATIONAL CHANGE

Organisational change was referred to by Van de Ven & Poole, 1995, as “ an empirical observation of difference in form, quality of state over time in an organizational entity”, (Van de Ven & Poole, 1995, p. 512). An organizational entity can be an individual’s job, a work group, a strategy for the organization, a product or service, or the overall organization.

The Organisational entity goes through different processes in response to a strategic reorientation, restructure, change in management, merger or acquisition or the development of new goals and objectives of the organisation. Organisational change can also be referred to as the modification of the structure or process of a system within an organisation.

Organisational change comes in place when aligning resources and employees to an organizational goals and objectives. These employees are human and they have their needs in hierarchy as described by Abraham Maslow. In satisfying their needs employees tends to influence organisational change. Organisational change influence by the employees is relative to the structure of the organisation. An organisational structure that is informal in

nature will be more affected by employees influence than the organisation that has a strong formal structure.

Abraham Maslow's hierarchy of needs showed in figure 1. 1 shows that people needs differ. Irrespective of their of the organization goals and objectives employees like every other man in the society has hierarchal needs. They want their needs to be met by the organisation so they tend to influence change that will favour the satisfaction of their needs. Sometimes employees influence this change not considering the organisation limited resources and this lead to a reaction from the organisation either positively or negatively depending on the management view of the influence. This reaction by the organisation in response to the employee actions is also an organisational change.

MORALITY,

CREATIVITY,

SPONTANEITY

PROBLEM SOLVING

LACK OF PREJUDICE

SELF-ACTUALISATION ACCEPTANCE OF FACTS

SELF-ESTEEM,

CONFIDENCE, ACHIEVEMENT,

ESTEEM RESPECT FOR OTHERS, RESPECT BY OTHERS

LOVE/ BELONGING FRIENDSHIP, FAMILY, SEXUAL INTIMACY

SECURITY OF BODY, OF EMPLOYMENT, OF RESOURCES

SAFETY OF MORALITY, OF THE FAMILY, OF HEALTH, OF PROPERTY

PHYSIOLOGY BREATHING, FOOD, WATER, SEX, SLEEP,.

FIG1. 1

Organisational change tends to occur when an organizational system is disturbed by some internal or external force. The result of this disturbance may be good or bad, which may affect the organization as a whole, or in parts. The degree or rate of disturbance varies based on the organisational structure of the organisation, which may affect people, structure, technology, and other elements of an organization.

The changes caused by external forces on the organisation are known as reactive changes, these changes may take place in order to respond to new opportunities or to avoid threats to the organisation while those changes initiated by the management of an organisation in order to achieve the goals and objectives of the organisation are known as proactive change.

Every business organisation has three major stages of development which are survival, profitability and lastly growth and expansion. In each of this stages organisation tends to manage their available resources in such a way that it can survive each stage and move to the next stage.

Every organisation desires to move from their present state to a desired state and this desired state is continual. The desired state becomes continual because every organisation needs to respond to the changing customer preferences and technologies. These factors make change to be a critical aspect of effective management.

1. 2 ORGANISATIONAL CHANGE MANAGEMENT

Organisational change is a constant critical factor in business environment. Both the employees and the employers in organisations go through this phase of change at one time or the other.

Since organisational change is inevitable, then management in organisations need to constantly monitor and respond effectively to both the internal (owner, management and employees) and external(Investors, supplier, customers, pressure groups, government, media and the general public etc.) environments of their organisations in relation to their goals and objectives. This process is described as organisational change management. Five major factors should be understood by management in monitoring and responding to organisational change.

People react to change differently based their fundamental needs

People resist change based on uncertainty of results

People will embrace change when proposed outcomes are favourable

Proposed outcome should be well defined objectively

Change may need to be enforced

The more management can anticipate change and either control or manage it the better for the organisation in achieving their goals and objectives.

Organisational change can influence the rate of performance of organisation; this makes it important for management to have effective knowledge about it. It is found out that in today's competitive business environment, some organisations have experienced fast development while other have experience downsizing or total collapse. These results are products of organisation change management. Organisations Change agents which are the factors that influence change should not be out of management control at every instance despite the competitive pressure on management. Since organisational change is constant and dynamic, then management needs to be proactive on change management for effective development of the organisation.

Although every stakeholder within and outside the organisation feels the effect of organisational change management in different degrees, this study is concentrating on organisational change management and its effects employees. The effects of organisational change management on employees are considered very important in this research because it will show the reaction of employees to management during organisational change.

Employees' reaction to organisational change management either consciously or unconsciously influences their rate of performance in their jobs. Their level of confidence in management handling organisational change becomes a notable factor in their rate of performance. Management needs to know how to strike the balance between employees' views and achieving their organisational goals and objective during on-going

organisational change. Management cannot always attend to employees need but they should provide strategic means in reacting to their needs and not necessarily manipulating them. Management should not only see employees just as their working tools in achieving their goals and objectives but they should see them as the most vital and delicate resources of their organisation.

Definitely employees rate of performance have greater influence on the rate at which organisations achieve their goals and objectives. Improving their performance level during organisational change becomes a test of effective management.

CHAPTER 2

LITERATURE REVIEW

Coetsee (1999) states “ management’s ability to achieve maximum benefits from change depends in part on how effectively they create and maintain a climate that minimizes resistant behaviour and encourages acceptance and support” (p. 205). In today’s dynamic and competitive business environment, organisations are required to respond effectively to continuous change or collapse if not careful. That was why Coetsee 1999 was interested in describing management ability in achieving maximum benefit from change. Inability for management to effectively maximise benefits from changing market place as led many organisations that were listed among the fortune 500 in the 1980s and 1990s no longer in business (Beer & Nohria, 2000).

There are different reasons that generate organisational change; examples are government policy, technology, merger and acquisition, strategic refocusing and market volatility etc. Employees are aware that they mostly recipient of the effect of change when it goes wrong. This wrong feeling initiates fear, frustration, lack of concentration and resistance to any form of change. Therefore the effects of organisational change on employees need to be assessed objectively before initiating it. Literature reveals that, change is a source of feeling of threats, uncertainty, frustration, alienation and anxiety (Ashford 1998). Based on this, it is clearly seen that an organisation will be underperforming with such feelings from their employees. Employees best can never be achieved, they will be underproductive and it will negatively affect the organisation overall performance.

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How long will employees continue to work in this feeling of insecurity due to organisational change becomes a major question in this fast dynamic business environment we live in? They concentrate more on their own job security rather than the organisation goals and objectives. Meeting self needs becomes employees' higher priority rather than organisational needs because they cannot be guaranteed by the organisation how long their individual needs can be met. Job security becomes a threat to them.

In today's business environment, more organisations are involved in mergers while some go through the acquisition process. Greater numbers of employees become more insecure and uncertain about their jobs. This poses a serious threat to employees' reliability to the organisation in achieving their goals and objectives. It is a natural response from the employee as defined by Abraham Maslow on man's hierarchy of needs. Security is a man's need not just a want, so employees' job security is a vital need to them. That is the reason why permanent staffs are far more likely to be dedicated to their job than temporary staffs who feel their contribution to the organisation may be stopped at any time and with little or no pay off by the organisation.

Effectiveness and efficiency of employees, becomes a challenge to the management in order to achieve their goals and objectives. Although job performance is not strongly linked with job satisfaction but there could be resistance and unwillingness from the employees when their working condition are poor and unattended to by the management of the organisation they work for.

According to Gateway Information Services, a New York consulting firm, “70% of all change programs fail due to employee resistance”. Employees seem to form an organisational culture that creates a serious resistance to change because of high level of uncertainty in their job. Zaltman and Duncan, 1974 define resistance to change as “...any conduct that serves to maintain the status quo in the face of pressure to alter the status quo”. The act of resistance to change described by Zaltman and Duncan, 1974 now becomes vivid the more, as long as level of uncertainties increases for the employee before and during organisational change. (Dent & Goldberg, 1999) also define resistance to change as “ employees are not wholeheartedly embracing a change that management wants to implement”.

The effect and counter effect of organisational change management on employees can be a test of effectiveness and efficiency of management. Management needs to effectively manage organisational change.

CHAPTER 3

METHODOLOGY AND ANALYSIS

3. 1 INTRODUCTION

In previous chapters, it is described that organisational change remains constant in every organisation and the rate of this change in today’s business environment is very rapid. Many factors have been attached to the rapid occurrence of organisational change ranging from customers’ needs, technology, government policy, market flexibility, acquisition and mergers etc. Every stake holder in the organisation is affected one way or the other by the effect of this change. This prompts for an effective organisational

change management. Effective organisational change management can then be assessed by degree at which management maximise the benefits and minimise the demerits of organisational change in achieving the goals and objectives of the organisation.

Understanding that employees are active part of any organisation stakeholders, this research in this chapter takes a critical analysis on the effect of organisational change management on its employees.

3. 2 RESEARCH METHOD

In carrying out this project on the effect of organisational change management on its employees, the descriptive research method is used.

This method is used because descriptive method collates, test and validate data. Description emerges following creative exploration, and serves to organize the findings in order to fit them with explanations, and then test or validate those explanations (Kratwohl, 1993).

Types of research that can be categorized as descriptive are Surveys (questionnaires, Delphi method, interviews, normative), case studies, job analyses, documentary analysis and developmental studies.

The questionnaire was the type of descriptive method use in this project. It is used because of its response objectivity which base on the order of the systematised format of the questionnaire. It is also use because it gives opportunity to access information from people, who are free to express themselves and not time bound like interview or experiment.

In guarding against sources error the four major potential errors were considered. These are sampling error, non-coverage error, non-response error, and measurement error -Any one of these sources of error may make the survey results unacceptable (Groves, 1989; Salant and Dillman, 1994; Dillman, 1991, 1999).

Sampling error was defined as “ the degree to which the results from the sample deviate from those that would be obtained from the entire population, because of random error in the selection of respondent and the corresponding reduction in reliability” (Alreck, 454). This was guarded against by making sure that the respondents are carefully chosen base on location which is their offices and dealing with the human resources department foe support. Respondents were given a good time before collection to guard against bias.

Non-response error occurs when the survey fails to get a response to one, or possibly all, of the questions, (<http://stats.oecd.org/glossary/detail.asp?ID=1835>). This error was prevented by making the survey questions short and non confrontational. Respondents' privacy was also assured to allow their views to be expressed freely without any restrictions or fear of personal details.

Non coverage error which occurs from exclusion of some units or entire section from the survey was prevented by giving equal chance to both new and old employees, although employees' years of experience were considered in the survey in range forms.

Measurement error is the real variation from the true score, and includes both random error and systematic error, (http://changingminds.org/explanations/research/measurement/measurement_error.htm). This was prevented by proper collection and collation process to eliminate data loss. Computations of response were repeated at different times to reduce any error in the measurement process. For easy calibration likert scale was introduced with numerical value.

3. 2. 1 QUESTIONNAIRE DESIGN

The questionnaire is designed to meet the aim of this research. Different standardised questionnaire in relation to employees view to organisational change and employee satisfaction were used. The questionnaire was also designed considering factors that influence the acceptance or resistance of organisational change by employees discussed in earlier chapters.

The questionnaire is designed not concentrating on the sex of employees, either female or male, since the objective of the research was not concentrating on the effects of organisational change management on a particular gender. This was also done in the design to eliminate every form of bias perception from the respondents. The questionnaire is designed with equal representation for employees irrespective of their years of employment.

The questionnaire consists of questions that directly address the aim of the research. That makes it short and précised in designed. It is designed in order to increase the response rate. The questions in the questionnaire are closed ended questions in likert scale - Strongly Disagree, Disagree, Neither

Agree nor Disagree, Agree, and Strongly Agree. The proposed answers were also graded with Strongly Disagree 5, Disagree 4, Neither Agree nor Disagree 3, Agree 2, and Strongly Agree 1. This was done for easy computation of data results from respondents. The closed ended questionnaire was used because it is easy to answer, easy to decode and timely.

The questions began with comfortable non-threatening questions in order to make them welcoming for the respondents. It is designed to be interesting to the respondents and still goal oriented. The printouts are clear enough for easy reading and questions were written in lower case and instructions in upper case.

The questionnaires were pilot with colleagues at work, and project coordinator to assess its effectiveness in checking how long it takes to complete the questions, clarity of instructions, elimination of excessive vocabulary for easy understanding and elimination of non goal oriented questions. The average time to complete the questionnaire was five minutes. It specifically designed with such a little time frame because the respondents are suppose busy people and the value of their time if high importance to them and their employers.

The questionnaire was divided into three parts, though not specified on it. The three parts are employees view about change, employees' readiness towards change and lastly employees view about management effectiveness on organisational change management. The purpose of the first part is to understand better in employees accept not necessarily welcome change. The purpose of the second part is to have understanding about the extent

employees may react to change and their readiness towards it. The purpose of the third part is to see if employees have confidence in the management of their organisations in making effective decision in respect to their welfare and organisational change management.

The design of the questionnaire includes cover letters which gives concise details about the dissertation, its importance and effective guide in filling the questionnaire. The cover letter was written in simple vocabulary for easy reading purpose.

On the cover letter, privacy of respondent was guaranteed and my contact address was also inclusive in case of any further question. Respondents were also informed that filling the questionnaire was optional and I would still be glad to share the result with them either they respond to the questionnaire or not if they are interested.

3. 2. 2 QUESTIONNAIRE DISTRIBUTION

The distribution of the questionnaire was done systematically to achieve a good timely result. The distribution process was divided into two parts, individual contacts and cooperate contact.

The distribution process considered employees busy hours so as not to disturb them at work therefore lunch hour was considered as a more convenient period for the distribution. Some were considered on individual bases at locations like train stations while waiting for their train, though the major distribution was during the lunch hour.

The distribution to offices was done with the support of their human resources department. The employees were assured of their privacy despite the permission from their human resources department. All distribution was carried out with date of collection to facilitate the analysis of the questionnaire. Considering that response rates may be much lower than expected, follow up on the respondents was done through their contact or the human resources management department. The follow up were done by telephone calls and sending e-mails for reminder on the collection date of the distributed questionnaires.

3. 2. 3 QUESTIONNAIRE COLLECTION

Collection of the questionnaire is an important process in this research in order to have a good result. Questionnaires were collected at specified collection date as it was noted on the covering letter from the day of distribution. The answered survey by the respondents was arranged for data input into the computer. Microsoft excel application worksheet was use for the computation of the result.

QUESTIONNAIRE

Strongly Agree

Agree

Neither Agree

nor

Disagree,

Disagree

Strongly Disagree.

Change is constant in every environment

Rate of change is faster in today's business environment

organisation adapts to changes quickly

Employees are always comfortable for retraining

Employees welcome organisational change

Employees are victims of organisational change

Employees concentrates more on their job than the security of their job

Employees understand the organisational goals and objectives

Management decisions on organisational change are effective

Management respects employee view in making decision

Management consider employees as co-partner in achieving organisational goals and objectives.

Management communicate effectively with staff

Management gives necessary training and support to enable staff to do their job more

effectively

Management consider employees welfare during organisational change

TABLE 1. 0

3. 3 ANALYSIS

After a successful collection of the survey from the respondents, examination of the survey was then carried out to check if the questions were answered as requested on the covering letter of the questionnaire. Two thousand five hundred and seventy five questionnaires were answered as requested out of three thousand copies that were distributed. Twenty five were answered partly so they were not considered for the analysis, they were discarded.

At the end of data input, the result is shown in the table below

Strongly Disagree

Disagree

Neither Agree

nor

Disagree,

Agree

Strongly Agree.

TOTAL

Change is constant in every environment

0

0

40

80

2455

2575

Rate of change is faster in today's business environment

0

6

12

32

2525

2575

Organisation adapts to changes quickly

100

132

792

700

851

2575

Employees do welcome organisational change

632

1000

300

248

395

2575

Employees are always comfortable for retraining

233

355

638

549

800

2575

Employees are victims of organisational change

25

50

100

525

1875

2575

Employees concentrates more on their job than the security of their job

1235

800

320

200

20

2575

Employees understand the organisational goals and objectives

541

177

1000

325

532

2575

Management decisions on organisational change are effective

1239

800

500

30

6

2575

Management respects employee view in making decision

1555

600

325

50

45

2575

Management consider employees as co-partner in achieving organisational goals and objectives.

1234

800

400

100

41

2575

Management communicate effectively with staff

700

1235

200

600

340

2575

Management gives necessary training and support to enable staff to do their job more

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Effectively

532

600

500

600

343

2575

Management consider employees welfare during organisational change

1320

800

300

153

4

2575

TABLE 2. 0

The analysis was divided into three parts based on the design of the questionnaire which are employees view about change, employees' readiness to change and thirdly, employees view about management

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effectiveness on organisational change management. Percentages of response by respondents are shown below.

3. 3. 1 EMPLOYEES VIEW ABOUT CHANGE

In the table 2. 0 above, employees view on change were asked in different ways. The result collated in percentage are shown below

QUESTION 1: CHANGE IS CONSTANT IN EVERY ENVIRONMENT

Strongly agree = $2455/2575 * 100 = 95.34\%$

Agree = $80/2575 * 100 = 3.11\%$

Neither Agree nor Disagree = $40/2575 * 100 = 1.55\%$

Disagree = $0 = 0\%$

Strongly Disagree = 0%

QUESTION 2: RATE OF CHANGE IS FASTER IN TODAY'S BUSINESS

ENVIRONMENT

Strongly agree = $2525/2575 * 100 = 98.06\%$

Agree = $32/2575 * 100 = 1.24\%$

Neither Agree nor Disagree = $12/2575 * 100 = 0.47\%$

Disagree = $6 = 6/2575 * 100 = 0.23\%$

Strongly Disagree = 0%

QUESTION 3: ORGANISATIONS ADAPTS TO CHANGES QUICKLY

Strongly agree = $851/2575 * 100 = 33.05\%$

Agree = $792/2575 * 100 = 30.76\%$

Neither Agree nor Disagree = $700/2575 * 100 = 27.18\%$

Disagree = $132/2575 * 100 = 5.13\%$

Strongly Disagree = $100/2575 * 100 = 3.88\%$

3.3.2 EMPLOYEES' READINESS TOWARDS CHANGE

Analysis of employees' readiness to change was accessed based on their response to the survey question that dealt with it. Their result is displayed in percentages below

QUESTION 1: EMPLOYEES DO WELCOME ORGANISATIONAL CHANGE

Strongly agree = $395/2575 * 100 = 15.34\%$

Agree = $248/2575 * 100 = 9.63\%$

Neither Agree nor Disagree = $300/2575 * 100 = 11.65\%$

Disagree = $1000/2575 * 100 = 38.83\%$

Strongly Disagree = $632/2575 * 100 = 24.54\%$

QUESTION 2: EMPLOYEES ARE ALWAYS COMFORTABLE FOR RETRAINING

Strongly agree = $800/2575 * 100 = 31.07\%$

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Agree = $549/2575 * 100 = 21.32\%$

Neither Agree nor Disagree = $638/2575 * 100 = 24.78\%$

Disagree = $355/2575 * 100 = 13.79\%$

Strongly Disagree = $233/2575 * 100 = 9.05\%$

QUESTION 3 EMPLOYEES ARE VICTIMS OF ORGANISATIONAL CHANGE

Strongly agree = $1875/2575 * 100 = 72.82\%$

Agree = $525/2575 * 100 = 20.39\%$

Neither Agree nor Disagree = $100/2575 * 100 = 3.83\%$

Disagree = $50/2575 * 100 = 1.94\%$

Strongly Disagree = $25/2575 * 100 = 0.97\%$

QUESTION 4: EMPLOYEES CONCENTRATES MORE ON THEIR JOB THAN

THE SECURITY OF THEIR JOB

Strongly agree = $20/2575 * 100 = 0.78\%$

Agree = $200/2575 * 100 = 7.77\%$

Neither Agree nor Disagree = $320/2575 * 100 = 12.43\%$

Disagree = $800/2575 * 100 = 31.07\%$

Strongly Disagree = $1235/2575 * 100 = 47.96\%$

QUESTION 5: EMPLOYEES UNDERSTAND THE ORGANISATIONAL GOALS AND OBJECTIVES

Strongly agree = $532/2575 * 100 = 20.66\%$

Agree = $325/2575 * 100 = 12.62\%$

Neither Agree nor Disagree = $1000/2575 * 100 = 38.83\%$

Disagree = $177/2575 * 100 = 6.87\%$

Strongly Disagree = $541/2575 * 100 = 21.01\%$

3.3.3 EMPLOYEES VIEW ABOUT MANAGEMENT EFFECTIVENESS ON ORGANISATIONAL CHANGE

QUESTION 1: MANAGEMENT DECISIONS ON ORGANISATIONAL CHANGE ARE EFFECTIVE

Strongly agree = $6/2575 * 100 = 0.23\%$

Agree = $30/2575 * 100 = 1.17\%$

Neither Agree nor Disagree = $500/2575 * 100 = 19.42\%$

Disagree = $800/2575 * 100 = 31.07\%$

Strongly Disagree = $1239/2575 * 100 = 48.12\%$

QUESTION 2: MANAGEMENT RESPECTS EMPLOYEE VIEW IN MAKING

DECISION

Strongly agree = $45/2575 * 100 = 1.75\%$

Agree = $50/2575 * 100 = 1.94\%$

Neither Agree nor Disagree = $325/2575 * 100 = 12.62\%$

Disagree = $600/2575 * 100 = 23.30\%$

Strongly Disagree = $1555/2575 * 100 = 48.12\%$

QUESTION 3: MANAGEMENT CONSIDER EMPLOYEES AS CO-PARTNER IN ACHIEVING ORGANISATIONAL GOALS AND OBJECTIVES.

Strongly agree = $41/2575 * 100 = 1.59\%$

Agree = $100/2575 * 100 = 3.88\%$

Neither Agree nor Disagree = $400/2575 * 100 = 15.53\%$

Disagree = $800/2575 * 100 = 31.07\%$

Strongly Disagree = $1234/2575 * 100 = 47.92\%$

QUESTION 4: MANAGEMENT COMMUNICATE EFFECTIVELY WITH STAFF

Strongly agree = $340/2575 * 100 = 13.20\%$

Agree = $600/2575 * 100 = 23.30\%$

Neither Agree nor Disagree = $200/2575 * 100 = 7.77\%$

Disagree = $1235/2575 * 100 = 47.96\%$

Strongly Disagree = $700/2575 * 100 = 27.18\%$

QUESTION 5: MANAGEMENT GIVES NECESSARY TRAINING AND SUPPORT

TO ENABLE STAFF TO DO THEIR JOB MORE EFFECTIVELY

Strongly agree = $343/2575 * 100 = 13.32\%$