Relationship between Employee Readiness for Organizational Change and Employee Performance

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Abstract

Managing organizations effectively is a main challenge in the change management domain because of massive human involvement. Thus, managers are eager to know how to encourage and effectively prepare employees for change situation. The aim of this study was to examine the relationship between employee readiness for organizational change and employee performance. The objectives were to investigate employee readiness for organizational change and identify the impact of employee performance in the Divisional Secretariat in Kaluwanchikudy, Batticaloa District where various change reforms has been introduced recently. This empirical study proceeded by a systematic review of literature that led to the development of a conceptual model. The data was collected from a sample of 100 employees by using a survey questionnaire. Data was analyzed using descriptive statistics. Results showed that independent variables (employee readiness for organizational change) were positively and significantly correlated to the dependent variable (employee performance). This study provide empirical evidence for employee performance predictor variables for organizational change, and may contribute to the literature on employee performance, particularly for Sri Lanka, and may assist the management, change agents and practitioners of human resources management and development, and organizational behaviour in assessing, designing and evaluating new or existing programmes for organizational change.

Keywords: Organizational Change, Employee Readiness, Employee Performance.

1. Introduction

In today’s increasingly dynamic technological and communications networked environment, organizations are continually confronting challenges such as competition, development, general instability, mergers and reengineering of work processes. These forces challenge organizations to re-evaluate their
strategies, structure, policies, operations, processes, and culture. In this situation, organizational change (OC) is unavoidable. Of great importance is the fact that humans have different individual life experiences, motivational levels, socio-demographic characteristics, knowledge, attitudes, support systems, values, and behavioral patterns which might involve painful learning and relearning and can create feelings of uneasiness and tension among employees. Thus, researchers and practitioners need to know as much as possible about employee readiness predictors so that management can endeavor to understand an individual’s attitudes, beliefs and behaviors towards organizational change.

The external changes that have been facing the organizations provide an avenue for thinking. Managers have adopted change practices with varying levels of success. While studies on change have been done on manufacturing, (Shem, 2005) public sector (Nyamache, 2003) International Development organizations (Muturi, 2006) and in other corporations, this study will therefore provide insights on change practices in organizations.

Managers in most organization today would agree that change has become a constant phenomenon and if an organization is to survive that must be attended to and managed properly. Changes in technology, the marketplace, information systems, the global economy, social values, workforce demographics, and the political environment all have a significant effect on the processes, products and services produced. The culmination of these forces has resulted in an external environment that is dynamic, unpredictable, demanding and often devastating to those organizations which are unprepared or unable to respond (Burnes, 2004). According to Schaffer (1992), those organizations which do survive are often relegated to the role of playing “catch up” to their competitors, while others are either absorbed into larger entities via mergers or acquisitions or simply dissolved into a collection of corporate assets and liabilities.

In fact, many of the popular trends in management and organizational consulting such as business process re-engineering, total quality management and the learning organization, represent systematic methods for responding to and channeling effectively the forces of change.

1. 1 Background and Scope

Contemporary organizations are social systems govern by the same rules of human beings, it grows, evolves, progress, face challenges, and struggle and adapt, therefore change becomes a natural phenomenon experienced by each organization. Change in its simplest form, means to move from the current situation to more efficient and effective future, therefore change is the process that we learn and discover things through on an ongoing basis. And change management should be effective, i.e. have the ability to move freely, have the ability to influence others, and directing the working forces in the target systems and administrative units. (Robinson, 2000) (Harem, 2004)

Change management is a structured approach to shifting and transitioning individuals,
teams and companies from the current, initial state to a desired future state. It is normally a top-down change process. As with every plan to embark on major changes, it is wise to begin with a systematic analysis about leadership styles and group dynamics. Organizational Change Management aligns groups’ expectations, communicates, integrates teams and manages people training. It makes use of performance metrics, such as financial results, operational efficiency, leadership commitment, communication effectiveness, and the perceived need for change to design appropriate strategies, in order to avoid change failures or solve trouble change projects.

Research suggests that the failure of organizational change initiatives can generally be attributed to negative employee attitudes towards the change (Bellou 2007; Coetsee 1999; Durmaz 2007). Unless adequately managed, organizational change initiatives result in feelings of fear and uncertainty (Bovey & Hede 2001), leading to increased stress, reduced levels of trust between employees and management, and declining levels of organizational commitment (Coetsee 1999; Schweiger & Denisi 1991).

However, employees can develop positive feelings and thoughts on the basis of the employee career commitment as well. If an employee is satisfied with his or her career he or she will tend to show positive thoughts and feelings for changes in an organization. In career development, employees always look to organizational support regarding the psychological and financial variables that may strengthen their future career.

The purpose of the study was to investigate the impact of employee readiness for organizational change on employee performance at the Divisional Secretariat in Kaluwanchikudy.

1. 2 Problem Justification

A number of researchers Hanpachern et al. (1998); Eby et al. (2000); Madsen et al. (2005); Rafferty and Simons (2006); and Elias (2009), have investigated the relative influence of employee readiness predictors to develop attitudes, beliefs and behaviors to organizational change. Although it is true that researchers have worked on micro level issues in change management, there is still a need to learn more.

This study examines employee readiness determinants for organizational change to support and strengthen the existing literature. Most studies on employee readiness for organizational change have focused individual, psychological, workplace, environmental, cultural and social factors.

Most research work has been done in developed or western cultural work settings. Less research work has been found so far in developing countries like Sri Lanka. This requires more attention by researchers and practitioners to establish employee readiness predictors in different work settings environments and cultures. In Sri Lanka, change methods adopted by western cultures should be used as a body of knowledge in the domestic situation.
(Fatima, 2002). In this study the variables have been chosen to justify the study in an underprivileged and developing economy where employee expects only the satisfaction of their basic needs from their organizations.

1. **Research Question**

This study examines Influence of Employee readiness for organizational change on Employee performance in Divisional Secretariat in Kaluwanchikudy.

1. What is the level of Employee readiness for organizational change in Divisional Secretariat in Kaluwanchikudy?

2. What is the level of Employee Performance in Divisional Secretariat in Kaluwanchikudy.

3. What is the relationship between Employee readiness for Organizational change and Employee performance in Divisional Secretariat in Kaluwanchikudy.

2. **Objective of the Study**

This study focuses on exploring the impact of employee readiness for organizational change on employee performance related to the Divisional Secretariat as the main objective of this study.

- To study on how employee readiness for organizational change effect on Employee Performance.

Further, this study also aims to achieve the following as the secondary objectives.

1. To find out the level of Employee readiness for organizational change in Divisional Secretariat in Kaluwanchikudy.

2. To find out the level of Employee Performance in Divisional Secretariat in Kaluwanchikudy.

2. **Literature review**

2.1 **Employee readiness for organizational change**

The readiness of employees for an intended organizational change is paramount important. Ensuring continuous and active support from the employee is critical and more complex in the context of competitive and dynamic nature of environment. In order to implement successful organizational change, organization needs to develop a mechanism to obtain employees support. Importantly, predictive employee readiness factors for organizational change to be identified. To investigate the predictive factors for employee readiness towards organizational change and their different levels of influence, considerable number of research has been conducted in the domain of change management over the past few decades (Armenakis et al., 1993; Cunningham et al., 2002; Vokala et al., 2004; Chawla and Kelloway, 2004; Peach et al., 2005; Madsen et al., 2005; Rafferty and Simon, 2006; Holt et al., 2007; Erturk, 2008; Cinite et al., 2009,).

Different theories, conceptual models and empirical studies have been applied to observe and analyse many aspects of organizational change. Accordingly literature supports that for a successful
implementation of organizational change programme employee readiness factor has been found more effective (Eby et al., 2000; Armenakis and Harris, 2002; Cunningham et al., 2002; Madsen et al., 2005; Rafferty and Simon, 2006). Many authors have highlighted that consistent support of the employee for successful implementation of organizational change will lead the organization to become vital change (Armenakis et al., 1993; 1999; Chawla and Kelloway, 2004; Jones et al., 2005; Cinite et al., 2009). But, the literature also emphasis that, employee in an organization has been found to be more sensitive and complex, hence, their perceptions, beliefs, and attitudes become critical and competitive in successfully implementing change programmes (Armenakis et al., 1993; Weber and Weber, 2001). Therefore, change agents, practitioners, and experts are working on finding out possible different combination of positive employee readiness factors to stimulate employee readiness for successfully implementing organizational change (Hanpachern et al., 1998; Cunningham et al., 2002; Madsen et al., 2005; Rafferty and Simon, 2006; Erturk, 2008; Cinite et al., 2009).

2.2 Employee performance

Theoretically, performance of any individual depends on the results oriented actions, such as contribution to the achievement of the organization’s stated goals (Etzioni, 1964) and of the operative goals (Perrow, 1961), acquisition of resources from the environment (Yuchtman and Seashore, 1967), providing returns from the organization to its environment (Keely, 1978 &1984), and enhancement of the internal process (Structure and operations) of the organization (Pfeffer, 1977).

Generally, the role-played by people, knowledge, personal qualities are the attributes of employees an organization believe a person should possess in order for them to do a particular job assigned. The qualities of employees, such as, skills, attitude, leadership, and creativity are difficult to observe and measure, but they are important characteristics of employees’ performance. What really an organization want from their employee, is the results these qualities produce.

Performance is one of the major categories of behaviour. Researchers have termed performance differently, March & Simon termed as “decision to produce”. Again there are two district subcategories. “Normal or expected (role) performance, and “Extra-role behaviour.” The normal or expected role performance refers to performance that meets the minimal expected standards that the organization has designated for an employ in a particular job. The extra-role behaviour on the other hand, goes” above and beyond” what is normally expected (by the organization) in the psychological construct. It is behaviour that is spontaneous and innovative (Katz.1964).

3. Conceptualization

The conceptual approach for this research study is based on a broad theoretical framework and the study examines the influence of employee readiness for organizational change on their
performance in the Divisional Secretariat in Kaluwanchikudy, Batticaloa District.

3.1 Employee Readiness for Organizational Change

A large amount of literature is available on the employee readiness domain relating to individual and workplace factors (Weber and Weber, 2001; Madsen et al., 2005; Rafferty and Simon, 2006; Holt et al., 2007; Elias, 2009). However, the impact of both factors can be envisaged by employee attitudes, beliefs, and perceptions. Indeed, individual factors are associated with personal and social aspects of individuals such as an active problem solving approach, beliefs, autonomy, depression, emotional exhaustion, demography, self-efficacy, locus of control (Weber and Weber, 2001; Cunningham et al., 2002; Peach et al., 2005; Madsen et al., 2005).

3.2 Employee performance

Performance refers to the degree of achievement and completion of the task of the individual, it reflects the way to achieve it, or how the individual perform the job requirements, and often there is a confusing and overlapping between performance and effort, effort refers to the used energy, but performance is measured on the basis of the results achieved by the individual. (Mohammed, 2001: p. 209)

4. Methodology

4.1 Study Setting

For the study of the impact of employee readiness for organizational change on employee performance, data were collected based on primary and secondary sources. Primary data collected by issuing questionnaire and secondary data collected from past research papers, literature, reports, and internet.

One hundred questionnaires will be issued to the divisional secretariat staff in kaluwanchikudy on a Simple random sampling method. For this study purpose, employee readiness for organizational change will be analyzed to carry out the study on employee performance. Whereas, employee readiness for organizational change will be considered as independent variables and employee performance will be considered as depended variable. There are two types of analysis can be taken place in a study.

4.2 Unit of Analyses
The unit of analysis refers to the level of aggregation of the data collected during the subsequent data analysis stage. This study is concerned the unit of analysis will be the individual staff of selected Divisional Secretariat in Kaluwanchikudy.

4.3 Time Horizon

This study was a cross sectional one in the time horizon, because data were collected in a one single time from the respondents.

4.4 Sample Size, Sampling Distribution

Sample selection is very significant process in conducting a research because in any research it is very difficult to examine entire research area or whole population. At the same time, when select a sample research should take more care because the findings taken through analyzing the sample is common for whole population. In this research researcher consider the divisional secretariat of kaluwanchikudy. There are 194 employees working in the divisional secretariat of kaluwanchikudy. Out of these staff, only 100 will be selected as sample to conduct this research by using simple random sampling method.

4.5 Method of Measurement

Likert scale of 1-5 which ranges from “Strongly Disagree” to “Strongly Agree” will be applied in the questionnaire to evaluate responses. The numerical values will be given for the purpose of quantification of variable as follows:

1. Strongly disagree
2. Disagree
3. Neither Agree nor Disagree
4. Agree
5. Strongly agree

4.6 Data presentation, analysis and evaluation

Data will be presented using tables, bar charts and pie charts. Meanwhile Inferential and descriptive analysis will be used for data analysis. Hence under the descriptive analysis, mean and standard deviation will be derived from the analysis of samples. In inferential analysis, correlation and multiple linear regressions will be applied. Statistical package of SPSS 19.0 will be used for this purpose. Furthermore criteria shown in table will be adopted to evaluate mean values.

Table 4.2 Evaluation criteria for mean values

<table>
<thead>
<tr>
<th>Range</th>
<th>Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1≤X≤2.5</td>
<td>Low level</td>
</tr>
<tr>
<td>2.5&lt; X≤3.5</td>
<td>Moderate level</td>
</tr>
<tr>
<td>3.5&lt;X≤5.0</td>
<td>High level</td>
</tr>
</tbody>
</table>

Source- Formed for this research

5. Data presentation, analysis and Findings

5.1 Personal Information

5.1.1 Gender perspective of staff

Among the total respondents, 60% of respondents were found to female
category, and remaining 40% represents are male category.

5.1.2 Age distribution of staff
Age distribution was categorized into three classes. Among the total respondents, 60% of respondents were found in between to 25 - 35 years old, 30.% were founded in between 36 to 45 years of age, and remaining 10% represents are above 46years.

5.1.3 Level of Educational Qualification of Staff
The educational level of respondents were classified by four categories from the questionnaire, 10% of the respondents had G.C.E Ordinary level qualification, 45% of the respondents had G.C.E Advanced level qualification, and 25% of the respondents had diploma qualification and remaining 20% of them were found with degree and higher diploma qualifications.

5.1.4 Level of Work Experience of Staff
Experience has been divided into four categories and 12 % of the respondents with less than 1 year working experience, 60% were 2- 5 years working experience, 14% were 6-10 years working experience, 14% and were more than 10 years working experience.

5.1 Descriptive statistics
This section presents mean and standard deviation for the variables of Employee Readiness for Organizational Change and Employee Performance. Mean values have been distributed based on Liket’s scale of between 1-5 which represent “Strongly Disagree” to “Strongly Agree”. Meanwhile mean values were evaluated based on already established evaluative criteria which range from “Low level” to “High level”.

Table 1 Mean and standard deviation for the variables of Employee Readiness for Organizational Change

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Readiness for Organizational Change</td>
<td>4.02</td>
<td>0.33</td>
</tr>
</tbody>
</table>

As presented in Table 1, all Employee Readiness for Organizational Change variables have taken mean values of more than 3.5 which fall under the evaluative
category of high level. Ultimately, the mean value of 4.02 shows the high level of Employee Readiness for Organizational Change.

Table 2: Mean and standard deviation for the variable of Employee Readiness for Organizational Change

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Performance</td>
<td>3.93</td>
<td>0.24</td>
</tr>
</tbody>
</table>

As highlighted in Table 2, the variable of Employee Performance has taken the mean values of more than 3.5 which fall in high level category. Total Employee Performance construct has taken a mean value of 3.93 therefore it comes under high level.

Table 3: Correlation between Employee Readiness for Organizational Change and Employee Performance.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Correlation with Employee Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Readiness for Organizational Change</td>
<td>0.798*</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed)

5.2 Correlation analysis

Correlation values were found to determine relationship between variables of Employee Readiness for Organizational Change and Employee Performance. It has been presented in the table 3.

As in table 3, the correlation value is positive and the value has been significant at 5% significant level (P<0.05). This reveals that all Employee Readiness for Organizational Change variables are positively correlated with Employee Performance. Hence there is a positive relationship between Employee Readiness for Organizational Change variables and Employee Performance.

The statistical mean of Employee Readiness for Organizational Change scale showed employee willingness and positive attitudes towards organizational
performance. Thus, the scale can be applied to ascertain employee attitudes and behaviours regarding readiness for change. The results of this study also show that employee Readiness for Organizational Change scale is significantly and positively correlated with other scale of Employee Performance.

In addition, the statistical mean of this Employee Readiness for Organizational Change “r” scale also showed that employee of organizations can be ready and open to change. In this scale participant’s response to the factors are related to situational and individual. According to Judges et al. (1995); Goulet and Singh (2002) and Poon (2004) employee can develop positive attitudes and behaviours for an organization on the basis of the situational factor. In addition, the literature also shows that employee can develop positive attitudes on the basis of individual willingness. This was confirmed in this study, which shows that readiness for organizational change has a positive relationship to employee performance.

6. Conclusion and Recommendation

6.1 Conclusion

Research on the determinants of employee readiness for organizational change was stimulated by new interest evidences due to recent change reforms in the government sector organizations in Sri Lanka. Increased attention on competition, advanced technology, mergers, expansion, product quality maintenance, enhancing employee efficiency rapid growth, new business ventures, exciting opportunities, innovations, and new leadership and management approaches led to number of countries knowing employee attitudes and behaviours of organization change.

This study is concerned with examining employee attitudes, beliefs, and behaviours to readiness for organizational change. Overall, employee readiness for organizational change to the organization predictors has a statistically significant and positive relationship with employee performance. This suggest that, other things being equal, the more employee readiness for organizational change that is perceived, the more open and exert better and higher performance.

The findings of this study suggest that employees of government sector organizations can develop positive attitudes and behaviours as a result of institutional and individual predictors the more readiness of the employees that is perceived, the more and better performance to the self, to the organization and to the nation at large.
6.2 Recommendations

Based on the findings, the following recommendations are proposed for the enhancement of Employee readiness for organizational change and Employee performance.

1. Systematic and timely introduction reinforcement is necessary for improved performance through successful implementation of Organizational change.

2. The views of the employee should be taken into account when introducing Organizational changes higher performance.

3. The content and the process of the organizational change process should be relevant to the level of expectation from the employee.

4. A systematic approach should be practiced to enhance the moral of employees or whenever their Performance is being reviewed by reviewers.

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