

ANALYSING ORGANIZATIONAL CHANGES – THE CONNECTION BETWEEN THE SCALE OF CHANGE AND EMPLOYEES' ATTITUDES

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Abstract: *In the 21st century all organizations have to cope with challenges caused by trigger events in the environment. The key to organizational success is how fast and efficiently they are able to react. In 2014 we conducted a research survey on this topic with the contribution of Hungarian students on Bachelor courses in Business Administration and Management. They visited organizations which had gone through a significant programme of change within the last 5 years. The owners, managers or HR managers responsible for changes were asked to fill in the questionnaires about the features of these organisational changes. Several issues regarding change management were covered, besides general information about the companies. Respondents were asked about the trigger events and the nature of changes, and about the process of change and participation in it. One group of questions asked leaders about employees' attitude to change, another section sought information about the methods used in the process. In this paper, after a short literature review, we will analyse the adaptation methods used by organizations and the connection between the scope of change and employees' attitude toward change.*

Keywords: change management; adaptation methods; nature of change; resistance and responses to change;

JEL classification: M10; M14; L21

1. Introduction

We are living in a fast changing world. Several factors in organizations' environments are changing, and they require reactions from these organizations. At the beginning of the 21st century it is an interesting research topic to analyse what leaders and managers of the organizations think, believe and perceive about changes, how they react, and how successful their actions are.

This question was in our minds when we conducted empirical research into organizational changes in Hungary. Bachelor students, studying Change Management were asked to find an organization which had gone through significant changes within the last 5 years. The owners, managers or HR managers of the companies were asked to fill in the questionnaire about their change programme. 105 responses were collected, mainly from medium size companies from the Eastern part of Hungary.

In a previous study Ujhelyi and Kun (2015) analyse the distribution of change triggering factors among different types of organizations, according to total number of employees, number of graduated employees, legal form, annual total revenue and ownership structure on the same sample. In this paper, after a short scientific review, the companies' adaptation methods, the scope of change and their connection with employees' responses to change will be analysed.

2. Literature Review

We live in a fast changing world. Human beings and organizations also have to pay attention to these signs and sooner or later they have to respond to these changes. Organizations can choose from three different types of adaptation (Dobák, 1996). Reactive change is when the organization adjusts to the new situation after the changes have taken place. Many organizations do not wait until this moment. As soon as they perceive that changes are occurring in the environment they begin to prepare for the new situation and will be ready with the response at the time the changes take place. This type of adaptation method is called preactive change. The scientific literature also explains a third method, called proactive change. In this case organizations do not wait until changes happen, but try to influence their environment to fit to their own goals.

2.1. The Nature of Changes

Researchers dealing with change management analyse the background to changes from two well defined points of view. First they analyse what kind of factors, or trigger events, cause changes (Senior and Swailes, 2010). In connection to this we should mention PEST or PESTLE analysis, well known from strategic management. This method helps in the diagnosis of the external environment, in defining problems and designing organizational goals which fit the new situations. In another article Ujhelyi and Kun (2015) pointed out significant relationships among these factors and organisational attributes on the same sample.

The second research topic is to explain the nature of change (Senior and Swailes, 2010). Several authors have created models in relation to this. In what follows we will present a few significant approaches.

Grundy defined three types of change in terms of the rate of change (Grundy, 1993). In the case of smooth incremental change the rate is constant. Bumpy incremental change is characterised by relatively static periods, when the rate of change is low, but these periods are replaced by an acceleration in the rate of change. The third type in Grundy's model is "discontinuous change".

Balogun and Hope-Hailey (2004) identified four different types of change considering the nature (incremental, or big bang) and the end result (transformation, or realignment) of change. The four types are evolution, revolution, adaptation and reconstruction.

The last model we wish to introduce is Dumphy and Stace's scale. They defined four scale types: fine tuning, incremental adjustment, modular transformation and corporate transformation (Dumphy and Stace, 1993). Fine tuning change is an ongoing process with minor refinements. Incremental adjustment involves distinct modifications. In the case of modular transformation, radical realignments are focused on departments or divisions of the organization. Corporate transformation is characterised by radical shifts in corporate strategy and revolutionary changes are needed throughout the whole organization.

2.2. Resistance to Change

Probably the biggest challenge managers face during a change programme is resistance to change, "efforts exerted by employees either overtly or covertly to maintain the status quo" (Spector, 2013: 10). However, resistance depends heavily on the scale of change and the way it is implemented. The reactions of employees to change move along a broad scale. Coetsee (1999) listed seven alternative responses: commitment, involvement, support, apathy, passive resistance, active resistance and aggressive resistance. The major forces for resistance are also frequently categorised by researchers. Individual and organizational sources are distinguished (Robbins and Judge, 2013).

2.2.1. Individual Resistance

Individual sources of resistance are habits, the need for security, economic factors, fear of the unknown, selective information processing and fear of failure (Robbins and Judge, 2013: 616; Nelson and Quick 1994: 546-547).

Human beings rely on habits because life is very complex and these programmed responses simplify it.

We all have a need for security: we are afraid of changes because it threatens our feelings of safety, our values or personal contact and can result in a loss of prestige (Robbins, 1991: 640).

Economic factors means that we believe that changes will lower our income or cause us to lose our job (Robbins, 1991: 241). This is called "fear of loss" by Nelson and Quick (1994: 546).

Fear of the unknown: "changes substitute ambiguity and uncertainty for the known" (Robbins, 1991: 641). If something changes in our organisation we have to learn various new skills (for example how to use a new technology or new equipment). We often insist on old but wrong systems and situations because of our previously comfortable life.

Selective information processing is very important in our life. People hear what they want to hear because their present life appears to them to be very simple and safe as a result of the selective nature of their perceptions (Robbins, 1991: 642).

Some people fear changes because they fear their own failure. This resistance stems from an approach that the change itself will not really take place: we are unable to use the new computer system, the new booking-software and so on (Nelson and Quick 1994: 546).

2.2.2. Organisational Resistance

It is not only people but also organisations that insist on the current situations and systems. They want to continue doing what they have been doing for years. The sources of organisational resistance can be the following: structural inertia, group inertia, threat to expertise, threat to established power relationships and threat to established resources allocations (Robbins, 1991: 642-643 and Bakacsi, 2004: 281-286).

Structural inertia means those built-in mechanisms of the firm that help them to produce stability. These are the different methods and regulations which have been successfully used in the past.

We talk about group inertia when group norms may act as a constraint even if individuals want to change their behaviour.

People do not want to lose their power and authority as a result of changes. This causes resistance in certain cases within the organisations, which is termed a threat to expertise and a threat to established power relationships (Robbins (1991: 643).

Those people or groups in organisations that control the allocation of important resources often see changes as a threat. They do not want to lose this privilege and therefore they try to interfere in any changes (Bakacsi, 2004: 285).

Other authors review other factors of resistance. Nelson and Quick (1994) list the following: disruption of interpersonal relationships, personality conflicts, politics and cultural assumption and values. Bakacsi mentions the importance of changes, the expectations of success of the change, a lack of confidence in the organisation, and subcultures and their norms (Bakacsi, 2004: 281-286).

As far as possible, leaders have to recognise these factors of resistance in order to manage changes successfully.

3. Data and Methodology

Empirical research was conducted in 2014 to study organizational changes in Hungary. Hungarian students in Bachelor courses in Business Administration and Management were asked to search for organizations which had gone through a significant change programme within the last 5 years. Students visited these organizations and asked the owners, managers or HR managers to fill in a questionnaire about the features of organisational changes.

The total number of questionnaires is 105; however, as a result of missing or failed answers the sample size can be lower in the case of some items. The total headcount in 2012 was 1332.94 (standard deviation = 6762.86, N = 104) while in 2013 it was 1340.63 (standard deviation = 6706.83, N = 105). The mean of the Total Revenue in 2013 was 3168.68 million HUF (standard deviation = 8961.82 million HUF) for the 97 respondent organisations that provided an answer to this question.

In this research we analyse three main questions. We would like to know what kind of adaptation method organizations used. In the literature review the three alternative methods - reactive, preactive and proactive changes – have already been explained. Our second question is the scope of change. Respondents were asked to choose from four alternatives – fine tuning, incremental adjustment, modular transformation and corporate transformation – based on Dumphy and Stace's (1993) scale. The third issue we intend to analyse is the alternative responses to changes explained by Coetsee (1999). We asked organizational leaders to define what percentage of employees responded to changes with commitment, involvement, support, apathy, passive resistance, active resistance or aggressive resistance.

We are using descriptive statistics, ANOVA and *t*-tests to compare the scope of change and adaptation strategies in terms of their connection to employee attitudes (responses to changes).

4. Results

One of the questionnaire items offered descriptions of the scope of change, and the respondents had to choose the one that best fits their organisation. All the respondents (*N* = 105) provided a valid answer. Fine tuning change was selected by 42 of those questioned (and thus was the most frequent), incremental adaptation by 20, modular transformation by 14 and organisational transformation by 29.

In response to another question about the organisation's strategy of adaptation, 46 of the respondents (104 was the total number of valid answers) reported reactive, 34 preactive and 23 a proactive strategy. Although only one type of strategy should have been selected, in one questionnaire both the pre- and the proactive strategy were marked. Thus, in our sample the reactive strategy was the most frequent, and the proactive the rarest.

The respondents were also asked to share 100 percentage points among seven statements in order to characterise their employees' responses, and attitudes toward changes. Descriptive statistics of the answers are presented in Table 1.

Table 1: Descriptive statistics of employees' attitudes towards change

Attitude statement	N	Mean	S.D.	Median
Commitment	102	21.81	22.63	15.00
Involvement	102	37.40	26.84	30.00
Support	102	11.97	12.50	10.00
Apathy	102	17.77	19.17	10.00
Passive resistance	101	6.93	12.88	0.00
Active resistance	102	3.02	6.19	0.00
Aggressive resistance	102	0.87	3.44	0.00

Note: N = sample size, S.D. = standard deviation.

According to Table 1, most of the organisations reported positive employee attitudes towards change. More than one third of the organisations experienced a willingness to actively participate, immediately followed by a strong commitment. Together these two account for nearly 60% of the total. An additional 12% reported an attitude of verbal but not active support. Thus, the positive attitudes are cumulatively more than 71%. The neutral (apathetic) attitude is just below 18%, and the negative attitudes are cumulatively less than 11%.

In the following, we examined the relations between employees' attitudes towards change and the scope of change, and also between these attitudes and the organisation's adaptation strategy. First, the varying scope of change is compared with ANOVA analysis. Table 2 contains the results.

As the results in Table 2 suggest, the scope of change has no significant connection with the reported employee attitudes, except in the case of the apathetic attitude, where the larger scope of change seems to lead to a lower level of neutral attitude compared to other attitudes.

Recoding the scope variable into a binary one – where fine tuning and incremental adaptation form one named 'Small scope', while modular and organisational transformation form another named 'Large scope' –, we can perform independent samples *t*-tests to reanalyse the connection between scope and attitudes. In this case the apathetic attitude remains ($t = -2.67$, $p = 0.01$), while 'being disposed to active participation' has become significant ($t = 2.04$, $p = 0.04$). Other attitude statements still show no clear dependency on the scope of change.

Simplifying the examination even more, we summarize the percentages assigned to attitudes into three combined variables, and then we repeat the previous analysis. The new variables are:

'Active participation' = 'Commitment' + 'Involvement';

'Supporting attitude' = 'Support' + 'Apathetic, neutral behaviour';

'Opposing attitude' = 'Passive resistance' + 'Active resistance' + 'Aggressive resistance'

Table 2: ANOVA for employee attitudes and scope

		Fine tuning	Incremental	Modular	Organisational	F
Commitment	<i>N</i>	40	19	14	29	0.64
	Mean	23.55	26.05	17.64	18.66	
	S.D.	21.92	31.21	19.44	18.48	
Involvement	<i>N</i>	40	19	14	29	1.66
	Mean	44.15	37.37	30.36	31.52	
	S.D.	27.68	28.64	24.22	24.63	
Support	<i>N</i>	40	19	14	29	0.12
	Mean	11.15	12.11	13.43	12.29	
	S.D.	13.15	13.98	11.02	11.78	
Apathy	<i>N</i>	40	19	14	29	3.61**
	Mean	12.33	15.26	17.93	26.84	
	S.D.	13.77	15.23	14.04	26.25	
Passive resistance	<i>N</i>	39	19	14	29	1.11
	Mean	4.92	7.37	12.21	6.78	
	S.D.	7.41	14.85	21.14	12.20	
Active resistance	<i>N</i>	40	19	14	29	0.77
	Mean	2.82	1.58	4.79	3.40	
	S.D.	6.86	3.36	6.05	6.74	
Aggressive resistance	<i>N</i>	40	19	14	29	0.57
	Mean	1.20	0.26	1.50	0.52	
	S.D.	4.87	1.15	2.85	2.05	

Note: *N* = sample size, S.D. = standard deviation, *F* = value of the *F* statistic; ** = significant at level 0.05.

In this way the independent samples *t*-test results shows a highly significant connection between positive attitude variables and the binary scope variable as presented in Table 3. This means that a smaller scope of changes seems to lead to a more actively or passively supporting attitude on the part of the employees. Conversely, the negative attitudes show no significant relation to the scope of change.

The link between adaptation strategy and employee attitudes is examined via ANOVA. So as to be able to better analyse and interpret this, here we use only the combined attitude variables (which are introduced in the previous analysis). The output data from this examination are shown in Table 4. Based on these we can draw the conclusion that adaptation strategies and the supportive or opposing attitudes of the employees are significantly connected; however, attitudes towards active participation are not. As the means of the attitude percentages show, positive attitudes seem to be strongest in the case of the preactive strategy, while higher percentages of opposing attitudes are connected to proactive strategies.

Table 3: *t*-tests for employee attitudes and scope with combined variables

Attitude	Scope	<i>N</i>	Mean	S.D.	<i>F</i>	<i>t</i>
Active participation	Small	59	66.32	29.12	0.01	2.86***
	Large	43	49.47	29.82		
Supporting attitude	Small	59	77.78	24.21	1.14	3.03***
	Large	43	62.13	27.81		
Opposing attitude	Small	58	9.10	14.18	4.94	-1.11
	Large	43	13.23	21.02		

Note: N = sample size, S.D. = standard deviation, F = value of the F statistic of Levene's test for the equality of variances, t = t statistic of the independent samples t -test for the equality of means; *** = significant at level 0.01.

Table 4: ANOVA for employee attitudes and adaptation strategies

Attitude		Reactive	Preactive	Proactive	F
Active participation	N	44	34	22	2.24
	Mean	58.59	65.24	47.91	
	S.D.	31.52	28.26	29.16	
Supporting attitude	N	44	34	22	2.74*
	Mean	67.84	78.97	63.55	
	S.D.	28.52	22.08	27.93	
Opposing attitude	N	43	34	22	3.42**
	Mean	9.95	7.15	19.14	
	S.D.	18.46	10.89	21.88	

Note: N = sample size, S.D. = standard deviation, F = value of the F statistic of ANOVA for the equality of means; * = significant at level 0.10, ** = significant at level 0.05.

5. Conclusions

Our research results show that organizations more frequently engage in 'Small scope' (fine tuning, and incremental adaptation), rather than 'Large scope' (modular and organizational transformation) changes. From the adaptation strategy point of view reactive change is the most frequent. Most of the respondents reported positive employee attitudes toward change (cumulatively more than 71%), however the remainder of the employees are neutral (apathetic), or show passive, active or aggressive resistance towards changes. Regarding the connections between the answers we were able to find significant connections when we simplified the examination.

The smaller scope of changes seems to lead to a more active and supporting attitude from the employees. This result is in line with scientific literature which states that we have a lower level of resistance in the case of smaller changes (Brown and Harvey, 2011). The research result regarding the adaptation strategy also sounds logical. We found that positive attitudes seem to have the highest percentage in the case of the preactive strategy. When we use a preactive strategy we have more time to communicate the changes and employees are more frequently involved in actions. However this is another important issue regarding the management of organization changes, which was not analysed in this article.

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