Change Management: A Change Everyone Fears?

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Abstract

Change Management is often defined as a structured approach to transitioning individuals, teams and organisations from a current to desired future state, aimed firstly at employee empowerment for accepting that change. But that change inevitably brings fear: fear of being unable to adapt, fear of meeting or working with new people, fear of a new workplace or even new tasks that will be given. It is an evolutionary fear that brings resistance to everything that changes routine in our lives. The goal of this paper is to show, using a survey which will collect data of Croatian employees who have come across those changes, different perspectives and barriers which those fears bring and that they are possible to overcome even in the earlier stages of change management projects in order to become much more effective in our workplaces.

Keywords: change management, organisational change, development, ICT
JEL classification: M12, M15

Introduction

It is widely said that no profitable organisation could possibly sustain in the future of this dynamic world if it remains the same as it was yesterday. Technology advances changed the perspectives in our private lives, but also changed our own workplaces and even complete companies and industries. How does that companies experience change in their fields, greatly depends on the life stages in which they currently are. Generally, five different companies' life stages can be mentioned (Petch, N., 2016):

- Seed and development which represent the very beginning of a company, that is the idea of what will the company do in the future and it is developed in co-operation with various sources: industry specialists, banks, business associates and colleagues, even with friends and family;
- Start-up represents the next stage which occurs when we have tested the idea, made a viable business, budget and marketing plans and is usually the phase which will determine the next steps in our company;
- Growth and establishment is the phase which naturally occurs when the company generates a consistent amounts of incomes, employs people with complementary skillsets and is ready for the phase of expansion;
- Expansion is a phase when companies decide to broaden their horizons by entering completely new fields or even geographical regions. It is a phase which needs to be dealt carefully with constant planning and monitoring the situations that occurs in those new fields or regions;
- Maturity and possible exit is the phase in every business that has exploited all the expansion possibilities and is having steady incomes. It is possible to

explore some other new sources of incomes if the company can sustain it or even exit the business and start something new.

In order to remain in line with its competition great deal of companies chooses to apply a large number of small different changes in a short time, in order to stay in line with its competition (LaMarsh et al., 2005). But, that process is not something companies can do without any preparation and without defining first how do they see themselves in the future. Resistance to change is one of the main reasons why companies must prepare in detail for those future steps. In organisational setting, resistance is an expression of reservation which normally arises as a response or reaction to change (Waddell et al., 1998). Expecting that resistance and rethinking it can actually bring positive results in all stages of change management planning. Understanding the definition, reason why would they start such travail with no certain accomplishments is one of the starting points. This paper will be split as follows: first part will explain the methodology of writing this paper, then the overview of the theoretical approach to this subject and results of a survey will be given and the third part will consist of conclusion with the notification of further research.

Methodology

The authors conducted an empirical one-time research on the level of maturity of the change management in Croatian companies. Authors conducted the survey about the process of change management within the surveyed companies.

The questionnaire was made as a combination of quantitative and qualitative methods, taking advantage of the benefits of both methods so it is more concise on displaying the details of the impact of the change management.

This was chosen as it was considered to be the most appropriate strategy for achieving the research objectives. Questionnaire was composed out of open and closed type of questions as the authors considered a combination of questions to be the most effective. It was sent through the Internet to the companies that are selected randomly (40 of them). The answer is obtained from 19 companies, which makes 47% response rate.

Results and discussion

Theoretical approach to change management

Change management can be defined as "the process of continually renewing an organisation's direction, structure, and capabilities to serve the ever-changing needs of external and internal customers" (By, 2005). There are many economic and social forces which drive the need for organisational change (Aleksić, 2008):
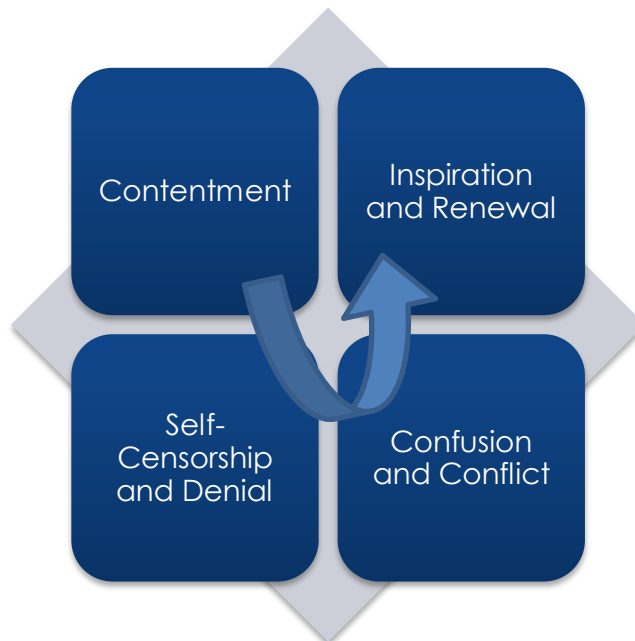
Figure 1
Economic and social forces which drive change management process
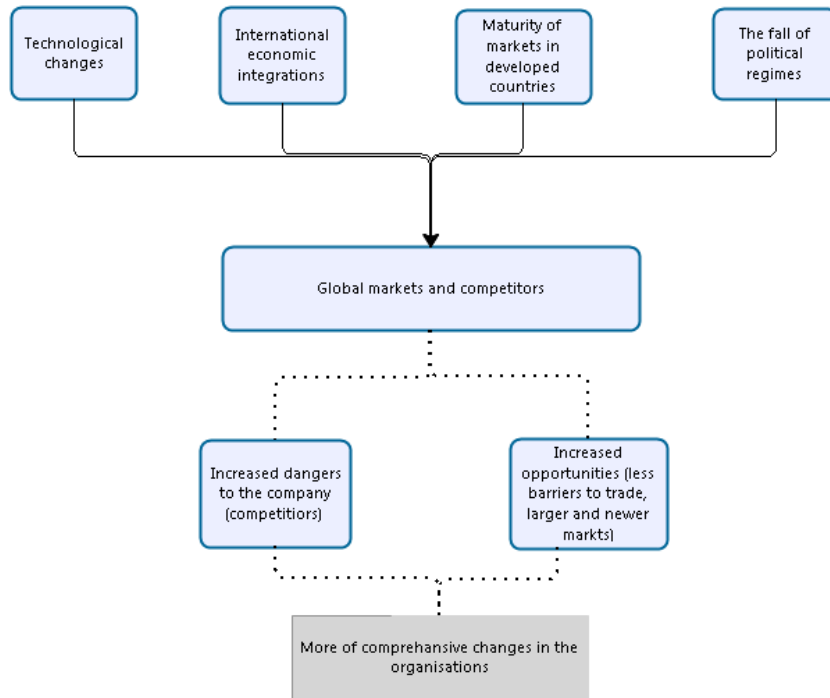
Source: Authors, retrieved from Aleksić (2009)

It is said that most companies go through the four rooms of change in the process of change management (Janssen, 2012) and that they can be described as pictured below and read counter clockwise:

Figure 2
Four rooms of change

Source: Authors, retrieved from Janssen (2012)

Each of these rooms has its story and background in human psychology which then can be translated into companies. **Contentment** is the phase when we feel that we do not need to change in any way and that this state will last for a long period of time. Companies feel that they do not need to change anything. **Denial** happens when a situation arises. This can be explained on the case of newspaper companies which did not fully grasped the possibilities of digital media and were unprepared for it, leaving them eventually with less market shares which were taken by on-line media. **Confusion** is the room which is full of uncertainty and high anxiety. It is a phase were most of the companies decide to exit the business altogether if they do not find resources for confronting stress and chaos in the company or the phase where they can explore new possibilities in which economy is going. If they overcome this phase, there is a possibility of entering a room of **renewal** in which they could focus more on the future, everything starts to go well and soon they are again in the room of contentment. How long will the each phase last, depends on the company itself.

Companies must understand that change is the ever-present feature of organisational life and that it is widely expected of them today that they react to certain challenges which arise from new technological advances, from entering new markets, new competitors in the field where some company is situated by proposing new market values and from companies own demands (of management board for instance) for better and more profitable business results. Some of the actions a company can do could be divided into these four categories (Luecke, 2004):

- Structural changes which include the definition of an organisation as an assembly of different functional parts, something like a machine and in which superior managers are expected to provide better financial and organisational results, by specialists support and advices. This can be accomplished through M&A, consolidations or even, in most drastic cases, eliminating certain organisation units altogether;
- Budget cuts are those kind of change management programmes that are directed to remove all those activities which are not so needed in a company and which were usually before poorly controlled;
- Process changing includes those programmes which have goals to quicken those processes, making them more efficient, reliable, and more profitable;
- The fourth kind of change, the cultural one, is directed only to the employees of the company in order to give them more knowledge about their customers, what do that customers expect. These changes are usually happening during M&A where a larger company is trying to implement its ideas and its way of doing business to the acquired one.

Since the need for change often is unpredictable, it tends to be reactive, discontinuous, ad-hoc and often triggered by a situation of organisational crisis (By, 2005). None of these changes are simple, and a lot of them are perceived as unnecessary by its employees. One of the greatest perils lies in the fact that small companies think that they do not need to change because of its size. Small companies that behave in that way are more likely to bankrupt because of their lack of market possibilities.

Perception of change management in Croatia

A survey on 25 people employed in financial, banking, IT and public sector was created in order to see how change management is perceived in Croatia. Croatia

has large amount of small and micro companies, so most of the examinees are from them, over 56%, around 20% are coming from large companies which employs more than 250 people throughout the country and region.

Most of our examinees (76% of them) encountered with the term "change management" during their education or in their workplaces. But even if they were not encountering with that exact word, they seem to have accustomed to the changes in their organisations.

72% of examinees changed jobs up to 3 jobs, and only 8% of them switched more than 5 of them. They perceive that too much of those changes are not good because they create unnecessary stress on the workplaces and generates fear. 64% believe that changes are necessary that the employee gathers new knowledge and skills and that everyone should work on one position not more than five years in order not to fed up with the job. Change of every five years increases our skills and is slowly accustoming us for those situations what will we do in the times when we don't have a steady job or even in the cases when we retire.

Frequent changes of the workplaces could also be perceived as a problem with working habits or working abilities, maybe even with the employee's socialisation issues. It is shown that those candidates with large amount of work changes are avoided by the employers.

It was a bit surprising to see that most of the changes that our examinees went through were done orally, ad-hoc and without any written notes or previous notifications. It was noted in more than 68% of cases. In only 12% of cases previous notifications on the Internet and companies Intranet were noted. That could lead to serious implications change management failures.

Large numbers of cases show that they do not have a special position of change manager in their company and that such function is not necessary in their company, regardless if they are a small company, or they think that management board and HR can do such a thing. IT Process Wiki gives the following definition of change manager: It is a person employed in the company who controls the process of business lifecycle and controls all the changes. His primary objective is to enable beneficial changes to be made, with minimum disruption to IT services. In larger companies Change Advisory Board (CAB) is established and change manager refers to them for the final decision regarding large and important change procedures. In larger companies, the CAB and change manager would create a better working climate and unburden managers from many different sectors who would then be able to dedicate their time to other tasks at hand.

The examinees were asked to set out a sketch of what would that person be like. Almost unanimously, people expect of them to be capable, communicative, they must have knowledge how to effectively delegate jobs; they must know a great deal of modern IT management techniques. Also it is expected that they must have willingness to resolve conflicts arising from stress, to be able to work under pressure, to ensure that all changes will be well communicated to employees and implemented in timely manner, but also must be flexible and understand the human side of the business world and be willing to compromise, should organise trainings for employees, motivate them, monitor performance, measure the efficiency of their work, proactively advocate for employees and understand them.

In most cases the greatest fear (in over 52%) is the fact that due to change management process most of them will remain without a large number of colleagues and, as a result, their work tasks will become more difficult and complicated and eventually it will be harder for them to manage all of that in

their standard working hours. But almost 84% of cases no jobs were lost so far due to changes, but were reorganised and people were transferred to other positions. Examinees liked their new jobs after some time, mostly because they were forced to learn new skills and to gain new knowledge which brought to them more competitive skills in modern work places. They felt more appreciated in the company and quickly promoted to other positions.

Examinees were asked to rate the relevance of each benefit of change management and they pointed out the following:

- In 76% of cases believe that changes are source of new opportunities for the company and the same number of examinees believe that change management brings the culture of knowledge management and sharing between different divisions of the same company;
- 68% said that frequent changes lead to stronger competitive advantages of the company;
- Only adapting to market and social changes will lead to long-term survival of the company is noted in 64% of cases and that number of cases also believe that change management promotes co-operation and exchange of information between two or more sectors within a company;
- 60% of cases believe that the process of change management brings better teamwork;
- 56% of them say that it revise mission and vision of the company and that they are again clearer and closer to the employees mind-set;
- 48% feels greater enthusiasm in the process, but only 40% agree on the fact that it brings growth to the inner stability of the company.

Conclusion

Authors should note limitations of the study. Conclusion should be based on answering research questions and/or should include results of hypothesis investigation. Further research directions should be proposed.

The authors observed limited number of companies in order to more accurately determine the observed data. As it can be seen from the results obtained by research, change management is increasingly present in the company. Despite the fact that most of the process is not supported by effective design of controls (policies, procedures, etc.), there is operational efficiency in the implementation of change management.

The authors see the possibility of further research so as to take into account a larger number of companies or to take companies from different sectors to be compared.

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