Change management practices: Impact on perceived change results

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A B S T R A C T
Management literature frequently proposes the use of a set of managerial practices in order to facilitate the management of organizational change processes. This paper analyses differences in perception in the use of such practices, between change strategists and change receptors, and the impact these practices have on the outcomes of organizational change programs and on organizational results, in a sample of 90 organizations in Chile. Results show that, for the same change processes, change strategists report a higher use of change management practices than change receptors. Results also show that, during organizational change processes, firms use more frequently practices related to the change preparation stage in comparison to practices related to the change implementation stage. Finally, results show that, after controlling for organizational size, change program intensity, and service versus manufacturing industries, the use of change management practices has a significant impact on the accomplishment of the change program objectives and deadlines, but results do not show an impact on perceived organizational outcomes (changes in sales, financial results of the firm, operational productivity, and employee performance).

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1. Introduction

Today's organizations experience frequent, diverse and intense change through practices such as processes redesign, restructuring, mergers, acquisitions and total quality programs. Organizations put these programs into practice in an attempt to anticipate or adapt to external forces such as new technologies, markets or legislations, or internal forces such as changes in staff, or tuning of policies and procedures. Academic and professional literature propose a set of managerial practices that better support the enactment of organizational change processes (Armenakis and Bedeian, 1999; Buchanan et al., 2005; Casio, 2002; Jones et al., 2004; Kanter, 2001; Kotter, 1996; Meyer and Stensaker, 2006; Nadler, 1998; Whelan-Berry et al., 2003, among others). Nevertheless significant gaps in the understanding of both how these practices work, and in their effectiveness exist (Doyle et al., 2000; Lewis et al., 2006). This study is an empirical research on change management practices (CMPs) which expands current literature in three ways. First an analysis is made of the differences in the perceptions of two groups of employees about the use of CMPs during organizational change processes: Those in charge of planning the change program (change strategists) and those employees who receive the impact of the change program (change receptors). Second, previous research results (Raineri, 1998), that show that firms use more frequently CMPs related to the change preparation stage rather than CMPs more closely related to the implementation stage of change processes, are tested. Third and finally, the paper assesses the impact these change management practices have on the outcomes of organizational change programs and on perceptual measures of organizational performance. To address these issues the present article first describes previous literature on CMPs and presents research hypotheses. Second, the paper describes the methodology used to test the hypotheses. The third section presents the results. Finally, in the fourth section, the paper discusses the implications and limitations of these findings.

2. Managing change in organizations

Change management practices include a variety of organizational interventions that, when executed properly and in consistency with internal and external organizational events, facilitate the enactment of organizational change processes. According to Kanter (2001) those who direct or participate in the change processes often forget these practices, which sometimes might seem obvious principles based on common sense, generating a more inefficient and sometimes chaotic process than necessary. Different authors propose lists of CMPs that have strong similarities, usually presented as suggestions of how to manage organizational change processes more effectively. Literature frequently presents a temporal point of view to group CMPs, with concepts such as change preparation and change implementation being habitual. Change preparation CMPs usually include suggestions such as the diagnosis and analysis of the organizational system and its environment, the identification of change needs, and the development of a new organizational vision (Buchanan et al., 2005; Tushman and O'Reilly, 1997; Whelan-Berry et al., 2003). Some authors also suggest to execute during the change preparation stage, the development of a
A detailed plan of how change will be implemented, including ambitious but realistic objectives, stages to be achieved, and the timing necessary to coordinate the change project (Nguyen Huy, 2001; Whelan-Berry et al., 2003). Also frequently suggested is the understanding and consideration of the needs and interests of relevant individuals and groups, in order to anticipate their intentions and reactions, persuade them to support the change process, and diminish potential resistances to the process (i.e. Jones et al., 2004; Holt et al., 2007). Other authors suggest the creation of a sense of urgency among employees, in order to generate a state of motivation and expectations that facilitate the process, sometimes by generating reactions of dissatisfaction with the status quo (Beer and Walton, 1990) or by spreading a feeling of change necessity among stakeholders (Tichy and Devanna, 1986).

Literature also proposes another set of CMPs, more closely related to the implementation of change. Several authors argue that facilitating communication during the change process, allows different stakeholders to understand what, when and why the organization is changing, facilitating the acceptance and adaptation of new circumstances (Dutton et al., 2001; Lewis et al., 2006). Different authors emphasize the importance of leadership, during the change implementation stage. (Buchanan et al., 2005; Kotter, 1998). Employees need to perceive that their leaders are actively involved and committed to the change process. Other CMPs related to the implementation stages refer to formal and/or informal training and coaching in order to teach employees the knowledge and skills necessary to carry out the new tasks (Nadler, 1998). Finally, other authors suggest the alignment of compensation and incentive systems with the new objectives defined in the change plan in order to consolidate the change implementation process (Kanter, 2001; Kotter, 1998). The practices mentioned above, which don’t pretend to be an exhaustive list, capture some of the most frequent advice offered at the time of managing a change program within an organization. As literature suggests, the use of these practices is a key element to the success of change programs, but the opportunity and form in which executives use these practices are dependent on their adaptation to the characteristic of the organization and change program under consideration (Meyer and Stensaker, 2006; Nguyen Huy, 2001).

Most previous change management literature has been conceptual or case oriented in nature. Academic literature tends to be conceptual oriented, while practitioner literature tends to be case oriented. According to Bartunek (2008) linking the missing gap between theory and practice in change management literature requires more empirical research. Despite the abundance of literature with advice on change management for practitioners, a lack of research on how these practices work and on their effectiveness subsists (Doyle et al., 2000; Buchanan et al., 2005). This study is an empirical research on CMPs, using a sample of Chilean organizations that had recently undergone an organizational change process, which expands current literature in three ways. First, some authors have suggested that different stakeholders within an organization experience differently the same organizational change processes. Jick (1992) identifies at least two critical groups of employees to consider in an organizational change process: those in charge of planning the change program (change strategists) and those employees who receive the impact of the change program (change receptors). Change strategists are responsible for conducting the organizational change program while the interventions implemented by them impact on change receptors. By definition, change strategists are responsible for the use of CMPs. Therefore, due to a self-serving bias, they could be more inclined to judge that these practices were used especially if they are made accountable for the use of CMPs. This predisposition could be true if their superiors exercise control or if the use of these practices is socially desirable (Gaensler et al., 1983). A first hypothesis will test for differences in the perceptions of these two groups of employees about the use of CMPs during organizational change processes.

Hypothesis 1. Change strategists report a higher rate of use of CMPs when compared to change receptors.

A second contribution of this paper is an attempt to confirm previous results which show that firms use more frequently CMPs related to the change preparation stage in comparison to CMPs related to the implementation stage of change processes (Raineri, 2002). Several arguments support this proposition. First, the potential of failure of the early stages of the change program (i.e. developing a new vision, diagnosing the organization, and preparing a change plan) might preclude the execution of the program in later stages, that require implementation practices such as communicating the change plan or measuring change results (Holt et al., 2007). Second, since change strategists are primarily responsible for planning change programs, and they also occupy the executive positions which control most resources in a firm, they could have a bias towards allocating a disproportionate amount of the firms resources (human and capital) to the first stages of the change process, therefore leaving change implementers and change receptors with less resources to execute the latter stages of the change program. A third argument to support this proposition is that change preparation practices, such as performing an organizational diagnosis or developing a change plan program, emphasize the use of analytical skills, for which managers usually receive considerable training (Porter, 1997; Shipper, 1999). On the contrary, implementation practices, such as communicating the change plan, or understanding and managing a variety of social and interest groups, require an emphasis on the use of interpersonal and political skills. Several authors argue that these latter set of skills tend to be distributed irregularly among managers (Higgins et al., 2002; Groves, 2005). Specifically Raineri (1998) reported, in a sample of Chilean managers, a higher presence of analytical skills when compared to their emotional and interpersonal skills. The implications of such results would help understand, and better advice, change strategists, on the need to persevere in the latter stages of the change implementation process.

Hypothesis 2. Firms show a higher rate of use of change preparation practices in comparison to the use of change implementation practices.

Finally, the third contribution of this paper is to test the impact that the use of CMPs has in the outcomes of the organizational change process and its consequences in organizational result measures. As stated earlier, most literature argues that the use of these practices has a positive effect on the speed and quality of the change process and on organizational results. Nevertheless very little empirical evidence exists to support this argument. This paper tests the relationship between perceptions about the use of CMPs and the accomplishment of the change program objectives (and of their impact on organizational results). In order to ameliorate the impact of potential biases that might occur when the same subjects report both dependent and independent measures, such as the percept–percept inflation bias (Crampton and Wagner, 1994) and the common method variance (Podsakoff et al., 2003), the researcher measured the independent variable, degree of use of CMPs, using change receptors’ perceptions. The author also measured the dependent variables, change process results and their impact on organizational results, using change strategists’ perceptions.

Hypothesis 3. Change receptors’ perceptions about the use of CMPs relates positively to change strategists’ perceptions about the accomplishment of the change program objectives and deadlines and to change strategists’ perceptions of the impact of the change process in organizational result variables, including perceptions of changes in sales, financial results of the firm, operational productivity, and employee performance.

3. Sample

The sample consisted of a total of 90 firms operating in Chile. In relatively similar proportions, the companies in the sample belong to a wide variety of industries, including agriculture, forestry,
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