# DYNAMICS OF DESIGNING AND IMPLEMENTING EFFECTIVE CHANGE: AN EMPIRICAL EVALUATION OF PERCEPTION OF GENERAL MANAGERS OF LEADING COMPANIES IN TURKEY

SERHAT ZAFER TATLI

IŞIK UNIVERSITY
2013

# DYNAMICS OF DESIGNING AND IMPLEMENTING EFFECTIVE CHANGE: AN EMPIRICAL EVALUATION OF PERCEPTION OF GENERAL MANAGERS OF LEADING COMPANIES IN TURKEY

SERHAT ZAFER TATLI

B.A., Economics, Marmara University, 1998

M.B.A., Marmara University, 2000

Submitted to the Graduate School of Social Sciences
in partial fulfillment of the requirements for the degree of
Doctor of Philosophy
in
Contemporary Business Management

IŞIK UNIVERSITY

2013

IŞIK UNIVERSITY

GRADUATE SCHOOL OF SOCIAL SCIENCES

# DYNAMICS OF DESIGNING AND IMPLEMENTING EFFECTIVE CHANGE: AN EMPIRICAL EVALUATION OF PERCEPTION OF GENERAL MANAGERS OF LEADING COMPANIES IN TURKEY

SERHAT ZAFER TATLI

APPROVED BY:

| | | |
|---|---|---|
| Prof. Murat Ferman (Thesis Supervisor) | Işık University | |
| Prof. Toker Dereli | Işık University | |
| Prof. Esra Nemli Çalışkan | İstanbul University | |
| Assoc. Prof. Aydın Yüksel | Işık University | |
| Assist. Prof. Mısra Gül | Işık University | |

APPROVAL DATE: 08/02/2013

DYNAMICS OF DESIGNING AND IMPLEMENTING EFFECTIVE CHANGE: AN EMPIRICAL EVALUATION OF PERCEPTION OF GENERAL MANAGERS OF LEADING COMPANIES IN TURKEY


## Abstract

In today's business environment, it is a matter of fact that change is almost inevitable. Once change is taken into consideration, the neccessity to manage it emerges as a crucial function of management teams. Ignoring the importance of change can create catastrophic consequences for organizations. Because of this, many organizations attempted to change but unfortunately, literature exhibits that they end up with 70% failure rates in reaching desired levels.

This research intends to contribute to the change management literature in two main ways. One is to reveal all factors related to success or failure in literature of change management, and second is to create a model with the key factors of change management.

It is found out that literature of change management reveals 24 factors to be taken into account. All of these factors are taken into research through a three-step data collection process and the new model for change is constructed by five key variables of interest, that are namely, Leadership Quality, Managerial Quality, Motivation, User Participation, and Effective Change. The final questionnaire, after a refinement process via two pilot tests, is sent to CEOs or General Managers of Capital 500 listed companies. 190 respondents fill in the questionnaire, reaching to a 38% response rate among the population.

After applying correlational, regression and mediational analyses, results show that except motivation, all other key factors of interest proved to have significant effects on success in change management. Finally, a new model for change, that is subject to a comprehensive quantitative analysis, is contributed to the literature of change management.

## Acknowledgements

There are many people who helped to make my years at the graduate school most valuable. First, I thank Prof. Murat Ferman, my major professor and dissertation supervisor. Having the opportunity to work with him over the years was intellectually rewarding and fulfilling. I also thank Prof. Toker Dereli and Assist. Prof. Mısra Çağla Gül who contributed much to the development of this research starting from the early stages of my dissertation work. Assoc. Prof. Murat Çinko provided valuable contributions to the quantitative analysis. I thank him for his insightful suggestions and expertise.

Many thanks to Department staff, who patiently answered my questions and problems on bureaucratic, logistic, and computer issues. I would also like to thank to my graduate student colleagues who helped me all through the years full of class work and exams.

The last words of thanks go to my family. I thank my parents Nazmi Tatlı and Fatma Tatlı and my brothers Nihat Tatlı, Alparslan Tatlı, and Hakan Tatlı for their encouragement. Lastly I thank my wife, Elif Tatlı, for her endless support, patience, and encouragement through this long journey.

To My Dear Son

## Table of Contents

# List of Tables

## List of Figures

# Chapter 1

# Introduction

Change is a relatively recent management topic everywhere in the world. While it has always been an issue in organizational and social context since Lewin (1947), it is now one of the most important issues in literature of management. The pace of change is greater than ever before (By, 2005). The number of books and articles on change management has increased more than 100 times since the 1960s (Stripeikis and Zukauskas, 2005).

It has been argued that change is an ever-present feature of organisational life affecting all organizations in all industries (By and Dale, 2008; Burnes, 2004; By, 2005). Change is the planned or unplanned response of an organization to some internal or external pressure. The pressures facing an organization in the modern global business environment are numerous and volatile. These pressures may be based on a variety of forces including technology, economy, society, regulatory forces, competition, or a combination of the above (Long & Spurlock, 2008).

There are many pressures that drive change. Dawson (1994) defined an organization's conceptualization of a need to change as the initial awareness of a need to change may either be in response to external or internal pressures for change (reactive), or through a belief in the need for change to meet future competitive demands (proactive).

According to Burnes (2004), change is an ever-present feature of organizational life, both at an operational and strategic level. Therefore, there should be no doubt regarding the importance to any organization of its ability to identify where it needs to be in the future, and how to manage the changes required getting there (Todnem, 2005). Consequently, organizational change cannot be separated from organizational strategy, or vice versa (Burnes, 2004). That is the main reason for change to be also named as “strategic change” in many articles and books (Fiss and Zajac, 2006).

Strategic change is defined as an alteration in an organization’s alignment with its external environment. Strategic changes may be seen fundamentally either as a departure from the old, a substitution effect, or as an addition to the old, an addition effect (Fiss and Zajac, 2006). Since the need for change often is unpredictable, it tends to be reactive, discontinuous, ad hoc, and often triggered by a situation of organizational crisis (Burnes, 2004; Luecke, 2003).

One of the keys in dealing with change is the understanding that change is never over. Change brings opportunity to those who can grasp it. Today we are living in a chaotic transition period to a new age defined by global competition, rampant change, faster flow of information and communication, increasing business complexity, and pervasive globalization (Stripeikis and Zukauskas, 2005; Kerber and Buono, 2005; Kavanagh and Ashkanasy, 2006).

Most managers have been brought up in, and trained for, an environment of certainty, whereas they now have to cope with increased complexity, uncertainty and turbulence (Mason, 2009). Bureaucratic, “command and control” management is out of touch with the modern environment (Hammer and Champy, 1993). Although mechanistic management may be suitable for stable environments, it is not effective in conditions of turbulence, where planning cycles are shorter.

The pace of change has become so rapid that it took a different type of firms to be dominating and marked entirely new era of business. Since 1950s, organizations are started to be named as “open” systems rather than “closed” ones. However, organizations of 21th century are seen as even more “open” systems. It means that every change in external surrounding automatically influences organizations. In other words, organizations cannot be treated as isolated islands where nothing happening outside matters. To remain successful in today's world, organizations have to be flexible and adaptive. Organizations have periodically to reorient themselves by adapting new strategies and structures that are necessary to accommodate changing environmental conditions.

In a constantly changing surrounding, what can be done? The answer is simple: manage change.

Change management, which falls within the broader theoretical framework of social change, has been a perennially popular topic in the organizational effectiveness and management literature (Graetz and Smith, 2010; Good and Sharma, 2010; Whelan-Berry and Somerville, 2010; Mason, 2009; Alas, 2009, By and Dale, 2008; Burnes, 2004; Clegg and Walsh, 2004; Collins, 1998; Emily and Colin, 2003; Gill, 2003; Graetz and Smith, 2005; Hayes, 2002; Hughes, 2007; Kerber and Buono, 2005); Kettinger and Grover, 1995; Kotter, 1990, 1995a; Pascale, *et al.*, 1997; Price and Chahal, 2006; Todnem, 2005; Wilson, 1992).

Change management has been defined as the process of continually renewing an organization's direction, structure, and capabilities to serve the ever-changing needs of external and internal customers (Moran and Brightman, 2001).

Even though it is difficult to identify any consensus regarding a framework for organizational change management, there seems to be an agreement on two important issues. Firstly, it is agreed that the pace of change has never been greater then in the current business environment (Balogun and Hope Hailey, 2004; Burnes, 2004; Kotter, 1995b; Luecke, 2003; Senior, 2002). Secondly, there is a consensus that change, being triggered by internal or external factors, comes in all shapes, forms and sizes (Balogun and Hope Hailey, 2004; Burnes, 2004; Kotter, 1995b; Luecke, 2003), and, therefore affects all organizations in all industries.

In the change management literature there is considerable disagreement regarding the most appropriate approach to changing organizations. This disagreement accounts for many managers having doubts upon the validity and relevance of the literature, and confusion when considering which approach to use (Bamford and Daniel, 2005; Kerber and Buono, 2005). While there is an ever-growing generic literature emphasizing the importance of change and suggesting ways to approach it, very little empirical evidence has been provided in support of the different theories and approaches suggested (Guimares and Armstrong, 1998; Burnes, 2004; By and Dale, 2008).

So many current or recent change initiatives concerned with quality management, customer relationship management, enterprise resource planning, supply chain management, information and computer technologies, performance appraisal systems, teamworking, empowerment, e-business, business process reengineering, etc.. However, while there can be a compelling need to change, it does not mean that the related change will actually be successfully implemented (Whelan-Berry and Somerville, 2010) and the rates of success in these change initiatives are low and rates of failure are high. Although the successful management of change is accepted as a necessity in order to survive and succeed in today's highly competitive and continuously evolving environment (Luecke, 2003), many authors report a failure rate of around 70 percent of all change programs initiated (Balogun and Hope Hailey, 2004; Kotter, 1990; Hammer and Champny, 1993; Higgs and Rowland, 2000; Beer and Nohria, 2000; Whelan-Berry and Somerville, 2010).

It may be suggested that this poor success rate indicates a fundamental lack of a valid framework of how to implement and manage organizational change as what is currently available to academics and practitioners is a wide range of contradictory and confusing theories and approaches (Burnes, 2004). Guimaraes and Armstrong (1998) also argue that mostly personal and superficial analyses have been published in the area of change management.

The evidence from change management literature points to two main conclusions. First, change is an important phenomenon to be considered and hence change initiatives are frequently experienced in today's business environment. And second, these change initiatives' performance appears to be disappointing. This seems to imply that a third conclusion may also be warranted – that, despite having a great deal of practice, many organizations are not very good at change management. To put it differently, organizations are not very good at planning, organizing, implementing, directing, and controlling change.

High rates of failure in change initiatives come up with questioning the root causes of this failure and lead to the two core research questions, which are:

1- What are the root causes of high rates of failure in change initiatives in today's business world?
2- Is there a "winning" model of change management that can be empirically tested via quantitative analyses that can assure success?

The main findings regarding the first research question, will lead to the factors associated to change management, and so facilitate giving answer to the second one. As mentioned in the second core research question, the aim of this study is not only to bring a new change model just on personal approach and superficial analyses as argued and criticized by Guimaraes and Armstrong (1998), but also put an empirical effort backed by a solid statistical work.

It is aimed that, namely the "winning" model of change management that is going to be introduced will contribute not only to change management theory but also, will be a useful guide for the practitioners of change in real business world.

# Chapter 2

# The Element of Change

In this section, change and importance of change is defined. After doing so, many different philosophies of change are summarized to be able to have a greater insight about change and management of it. Uncertainty, as an important fact in today's complex and competitive business environment is also explained with respect to its meaning for change and literature of change management.

## 2.1 The Definition & Importance of Change

Alas (2009) sees change as a necessary evil for survival in uncertain environments. In organizational behaviour, change is defined as the act of varying or altering conventional ways of thinking or behaving (Mason, 2009; Hammer and Champy, 1993). It is common to categorize change as "minor" changes i.e. change in daily routines that do not have crucial impacts in whole organization  and "major" changes i.e. mergers, radical downsizing that might affect organization as a whole. This research intends to focus on *major* changes rather than the *minor* ones.

Organization is defined as a complex system that produces outputs in the context of a certain environment, an available set of resources and a specific history (Nadler and Tushman, 1989).

There is no single accepted definition of organizational change. This is perhaps not surprising given the wide diversity of change experienced by organizations and individuals. As one of them, organizational change has been defined as a planned response to pressures from the environment and forces within the organization (Alas, 2009). Another one as the definition of organizational change refers to the process of moving an organization from a current state to a desired level of new state in order to increase the effectiveness of the organization (Tan and Tiong, 2005). This process contains specific activities that may vary from minor arrangements in the organization to radical and strategic moves leading to a transformational change.

Although there is not a specificly agreed definition of organizational change among academicians and change practitioners, the point where they do agree (e.g. Glynn & Holbeche, 2001; Iles & Sutherland, 2001; Hayes, 2002; Bamford and Daniel, 2005) is the fact that the frequency of change is increasing to a level where change is becoming a constant feature of organizational life.

Kavanagh and Ashkanasy (2006) states that organizations, including the ones within the higher education sector, have to deal with as much chaos as order and change is a constant dynamic. Another supporting situation is the UK healthcare sector where structural change has been a constant feature for many years (Bamford and Daniel, 2005).

Price and Chahal (2006) states that shareholders, directors and managers have always held the view that things can be better, more efficient, more productive, more cost effective and, most importantly more profitable. Organizations are also faced with a number of external and internal change triggers, such as new legislation or emerging markets. Consequently, change is almost inevitable. This view is further supported by Kanter, Stein, and Jick (1992) who state that deliberate attempts to change organizations, whatever the specific form they take, are ultimately driven by someone’s belief that the organization would, should, or must perform better.

In assessing the need to change, an organization should first review what it is changing from, before concentrating on what it is changing to. As highlighted by Kanter, Stein, and Jick (1992), change implementers must be concerned not only about changing to what: they must also be concerned with changing from what. The path of progress is not determined simply by the destination, a fact often overlooked by those who too glibly accept benchmarking results as fixed roadmap for change.

For the last two hundred years, neo-classical economics has recognized only two factors of production: labor and capital. This is in the melting pot now. Information and knowledge are replacing capital and energy as the primary wealth-creating assets, just as the latter replaced land and labor 200 years ago. In addition, technological developments in the 20$^{th}$ century have transformed the majority of wealth-creating work from physically based to "knowledge-based". Technology and knowledge are now the key factors of production. Knowledge can be defined as a set of understandings used by people to make decisions or take actions that are important to the company. In short, knowledge can be regarded as intellectual capital. With increased mobility of information and the global work force, knowledge and expertise can be transported instantaneously around the world, and any advantage gained by one company can be eliminated by competitive improvements overnight. The rules and practices that determined success in the industrial economy of the 20$^{th}$ century need rewriting in an interconnected world where resources such as know-how are more critical than other economic resources. There are three forces that can be identified to drive knowledge-based economy: Knowledge, change, and globalization. Stripeikis and Zukauskas (2005) defines change within knowledge-based economy as a continuous, rapid and complex fact that generates uncertainty and reduces predictability.

The learning organization, as an ideal type of action and change oriented enterprise in which learning is maximized, has been popularized as a concept in the management and organizational development literature within knowledge-based economy by several recent authors (Senge, 1990; Garvin, 1993; Easterby-Smith, 1997; Anderson, 1997). In their definitions of learning organization, the concept of "change" and its related importance in today's business world is mentioned without any exception.

Until recent decades, most companies operated in reasonably stable environments. But today a great many companies are facing unstable competitive environments that are often changing profoundly. Thus, many companies are finding it necessary today to change drastically what they are trying to do and how they are doing it in order to be more effective. Changing structure of competition that needs a more dynamic managerial approach, changes in technology enabling and supporting new ways of working, shrinking world via globalization and e-business; faster, cheaper and easier flow of information by internet, the perceived need to reduce costs and improve quality, new trends in customer preferences, frequent economic and political crisis leading to local and sometimes even global uncertainty make the need for "change" inevitable for organizations to survive in the market place. Changes in business processes, organizational forms, and organizational cultures may only three of many change concerns. Some of these are summarized as below.

Kettinger and Grover (1995) stated that many firms have reached the conclusion that effecting business process change is the only way to leverage their core competencies and achieve competitive advantage. Graetz and smith (2005) claimed that as organizations have committed themselves to become more attentive and responsive to environmental trends, as well as customer needs and expectations, they have experimented changes with different forms of organizing. Another example comes from organizational culture and its transformation that has become central to the management theory: Driscoll and Morris (2001) mentioned that in order to refocus business orientation, organizations had to change to more customer-focused, service-focused, flexible cultures. In short, in order to be able to respond in a business environment that is becoming increasingly volatile and complex, there is a growing need for organizations to implement from minor to major changes. The penalty to a company for failing to adapt to a major environmental change, namely "non-adaptation penalty" can be very large-even catastrophic (Phillips, 1983).

## 2.2 Philosophies of Change

A philosophy of change is a general way of looking at organizational change, or what might be considered a paradigm: a structured set of assumptions, premises and beliefs about the way change works in organizations (Graetz and Smith, 2010). Philosophies of change are important because they reveal the deep suppositions that are being made about organizations and the ways that change operates within and around them. Any given philosophy may have generated numerous theories, but it is not always clear what they have to do with each other, and in some cases, what they have to do with theories emanating from other philosophies.

Graetz and Smith (2010) provides a summary for specific change philosophies cited most often across the streams of literature as: the *Biological Philosopy*, the *Rational Philosopy*, the *Institutional Philosophy*, the *Resource Philosophy*, the *Contingency Philosophy*, the *Psychological Philosophy*, the *Political Philosophy*, the *Cultural Philosophy*, the *Systems Philosophy*, and the *Postmodern Philosophy*.

The *Biological Philosophy* has two sub-philosophies. These are *Evolotuionary* and *Life-Cycle Sub-Philosophies*. The former refers to the adaptationas experienced by a population of organizations and focuses on incremental change within industries rather than individual organizations. The *Evolutionary Sub-Philosphy* suggests that change comes about as a consequence of Darwinian-like natural selection where industries gradually evolve to match the constraints of their environmental context. The second Biological Sub-Philosophy refers to the individual experiences of organizations within an industry and is summarized by reference to its life cycle. *Life-Cycle Theory* explains change in organizations from start-up to divestment. Birth, growth, maturity, decline and death are all natural parts of an organization's development (Graetz and Smith, 2010). Change from a biological perspective must be viewed as dynamic. In addition, the evolutionary and life cycle sub-philosophies, as opposed to Burnes' (2004) and Balogun and Hope Hailey's (2004) punctuated equilibrium, reflect a slow and incremental pace of change, moderately affected by the environment, moderately controllable, and tending toward certainty. Change management models and theories, like punctuated equilibrium, is explained in detail in section 3.2.

Sometimes also known as planned change, the *Rational Philosophy* assumes that organizations are purposeful and adaptive. As highlighted in an earlier discussion of the rational perspective, change occurs simply because senior managers and other change agents deem it necessary. The process for change is rational and linear, like in evolutionary and life cycle approaches, but with managers as the pivotal instigators of change (Kotter, 1995; Kanter et al., 1992; Cardona, 2000; Burns, 1978). Rational Philosophy, known also as *Strategic Choice Theory* argues that any events outside the organization are exogenous; successful change is firmly in the hands of managers (Connor, 1995; Gill, 2003). In other words, when change goes well it is because leaders and managers were insightful and prescient, but when change goes badly it is because something happened that could never have been foreseen. The Rational Philosophy assumes that change can be brought about at any pace and on any scale deemed suitable. Similarly, change is internally directed, controlled and certain (Lewin, 1951; Burnes, 2004; Cummings and Huse, 1989; Bullock and Batten, 1985). Approaches consistent with the Rational Philosophy give precedence to strategic decision-making and careful planning towards organizational goals. It is therefore the most popular philosophy for leaders seeking to impose a direction upon an organization (Graetz and Smith, 2010).

Like Biological Philosophy's Evolutionary Sub-Philosophy, *Institutional Philosophy* expect organizations to increase homogeneity within their industrial sector over time, but view the shaping mechanism to be the pressure of the institutional environment rather than competition for resources. It is less the strategy in place or even the competition for scarce resources that stimulates organizational change, but rather the pressures in the wider institutional context. These might come in the form of new regulatory, financial or legal conditions. Institutional Theory is, therefore, valuable in explaining the way in which social, economic and legal pressures influence organizational structures and practices, and how an organization's ability to adapt to these play a part in determining organizational survival and prosperity. The Institutional Philosophy tends to view change as slow and small in scale, although institutional pressures can encourage a more rapid pace and magnitude of change. The stimulus for change is external, control is mostly undirected, and certainty is moderate (Graetz and Smith, 2010).

According to what is typically called the *Resource-Dependence Theory*, any given organization does not possess all the resources it needs in a competitive environment. Acquisition of these resources is therefore the critical activity for both survival and prosperity. Thus, successful organizations over time are the ones which are the best at acquiring, developing and deploying scarce resources and skills. From a Resource Philosophy standpoint, organizational change begins by identifying needed resources, which can be traced back to sources of availability and evaluated in terms of criticality and scarcity. Understanding that a dependence on resources increases uncertainty for organizations, is particularly useful to change attempts because it encourages an awareness of critical threats and obstacles to performance. While resource dependency creates uncertainty, theorists note that the direction of uncertainty is generally predictable even if its magnitude is not. As core competencies are seen as assets that will generate an ongoing set of new products and services, the focus of organizational change from a resource perspective is on the strategic capabilities of the organization, rather than on its fit with the environment. In this sense, the only limitation to an organization's success is its management of resources, as opposed to Institutional Philosophy. Change can, therefore, be fast or slow as well as small or large. The stimulus for change comes principally from within – as organizations seek the resources they require – while control is directed and comparatively certain (Graetz and Smith, 2010).

The *Contingency Philosophy* is not a rigid philosophy like Institutional, or Resource-Dependence Theory where they reject the other one's importance, or even existence in some cases when it comes to the focus of organizational change. So, the Contingency approach is based on the proposition that organizational performance is a consequence of the fit between two or more factors, such as an organization's environment, use of technology, strategy, structure, systems, style or culture. The strength of the Contingency Philosophy is that it explains organizational change from a behavioral viewpoint where managers should make decisions that account for specific circumstances, focusing on those which are the most directly relevant, and intervening with the most appropriate actions. The best actions to initiate change come back to two words: “it depends”. In fact, the best course of action is one that is fundamentally situational, matched to the needs of the circumstances (Burnes, 1996; By, 2005; Hayes, 2002). For example, although introducing change in the military might typically be autocratic, whereas change in a small business might typically be consultative, there could be times when the reverse is the most effective solution. There are no formulas or guiding principles to organizational change. The focus of management in organizational change is on achieving alignment and “good fits” to ensure stability and control. The flexible nature of the Contingency perspective means that change can be fast or slow, small or large, loosely or tightly controlled, be driven by internal or external stimuli, and deal with varying levels of certainty. It just depends on the situation (Graetz and Smith, 2010).

The *Psychological Philosophy* is based on the assumption that the most important dimension of change is found in personal and individual experience so it is concerned with the human side of change (Bennis, 1999; Emily and Colin, 2003; Hersey and Blanchard, 1969; Hui and Lee, 2000; Jackson, 1983; Kavanagh and Ashkanasy, 2006; Long and Spurlock, 2008). Two of the most prominent approaches to change that are based on assumptions implicit to the Psychological Philosophy are known as *Organizational Development* and *Change Transitions*. *Organizational Development* is an approach to change based on applied behavioral science. Data are collected about problems and then actions taken accordingly. Change management is, therefore, the process of collecting the right information about the impediments to change and removing them by assuaging organizational members’ fears and uncertainties (Cummings and Huse, 1989). *Change Transitions*, as a sub-philosophy of the Psychological Model, is even more focused on the psychological status of organizational members and how they cope with the often traumatic psychological transitions that accompany change (Buono and Bowditch, 1989). Accordingly, personal feelings, emotions and learning are seen as amongst the most important contributors to the management of change transitions. By its nature, Psychological Change is slow and undertaken on a small scale. That is not to say that organizational change itself is necessarily slow and small, but it does imply that individuals cannot accommodate fast and large-scale change without discomfort. Personal psychological adjustment to change is also an internal process, rather than one imposed by the environment, and it is undirected and uncertain, at least partly because every individual is different (Graetz and Smith, 2010).

The *Political Philosophy* assumes that it is the clashing of opposing political forces that produce change. When one group with a political agenda gradually gains power, they challenge the status quo in the hope of shifting the organization toward their own interests (Wright et al., 2004). The Political Philosophy focuses attention on how things get done through political activity and because coalitions have competing agendas and each are seeking to acquire more power, conflict lies at the heart of the Political Philosophy. Change managers would be advised to focus on cultivating the political support of strong coalitions, as well as securing the resources that confer power, such as leadership positions and financial support. The strength of the Political Philosophy is that it reveals the importance of clashing ideological imperatives in organizations, as well as the inescapable axiom that without power change is futile. However, the Political Philosophy also has the tendency to overlook the impetus for change that comes from the environment or from power bases external to the organization. It is dangerous to get distracted by internal political adversaries when in reality the real competition lies outside an organization. As ideology is the catalyst for dissatisfaction with the status quo, the stages leading up to change can be lengthy in order to cultivate a group of sufficient power to take overt steps and risk censure. However, although the development process can be slow, actual change can spring quickly, on a large scale, and sometimes quite unexpectedly. The stimuli for change can come from an external or internal party or parties. In addition, control is largely undirected and the change process is uncertain (Graetz and Smith, 2010).

The *Cultural Philosophy* owes its emergence to the field of anthropology where the concept of Organizational Culture emerged, first translated to an organizational setting by Pettigrew (1979). In the Cultural Philosophy, change is normal in that it is a response to changes in the human environment. Schein (1985, 1992) takes a Psycho-Dynamic view in which culture is seen as an unconscious phenomenon, and the source of the most basic human assumptions and beliefs shared by organization members. Schein considers organizational members' behaviors and spoken attitudes to be the artifacts and symbolic representations of these deeper unconscious assumptions. While there are similarities between the Cultural and Psychological Philosophies, a key difference between the two can be found in their assumptions about the most important unit of change to manage. The Psychological Philosophy is concerned with individual experiences of change whereas the cultural perspective is exclusively concerned with collective experiences of change, and the shared values that guide them. The Cultural Philosophy assumes that the change process will be long-term, slow and small-scale (Schein, 1985). Unlike Natural Cultural Change, which is an ongoing reflection of incremental adjustments to the environment, Imposed Cultural Change is internally-driven. However, Cultural Change can be brought about through radical environmental change as well. If internal in stimulus, control of Cultural Change can be directed with some certainty, although the process is troublesome (Graetz and Smith, 2010).

The key to change for *Systems Theorists* is to first appreciate that any imposed change has numerous and sometimes multiplied effects across an organization, and consequently, in order for change management to be successful, it must be introduced across the range of organizational units and sub-systems. In looking at change with a Systems view, as similar to the Rational Philosphy, it is typically assumed that organizations are rational and non-political entities. It is generally the Systemic Approaches which take best-practice viewpoints by prescribing steps and linear solutions. It is a holistic, integrated approach to the continuous improvement of all aspects of an organization's operations, which when effectively linked together can be expected to lead to high performance. If organizations are perceived to be Systems – interrelated parts that affect each other and depend upon the whole to function properly – then organizational change is effective only when interventions are leveled throughout the entire system. The Systems Philosophy assumes that change can be relatively fast and large scale. This is because it implicitly requires all sub-systems in an organization to be changed at once. Of course, this means that change is internally driven, controllable and certain (Graetz and Smith, 2010).

The *Postmodern Philosophy* challenges singular or grand theories about organizational change, instead insisting that change is a function of socially constructed views of reality contributed by multiple players. The Postmodern Change Philosophy is probably best described as one which is comfortable with fragmentation, discontinuity and chaos, but also seeks to take action rationally toward ongoing improvement. Unlike the Systems perspective that encourages best practice thinking, a Postmodern analysis precludes the use of an overarching theoretical approach. As a result, change can occur at any pace, scale, stimulus, control and level of certainty. In fact, since there is no universal truth or reality about anything, the mere attempt to categorize the Postmodern Philosophy is inappropriate and flawed (Graetz and Smith, 2010).

Table 2.1 Change Occurrence Under Change Philosophies

| PHILOSOPHY | PACE | SCALE | STIMULUS | CONTROL | CERTAINTY |
|---|---|---|---|---|---|
| Biological | slow | any | external | controllable | certain |
| Rational | any | any | internal | controlled | certain |
| Intitutional | slow | small | external | controllable | certain |
| Resource | any | any | internal | controlled | certain |
| Contingency | any | any | any | any | any |
| Psychological | slow | small | internal | undirected | uncertain |
| Political | fast | large | any | undirected | uncertain |
| Cultural | slow | small | internal | controlled | certain |
| System | fast | large | internal | controlled | certain |

| | | | | | |
|---|---|---|---|---|---|
| Postmodern | any | any | any | any | any |

Many change management models and theories that can be categorized under, or can be a detailed definition of the philosophies of change mentioned above will be introduced in Chapter 3.

Most of the philosophies of organizational change mentioned above accept that organizational dynamics include complexity, ambiguity, and uncertainty where a single, rational, and linear model cannot be applied. Against certainty and control, next section explains that uncertainty became one of the top-priority issues at both organizational and individual levels.

In the Section 2.3, the element of uncertainty is explained in detail.

## 2.3 The Element of Uncertainty

In today's continually changing business environment, often organizations have to change strategic direction, structure and staffing levels to stay competitive. These changes lead to a great deal of uncertainty and stress among employees (Bordia et al., 2004; Milliken, 1987; DiFonzo and Bordia, 1998; Buono and Bowditch, 1989; Schweiger and DeNisi, 1991; Greenberger and Strasser, 1986; Tan & Tiong, 2005; Waldman et al., 2001; Hui & Lee, 2000).

Uncertainty is an important issue and indicator to deal with during change. Simply because change creates more uncertainty and as a cycling affect uncertainty might create a higher need for change. Change vs uncertainty should be taken into consideration with an optimization approach. Concentrating on one side might create problems at individual, organizational, or even at macro levels.

Uncertainty has been defined as an individual's inability to predict something accurately (Milliken, 1987). This could be due to lack of information or ambiguous and contradictory information. However, a characteristic feature of uncertainty is the sense of doubt about future events or about cause and effect relationships in the environment (DiFonzo and Bordia, 1998).

According to Mason (2009), traditional managers handle uncertainty by either resisting change or by using prediction to prepare for the future. But in turbulent environments prediction becomes "a matter of guesswork and long odds". Some organizations deal with uncertainty by trying to increase stability by focusing on the more predictable short term, by establishing long term contracts, or by postponing the decision.

Uncertainty is one of the most commonly reported psychological states in the context of organizational change and thus plays an important role in psychological and cultural change philosphies. For example, during a merger employees may experience uncertainty about the nature and form of the merged organization, impact of the merger on their work unit and the likely changes to their job role (Buono and Bowditch, 1989). Similarly, in times of organizational restructuring, employees feel uncertain about the changing priorities of the organization and the likelihoods of lay-offs.

In their model, Bordia et al. (2004) define three types of uncertainty: Strategic, structural, and job-related uncertainty. In this model, strategic uncertainty refers to uncertainty regarding organization-level issues, such as reasons for change, planning and future direction of the organization, its sustainability, the nature of the business environment the organization will face and so forth. In the context of change, staff may feel uncertain regarding the reasons for change or the overall nature of change. The uncertainty often reflects a lack of clear vision or strategic direction by the leaders of change (Kotter, 1996).

The second element of their conceptualization, structural uncertainty, refers to uncertainty arising from changes to the inner workings of the organization, such as reporting structures and functions of different work-units. Organizational restructuring often involves merging of work-units, disbanding of unprofitable departments, and team-based restructuring. These changes create uncertainty regarding the chain of command, relative contribution and status of work-units, and policies and practices (Buono and Bowditch, 1989).

Structural uncertainty can operate at both the vertical and horizontal levels of the organization. While change in the 1990s was mostly about de-layering and downsizing middle layers of management and associated roles, there is now a greater focus upon horizontal restructuring. Here the intention is to break down silos between business units and to create value adding to the services and products being produced.

Finally, job-related uncertainty includes uncertainty regarding job security, promotion opportunities, changes to the job role and so forth. Changes in structure or design of organizations, introduction of new technology and downsizing programs lead to changes to job roles and create job-related uncertainty and insecurity.

The classification of change-related uncertainties into the three broad types helps us understand how the different types of uncertainties during change might be related. The three types of uncertainties can affect each other. The direction of influence is likely to be from the higher levels to the lower level, in a cascade-like fashion (Jackson 1983). That is, strategic uncertainty is likely to lead to structural uncertainty which, in turn, contributes to job-related uncertainty.

Uncertainty has several negative consequences for individual well-being and satisfaction in the organizational context. It is positively associated with stress and turnover intentions and negatively associated with job satisfaction, commitment, and trust in the organization Schweiger and Denisi, 1991). All of these might lead to less user participation, lack of commitment, resistance to change, or similar factors of change which, in turn, increase the chance of failure in change initiatives. These factors of change that might lead to success or failure in change attempts are introduced and explained in detail in Chapter 4.

The negative consequences of uncertainty for psychological well-being are largely due to the feelings of lack of control that uncertainty engenders (DiFonzo and Bordia, 2002). Control has been defined as "an individual's beliefs, at a given point in time, in his or her ability to affect a change, in a desired direction, on the environment" (Greenberger and Strasser, 1986). Uncertainty, or lack of knowledge about current or future events, undermines our ability to influence or control these events. This lack of control, in turn, leads to negative consequences, such as anxiety (DiFonzo and Bordia, 2002), psychological strain, learned helplessness, and lower performance. All of these negative consequences might effect motivation of the members of an organization in the negative direction leading to a lower level efficiency or effectiveness. Control can mediate the relationship between uncertainty and anxiety (DiFonzo and Bordia, 2002) and between uncertainty and psychological strain. Therefore, they predicted that uncertainty would be negatively related to control, which in tuırn would be negatively related to psychological strain.

Management communication is one of the most commonly used and advocated strategies in reducing employee uncertainty during change (Schweiger and Denisi, 1991). There are two ways in which communication may serve to reduce potential negative outcomes of the change process. First, the content or quality of the management communication enables employees to gain change-related information, helping them to feel more prepared and able to cope with change. Second, the participatory nature of the communication process allows employees to participate in decision making, thereby increasing their awareness and understanding of the change events and providing them with a sense of control over change outcomes. Both ways decrease the negative perception against change and thus play an important role to increase "user" participation. In Sections 4,5, and 7, it will be explained in detail why and how this fact will be very crucial for minimizing the possiblity of failure in change initiative.

Change communication can provide information that helps people understand and deal with the change process (Schweiger & DeNisi, 1991). Communication may also lead to increased feelings of personal control. The information provided about change related issues helps increase and individuals knowledge and understanding of the change and its consequences. With this increased understanding, people are better equipped to deal with future events, which instills a sense of control. This implies that the control-inducing effects of communication are largely due to uncertainty reduction.

Participation in decision making, PDM, is defined as a process in which influence or decision making is shared between superiors and their subordinates (Sagie, Elizur, and Koslowsky, 1995). PDM is a communicative activity but levels of participation may vary from one context to another. For example, participation may be forced or voluntary, formal or informal, direct (individual participation) or indirect (representation on committees) and full authority or minimal consultation. These differences suggest that the effects of participation may depend upon the degree of participation. Furthermore, different types of decisions may be discussed in participation efforts. These include strategic decisions, such as whether the organization should be changed, and tactical decisions, such as when, where and how to implement the change (Sagie, Elizur, and Koslowsky, 1995).

Sagie, Elizur, and Koslowsky (1995) claim that when employees are involved in the implementation of new programs, they are more likely to perceive the program as being beneficial. Employee involvement in tactical decisions compared to strategic decisions has been found to lead to employee acceptance of or openness toward change and improved attitudes. The process by which PDM improves attitudes has been found to be complex, involving numerous mediating variables (e.g., control, change acceptance; Sagie, Elizur, and Koslowsky, 1995).

PDM, like communication, is associated with reduced levels of uncertainty. Employee involvement yields attitudes because of the reduction in ambiguity and uncertainty and the increased levels of knowledge about decisions. PDM is associated with increased levels of control especially when participation involves discussions of something meaningful and relevant to employees, such as tactical issues. Jackson (1983) suggests that being actively involved in decision making is positively associated with control over work issues.

As dicussed above, change, uncertainty, control, motivation and user participation are extremely interrelated issues that need to be held in a comprehensive manner with upmost care and attention.

# Chapter 3

## Change Management

Due to the importance of organizational change, its effective management is becoming a highly required managerial skill (Senior, 2002). Change management process, while complex and multi-level, is also foreseeable and map-able (Whelan-Berry and Somerville, 2010). So many recent attempts reveal many different change management processes trying to define a best-fit (Kotter, 1995; Nadler and Trushman, 1990; Michel et al., 2010; Good and Sharma, 2010; Schein, 1992).

If we accept that business environments are complex adaptive systems, then the key issues for managing in such complex and turbulent environments is to accept the unpredictable nature of these systems, to accept that they cannot be centrally controlled and to accept that a "senior manager" cannot effectively direct and control such a system. Accepting these principles means, first, to accept change as an inevitable occurrence and as something that provides positive opportunities. Therefore, awareness of the external environment and its changes must be continuously promoted amongst all staff. Second, it means adopting a different way of managing (Mason, 2009).

The first and most obvious definition of change management is that the term refers to the task of managing change. The obvious is not necessarily unambiguous. Managing change is itself a term that has at least two meanings. One meaning of managing change refers to the making of changes in a planned and managed or systematic fashion. The aim is to more effectively implement new methods and systems in an ongoing organization. The changes to be managed lie within and are controlled by the organization. The second meaning of managing change is the response to changes over which the organization exercises little or no control like legislation, social and political upheaval, the actions of competitors, etc..

As mentioned in Chapters 1 and 2 in detail, change is almost inevitable and a constant feature of today's business world. Besides, the number of attempts to change by many organizations are increasing fastly due to adapt to environmental or internal dynamics. Literature reveals that although the number of books, articles, etc on the "change" topic increased 100 times within the recent decades, the rates of failure in all of these change attempts reached even upto 70%. Once, all of these facts are brough together, it is obvious that the way you manage, or try to manage change is at least as important as the change itself.

In sections 3.1 and 3.2, change management tools and techniques that are widely emphasized by practitioners and change management models and theories that are widely emphasized by academicians will be introduced.

## 3.1 Change Management Tools and Techniques

Reflecting the sustained interest in organizational change and change management, a wide variety of tools have been developed to both initiate and manage organizational change and to control and direct change caused by unplanned disruptions (Stripeikis and Zukauskas, 2005).

Although there is a close relationship between the theory and the practice of change management, academic change management literature tends to avoid the terminology of management tools and techniques (Hughes, 2007). This reveals the perceived gap between practitioner emphasis upon change management tools and techniques and academic emphasis upon change management theories, models, and concepts.

Before getting into the raising question of why academics are not explicitly engaging with management tools and techniques, given their popularity with practitioners, some examples for these management tools and techniques can be given. McNamara (1999) compiled an overview of the tools and approaches for organizational change and improvement that are used in change management. He summarizes them as backward mapping, balanced scoreboard, benchmarking, business process reengineering, continuous improvement, cultural change, employee involvement, knowledge management, learning organization, management by objectives, organizational design, outcome-based evaluation, and total quality management.

Workplace coaching is also increasingly being used to facilitate organizational change in a wide range of industry sectors. Although in the past coaching has been predominantly viewed as a means of facilitating individual change, particularly at the leadership or high potential employee level, attention is now turning to how coaching can impact on organizational change initiatives. Grant (2010) argues that the idea behind such initiatives is that developing individual managers' coaching skills can help foster and support organizational change. Such initiatives typically seek to move organizational cultures away from a "command and control" mentally, towards more positive, humanistic and motivating communication styles and the establishment of a coaching culture.

Global consultants, Bain and Co. have established a global database of more than 7,000 respondents, with 960 included in the 2005 survey. Management tools and techniques featured in this 2005 survey included; activity-based management, balanced scoreboard, benchmarking, business process reengineering, and change management programs. The survey enables rankings in terms of both usage and satisfaction. Strategic planning, benchmarking, customer segmentation, and core competencies received the highest rankings in the 2005 survey, whereas loyalty management, open-market innovation, and mass customization registered both low usage and low satisfaction ratings.

In a similar manner to the Bain and Co. survey, the Irish Management Institute (IMI) in 2002 undertook a survey "Management Tools and Techniques: A Study in the Irish Context". The research involved a survey questionnaire completed by 135 managers and it was complemented by interviews and focus groups. In this survey, the most used tools overall were: key performance indicators, performance management, and strategic planning. Least used overall was mass customization. Satisfaction was highest with key performance indicators and supply chain integration, and lowest with enterprise resource planning systems.

Back to the dispute between practitioners and academics, there are four potential problems which are discussed by academics:

First, although practitioners often refer to change management tools there is no consensus definition of what is meant by a change management tool. The existence of established definitions and classifications would enable academics to seriously study and research this subject area.

Second, the change tools terminology is very ambiguous. It may well be that it is this ambiguity that simultaneously appeals to managers and frustrates academics. The best example here is "strategic planning" which was cited as the most used management tool and technique in Bains and Co. survey. However, for an academic surveying the field a term such as "strategic planning" is too wide to be useful for any serious analysis purposes. Another example is total quality management (TQM). Practitioner literature emphasizes TQM success can be contrasted with empirical literature suggesting a tendency for TQM programs to fail.

Third, academics may be uneasy about the implication that management tools and techniques may be used generically to deliver success to the user. The danger in any discussion of generic tools is that popular management tools and techniques are unlikely to suit all situations. No single method, strategy, or tool will fit all problems or situations that arise.

Fourth, the credibility of specific management tools and techniques may be questioned by academics in terms of both objectivity of those promoting the tool/technique and the research evidence to support the claim made for the tool/technique.

Whether it can be agreed with this dispute between the practitioners and the academicians regarding change management tools and techniques or not, someone should before understand the broad extent of change management models and theories when compared to the former one.

**3.2 Change Management Models and Theories**

Similar to the change philosophies mentioned in Section 2.2, Senior (2002) identified three categories of change as a structure with which to link other main theories and approaches as changes characterized by:

- The rate of occurrence
- How it comes about, and
- Scale

It was argued that people needs routines to be effective and able to improve performance (Luecke, 2003). However, Burnes (2004) argues that it is of vital importance to organizations that people are able to undergo continuous change. From this point, Luecke (2003) suggests that a state of continuous change can become a routine in its own right.

Table 3.1 identifies the main types of change characterized by the rate of occurrence to be discontinuous and incremental change. However, different authors employ different terminology when describing the same approach. While Burnes (2004) differentiates between incremental and continuous change, other authors do not. Furthermore, to make it more confusing, Grundy (1993) and Senior (2002) distinguish between smooth and bumpy incremental change.

Table 3.1 Change Characterized by the Rate of Occurrence - 1

| **Type of Change** | **Balogun &Hope Hailey (2004)** | **Burnes (2004)** | **Grundy (1993)** | **Luecke (2003)** | **Senior (2002)** |
|---|---|---|---|---|---|
| Discontinuous | | | O | O | O |
| Incremental | | O | | | |
| Smooth Incremental | | | O | | O |
| Bumpy Incremental | | | O | | O |
| Continuous | O | O | | | |
| Continuous Incremental | | | | O | |
| Punctuated Equilibrium | O | O | | | |

Grundy (1993) defines discontinuous change as change which is marked by rapid shifts in either strategy, structure or culture, or in all three. This sort of rapid change can be triggered by major internal problems or by considerable external shock (Senior, 2002). According to Luecke (2003) discontinuous change is one time events that take place through large, widely separated initiatives, which are followed up by long periods of consolidation and stillness and describes it as single, abrupt shift from the past.

Advocates of discontinuous change argue this approach to be cost effective as it does not promote a never ending process of costly change initiatives, and that it creates less turmoil caused by continuous change (Guimaraes and Armstrong, 1998).

According to Luecke (2003), this approach allows defensive behavior, complacency inward focus and routines, which again created situations where major reform is frequently required. What is suggested as a better approach to change in a situation where organizations and their people continually monitor, sense and respond to the external and internal environment in small step as an ongoing process (Luecke, 2003). Therefore, in sharp contrast to discontinuous change, Burnes (2004) identifies continuous change as the ability to change continuously in a fundamental manner to keep up with the fast-moving pace of change.

Burnes (2004) refers to incremental change as when individual parts of an organization deal increasingly and separately with one problem and one objective at a time. Advocates of this view argue that change is best implemented through successive, limited, and negotiated shifts (Burnes, 2004). Grundy (1993) suggests dividing incremental change into smooth and bumpy incremental change. By smooth incremental change, Grundy (1993) identifies change that evolves slowly in a systematic and predictable way at a constant rate.  This type of change is suggested to be exceptional and rare in the current environment and in the future (Senior, 2002). Bumpy incremental change, however is characterized by periods of relative peacefulness punctuated by acceleration in the pace of change (Grundy, 1993). Burnes' (2004) and Balogun and Hope Hailey's (2004) term for this type of change is punctuated equilibrium.

Although Luecke (2003) uses the term continuous incremental, Burnes (2004) distinguishes the two. The difference between Burnes' (2004) understanding of continuous and incremental change is that the former describes departmental, operational, ongoing changes, while the latter is concerned with organization-wide strategies and the ability to constantly adapt these to the demand of both the external and internal environment.

In an attempt to simplify the categories, Luecke (2003) suggests combining continuous and incremental change. However, it can be suggested that this combination makes it difficult to differentiate between departmental and organization-wide approaches to change management. Therefore, Table 3.2 suggests a combination of the above mentioned change characteristics. Smooth incremental change has been deleted from the list as it is seen as an outdated approach to change (Grundy, 1993). Furthermore, Burnes' (2004) and Balogun and Hope Hailey's (2004) punctuated equilibrium model has been merged with Grundy's (1993) bumpy incremental change model as they both are describing the same approach. Furthermore, Table 3.2 distinguishes between incremental change and continuous change to enable the differentiation between operational, ongoing changes, and strategies implemented throughout the whole organization to enable it to constantly adapt to the demands of both the external and internal environment.

Table 3.2 Change Characterized by the Rate of Occurrence - 2

| **Type of Change** |
|---|
| Discontinuous Change |
| Incremental Change |
| Bumpy Incremental Change |
| Continuous Change |
| Bumpy Continuous Change |

Bumpy continuous change is suggested as an additional category with the assumption that just as there will be periods of relative serenity punctuated by acceleration in the pace of change when it comes to operational changes (Grundy, 1993; Senior, 2002), the same can arguably be the case for organization-wide strategies.

When characterized by how change comes about, there are several different approaches, as identified in Table 3.3. However, the literature is dominated by planned and emergent change.

Table 3.3 Change Characterized by How It Comes About

| **Type of Change** | **Burnes (1996)** | **Dunphy and Stace (1993)** | **Senior (2002)** |
|---|---|---|---|
| Planned | O | | O |
| Emergent | O | | O |
| Contingency | | O | |
| Choice | O | | |

Planned change has dominated the theory and practice of change management for the past 50 years and is based principally upon the work of Kurt Lewin (1947), as one of the N-Step goal directed models of change that will also be explained in Section 3.3. Briefly saying, this approach views organizational change as aprocess that moves from one "fixed state" to another through a series of pre-planned steps, and can therefore be analysed by a construct such as Lewin's "Action Research" and the famous so-called "3-step" model.

In this 3-step model, Lewin's first step, "unfreezing", deals with breaking down the forces supporting or maintaining the old behavior. These forces can include such variables as the formal reward system, reinforcement from the work group, and the individual's perception of what is proper role behavior. The second step, "change", presents a new alternative and involves offering a clear and attractive option representing new patterns of behavior. Finally, the third step, "re-freezing", requires that the change behavior be reinforced by the formal and informal reward systems and by the work group. It is in this step that the manager can play a vital role by positively reinforcing employee efforts to change. This approach recognizes that before any new behavior can be adopted successfully, the old one has to be discarded. Only then can the new behavior be fully accepted.

As Rue and Byars (2003) states that implicit in Lewin's 3-step model is the recognition that the mere introduction of change does not ensure the elimination of the prechange conditions or that the change will be permanent. Unsuccessful attempts to implement lasting change can usually be traced to a failure in one of Lewin's three steps.

Building on the work of Lewin many writers have adopted similar approaches. Cummings and Huse (1989) developed an eight-phase model, and Bullock and Batten (1985) developed a four-phase model of planned change based on a review of over 30 models of change.

Whilst planned change has many followers it also has a number of critics. Garvin (1994) argues that change cannot occur from one stable state to another with the turbulent business environment that exists today. Hayes (2002) highlights that there are situations where an organization may need to change initially for environmental reasons but it may not be obvious what to do. In such circumstances it may not be possible or desirable to define an end state for the change process. Bamford and Forrester (2003) suggest the planned approach is based upon an assumption that everyone within an organization agrees to work in one direction with no disagreement, this not always being the case. Within any group of individuals differences of opinion on important matters will always exist.

A concept that lacks the formal history of planned change is the "emergent" approach. Its supporters appear more united in their stance against planned change than their agreement upon a specific alternative (Burnes, 2004). Dawson (1994) and Wilson (1992) both challenge the appropriateness of planned change within business environments that are increasingly uncertain. Wilson (1992) believes that the planned approach, in laying down timetables, objectives and methods in advance, is too heavily reliant upon the role of the manager. Dawson (1994) adopts a processual approach to change that işs less prescriptive and more analytic in nature. This approach is, in theory, better able to achieve a broader understanding of the problems of managing change within complex environments. Organizational change is seen to be less dependent upon detailed plans and projections than on reaching an actual understanding of the complexity of the issues involved and identifying the range of possible options. He claims that change must be linked to developments in markets, work organization, systems of management control and the shifting nature of organizational boundaries and relationships. He emphasizes that, in today's business environment, one-dimensional change interventions are likely to generate only short-term results and heighten instability rather than reduce it. This point is emphasized by many other writers (Hartley *et al.*, 1997; Genus, 1998; Senior, 2002).

Implicit in the emergent change argument is the assumption that if organizations operated in more stable and predictable environments, the need for change would be less and it might be possible to conceive of it as a process of moving from one relatively stable state to another. Consequently, for the proponents of emergent change, it is the uncertainty of the environment that makes planned change inappropriate and emergent change more pertinent.

A major development of emergent change is an emphasis on "bottom-up" action rather than "top-down" control in commencing and implementing organizational change. The rationale behind this is that the pace of change is so rapid and complex, once it occurs, that it is impossible for senior management to identify, plan and implement every action required. The responsibility for change is, therefore, more devolved and, as a result, requires great changes in the roles played by senior management. They change from being a controller to a facilitator (Bamford and Daniel, 2005).

As the emergent approach to change is relatively new compared to the planned approach, it is argued that it still lags coherence and a diversity of techniques (Wilson, 1992). Another criticism of the emergent approach is that it consists of a rather disparate group of models and approaches that tend to more united in their scepticism to the planned approach to change than to an agreed alternative. However, according to Burnes (1996) the general applicability and validity of the emergent approach to organizational change depends on whether or not one believes that all organizations operate in dynamic and unpredictable environments to which they constantly have to adapt. If so, he argues the emergent model is suitable for all organizations, all situations and at all times.

Dunphy and Stace (1993) do not agree with this view and argue managers and consultants need a model of change that is essentially a “situational” or “contingency” model, one that indicates how to vary change strategies to achieve “optimum fit” with the changing environment. They advocate an approach that reflects not only that organizations are operating in ever-changing environments, but also that there is a range of approaches to change. Furthermore, it is argued that the planned and emergent approaches to change should not be seen as the entire spectrum of change events. An approach of contingency to change that supports a “one best way for each” organization approach rather than a “one best way for all” approach is therefore suggested. The contingency approach to change is founded on the theory that the structure and the performance of an organization are dependent on the situational variable that it faces (Dunphy and Stace, 1993). No two organizations are alike, and will not necessarily face the same variable. Therefore, their operations and structures may be different (Dunphy and Stace, 1993). However, contingency theory in general has been criticized for the difficulty of relating structure to performance and that the theory assumes that organizations and managers do not have any significant influence and choice over situational variables and structure (Burnes, 1996).

Burnes (1996) suggests that an organization does not necessarily have to adapt to the external environment and advocates an approach of choice by suggesting there is certainly evidence that organizations wishing to maintain or promote a particular managerial style can choose to influence situational variables to achieve this. The point is that rather than having little choice, rather than being forced to change their internal practices to fit in with external variables, organizations can exercise some choice over these issues.

When it comes to change characterized by scale there is less confusion as there seems to be some wider agreement. According to Dunphy and Stace (1993) change identified by scale can be divided into four different characteristics: Fine-tuning, incremental adjustment, modular transformation, and corporate transformation. Fine-tuning, also known as convergent change describes organizational change as an ongoing process to match the organizations' strategy, processes, people and structure (Seniour, 2002). It is usually manifested at a departmental or divisional level of the organization (Todnem, 2005). The purpose of fine-tuning is, according to Dunphy and Stace (1993), to develop personnel suited to the present strategy, linking mechanisms and create specialist units to increase volume and attention to cost and quality, and refine policies, methods and procedures. Furthermore, the fine-tuning should foster both individual and group commitment to the excellence of departments and the organization's mission, clarify established roles, and promote confidence in accepted beliefs, norms, and myths (Dunph and Stace, 1993). According to Senior (2002), incremental adjustment involves distinct modifications to management processes and organizational strategies, but does not include radical change.

Modular transformation is change identified by major shifts of one or several departments or divisions. In contrast to incremental adjustment this change can be radical. However, it focuses on apart of an organization rather than on the organization as a whole (Senior, 2002). If the change is corporate-wide and characterized by radical alterations in the business strategy it is described as corporate transformation (Dunphy and Stace, 1993). According to Dunphy and Stace (1993), examples of this type of change can be reorganization, revision of interaction patterns, reformed organizational mission and core values, and altered power and status.

Beyond these above most popular change management approaches, Kerber and Buono (2005) take three different approaches into consideration: *Directed Change*, *Planned Change*, and *Guided Change*. Directed Change is driven from the top of the organization, relies on authority and compliance, and focuses on coping with people's emotional reactions to change. Planned Change may arise from any level in the organization but ultimately is sponsored at the top. Guided Changing emerges from within the organization and people's commitment and contributions to the purpose of the organization.

According to Kerber and Buono (2005), directed change is the most appropriate in situations where both business complexity and socio-technical uncertainty are low. The primary driver of the shift to planned change is business complexity. The primary driver of guided changing is socio-technical uncertainty. The greater an organization's change capacity the greater the organization's ability to embrace guided changing. When circumstances involve a strong sense of urgency, a directed approach to change may be necessary, even in complex and uncertain situations.

The underlying idea of complexity is that all things tend to self organise into systems when simple rules are applied. These systems can produce unexpected patterns or behaviours because of non-linear feedback networks, the interconnection and interdependence of complex systems and because the system's parts interact and adapt to each other. Complex behaviour is orderly, yet full of surprise; apparently uncontrollable, yet not totally chaotic. The rules that generate this behaviour are not enforced by a manager, and cannot be predicted from any single part of the system. The system spontaneously self-organises at the edge-of-chaos where there is stability to sustain existence and turbulence to overcome inertia. Several complexity concepts have relevance to business. The central concept is self-organisation, the process of order emerging from simple rules in a system, which is not controlled by a manager, and which results in creative and innovative responses emerging. This emergence, the second important concept, happens when the system's parameters change, leading to disorder and preventing the system from ossifying. Emergence happens at the edge-of-chaos, enabling new actions to emerge. The third concept is feedback. Negative feedback inhibits change, pushing the system to equilibrium. Positive feedback amplifies small changes, pushing the system towards chaos. Together, positive and negative feedback balance the system at the edge-of-chaos, the best position for a turbulent environment. The fourth concept is sensitive dependence on initial conditions. In a stable system, small changes have small effects, but in a complex/turbulent system small changes can grow exponentially, making long-term prediction accuracy impossible. Small nudges, at the correct time, can thus lead to major changes. A flywheel affect is created, reinforcing early success, and enhancing long-term advantage. Patterns and clues indicate which changes to nudge, and when to nudge them. These patterns are known as attractors, the fifth concept. The edge-of-chaos attractor (known as a `strange attractor') reflects the area where maximum creativity and innovation happens. A unique feature of the strange attractor is that it stays within certain boundaries. How the system will develop cannot be predicted, but it will not go outside its attractor. Thus, the strange attractor allows change while maintaining some order (Mason, 2009).

One another change management model is Prochaska and DiClemente's (1982) Transtheoretical Model of Change or 'Stages of Change' model. the Transtheoretical Model of Change details some of the key factors underpinning purposeful change and situates these within a number of time-related stages, it offers a useful framework from which to explore the factors related to the adoption of new behaviors, including coaching (Grant, 2010). Adopting or using coaching skills in the workplace is important because many organizations worldwide spend considerable sums in training managers to be workplace coaches, and where such training is also central to an organizational change program, the cost of failure can be significant (By, 2005).

In their Transtheoretical Model of Change, Prochaska and DiClemente (1982) describes five stages of change, starting with the *precontemplation stage*, in which individuals show no intention to change in the foreseeable future. The next stage is *contemplation* in which individuals become aware of the need to change, are thinking about making changes, but have not yet actually made any changes. The following stage is *preparation* in which individuals' commitment to change increases. Individuals in this stage intend to take action in the near future and may have even started to make small behavioral changes. *Action* is the stage where individuals begin to make major behavioral changes. If these changes are maintained over a period of time the individual can be considered to be in the *maintenance stage*.

There are three key constructs associated with the Transtheoretical Model of Change: decisional balance, self-efficacy and behavior, and the Transtheoretical Model of Change predicts that the relationship between these will systematically vary across stages of change (Prochaska and DiClemente, 1982). Decisional balance refers to the individual's perceptions of the pros and cons (benefits and costs) of adopting change. The Transtheoretical Model of Change predicts that for individuals who are in early stages of change, such as the contemplation stage, the perceived cons of adopting coaching behaviors should be greater than the perceived pros, whereas individuals in latter stages of chance, such as the maintenance stage, should rate the pros higher than the cons. The second construct associated with the Transtheoretical Model of Change is self-efficacy: an individual's confidence in their ability to perform a specific behavior (Bandura, 1997). As newly adopted behaviors become more entrenched over time and through practice, the individual's confidence in his or her ability grows, and so self-efficacy scores are typically higher in the action and maintenance stages than those in the precontemplation and contemplation stages. The third three key construct associated with the Transtheoretical Model of Change is behavior. Where the change is focused on adopting new behaviors, such as coaching behaviors, there should be an increase in levels of the new behavior over the stages of change (Grant, 2010).

In order for a change initiative to be successful, organizations need to allocate adequate resources (Nadler and Tushman, 1990). This allocation of resources might determine the *change drivers*. The term *change drivers* has been used in two recurring ways in the existing literature. The first is defined as events, activities, or behaviors that facilitate the implementation of change throughout the organization and, specifically facilitate individual adoption of change initiatives (Whelan-Berry and Somerville, 2010). They identify the other use of the term as drivers of the necessity for a change, which is whatever gave birth to the desire or need for change in the organization. Such drivers of the need for change include, for example, increasing globalization, emerging new internet capabilities and changes in consumer behavior. Furthermore, new leadership, laws, regulations and competitors can also drive the need for change. Several change drivers have been researched more extensively, including leadership (Kotter, 1990, 1995; Bass, 1985, 1990; Yukl, 2002; Northouse, 1997; Good and Sharma, 2010), vision (Kotter, 1997; Gill, 2003; Hooper and Potter, 2000; Senge, 1990), strategy (Eden, 1993; Covey, 1992; Jackson, 1983, Lane, 2005), user participation, together with 'lack of committment' and 'resistance to change' (Doe, 1994; Abbasi and Hollmann, 1993; Tan and Tiong, 2005; Clegg and Walsh, 2004; Stripeikis and Zukauskas, 2005; Michel *et al*., 2010; Gill, 2003; Alas, 2009; Morrow, 1983; Blau, 1986; Dalton and Kennedy, 2007; Wright et al., 2004; Kubr, 1996; Kavanagh and Ashkanasy, 2006; Long and Spurlock, 2008; Heliste & Karhunen & Kosonen, 2007), organizational values and culture (Pettigrew, 1979; Schein, 1985; Schein, 1992; Kavanagh & Ashkanasy, 2006; Martin & Huq, 2007), motivation (Jalajas and Bommer, 1999; Vithessonthi & Schwaninger, 2008; Alas, 2009; Hui and Lee, 2000; Morrow, 1983), and effective management (Long and Spurlock, 2008; Mason, 2009; Jick, 1993; Bennis, 1999; Gill, 2003). Not only the above change drivers, or factors, but many other factors, that gained a considerable attention in the change management literature are clarified in Chapter 4.

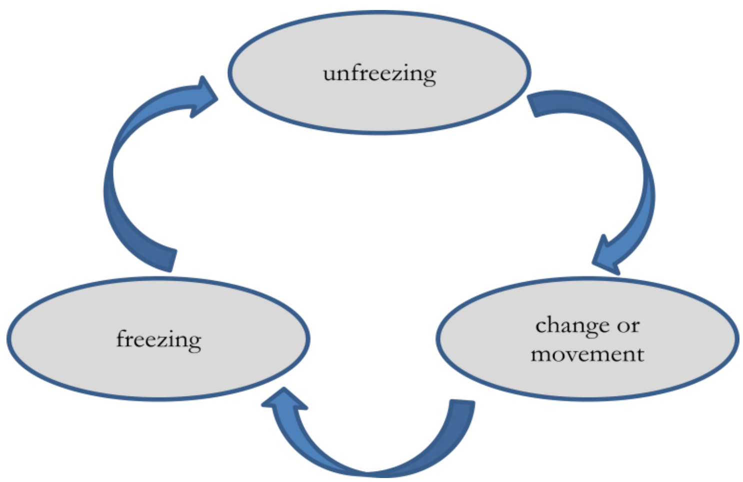
If these change drivers are not taken into consideration with upmost attention within a best-fit change management process, it is possible that a change initiative might fail. Section 3.4 mentions that such a case is even almost unavoidable with presenting high failure rates in change initiatives.

### 3.3 N-step Goal Directed Models of Change

The ever-first approach to planned change is Lewin's (1947) work. He argued that organizations typically include a mixture of forces for change, 'driving forces', and forces resisting change, 'restraining forces'. When the forces are equal, the organization is stable and not liable to change. Readiness to change, an awareness of the need for the change a commitment to change needs to be created. In effect, the pain of change has to be seen as less than the pain of stability. He suggested a three-step change management model which can be seen in Figure 3.1.

Lewin's three-step model of change has influenced many later theories of change management as explained in the previous section. It describes the common-sense way in which many managers plan both strategic and operational change. In this model, unfreezing means destabilizing the present balance of forces that give the organization or business its stability. Lewin argued that this destabilizing process helps to overcome resistance to change. Ways of destabilizing will depend on the circumstances, but could include identifying and exploiting existing stress or dissatisfaction, creating or introducing additional forces for change, for example tighter budget constraints, targets or schedules, or new personnel in favor of change, reducing resistance to change, for example developing employee knowledge about markets and competitors, initiating training about the need for change. In the model, ‘change or movement’ involves moving the unbalanced system in the desired direction. This step continues until a new balance is established between the forces driving and restraining change. The aim of ‘refreezing’ is to establish this balance at a higher level of performance, in such a way that those involved do not slip back into old ways.

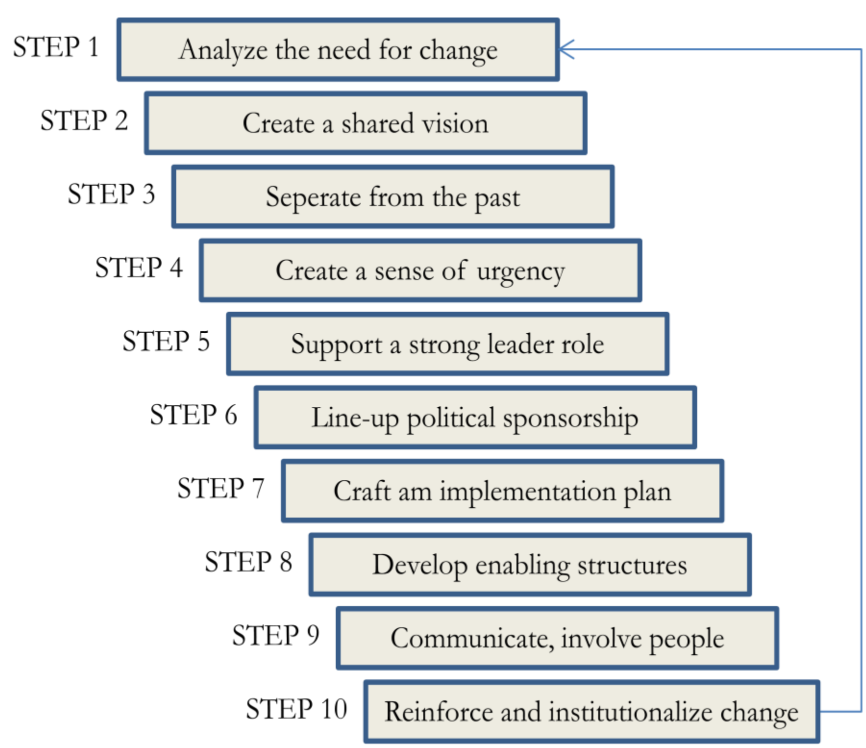
Figure 3.1: Lewin’s Three-Step Change Management Model




Lewin’s three-step model of change has influenced many later theories of change management as explained in the previous section. It describes the common-sense way in which many managers plan both strategic and operational change. In this model, unfreezing means destabilizing the present balance of forces that give the organization or business its stability. Lewin argued that this destabilizing process helps to overcome resistance to change. Ways of destabilizing will depend on the circumstances, but could include identifying and exploiting existing stress or dissatisfaction, creating or introducing additional forces for change, for example tighter budget constraints, targets or schedules, or new personnel in favor of change, reducing resistance to change, for example developing employee knowledge about markets and competitors, initiating training about the need for change. In the model, 'change or movement' involves moving the unbalanced system in the desired direction. This step continues until a new balance is established between the forces driving and restraining change. The aim of 're-freezing' is to establish this balance at a higher level of performance, in such a way that those involved do not slip back into old ways.

Kanter et al. (1992) ten commandments, as can be seen in Figure3.2, suggest that Lewin's model of change is too simplistic.

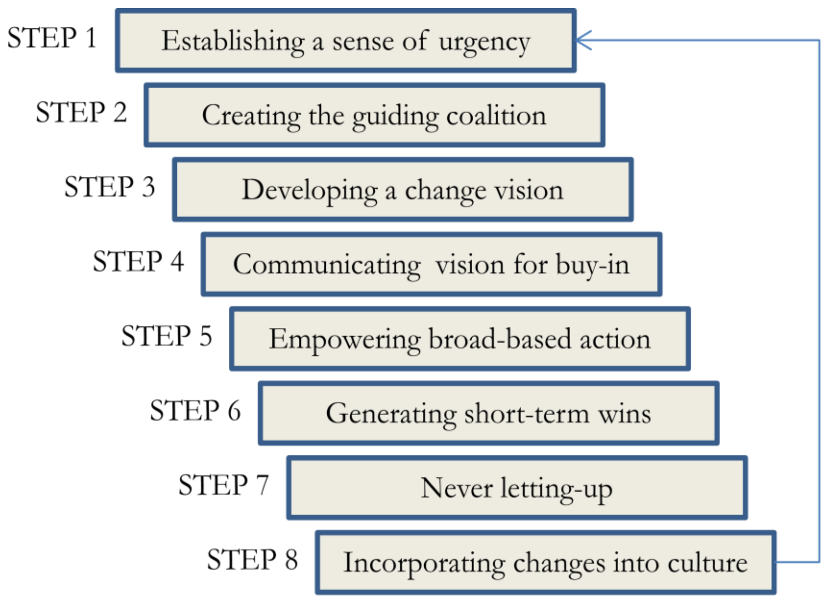
Figure 3.2: Kanter et al's Ten Commandments




They argue that Lewin's model is based on the view that organizations are essentially stable and static. They disagree with the idea that change results only from concentrated effort, and that it happens in one direction at a time. Kanter et al. argue that change is ‘multi-directional and ubiquitous’ – in other words, it happens in all directions at once and is a more or less continuous process. This complexity can help to explain why Lewin’s model may not seem to have much relationship with real life, where change seems a more confused process.

One another most popular n-step model in the change management literature is Kotter’s (1995) 8-step change management model as can be seen in figure 3.3.

Figure 3.3: Kotter’s 8-Step Change Management Model




In each and every step among 8-steps, he proposes several actions to be taken to ensure the success of the change initiative. These appropriate actions to be taken under the 8-steps can be summarized as follows:

Establishing a Sense of Urgency

- Examine market and competitive realities
- Identify and discuss crises, potential crises or major opportunities

Creating the Guiding Coalition

- Assemble a group with enough power to lead the change effort
- Encourage the group to work as a team

Developing a Change Vision

- Create a vision to help direct the change effort
- Develop strategies for achieving that vision

Communicating the Vision for Buy-in

- Use every vehicle possible to communicate the new vision and strategies
- Teach new behaviors by the example of the Guiding Coalition

Empowering Broad-based Action

- Remove obstacles to change
- Change systems or structures that seriously undermine the vision
- Encourage the risk-taking and nontraditional ideas, activities, and actions

Generating Short-term Wins

- Plan for visible performance improvements
- Create those improvements
- Recognize and reward employees involved in the improvements

Never Letting Up

- Use increased credibility to change systems, structures and policies that don't fit the vision
- Hire, promote, and develop employees who can implement the vision
- Reinvigorate the process with new projects, themes, and change agents

Incorporating Changes into the Culture

- Articulate the connections between the new behaviors and organizational success
- Develop the means to ensure leadership development and succession

### 3.4 Success/Failure Rates of Change Management Initiatives

Clegg and Walsh (2004) states that the reports of high failure rates are common in operations management and sociotechnical literatures, where much of the focus has been on the introduction of new technologies, management practices, and ways of doing business. Besides, regarding the organizational development initiatives including changes in organizational arrangements, social factors, physical setting, and technologies and techniques, Porras and Robertson (1992) reviewed 72 empirical studies and found out that only 38% of the dependent variables demonstrated positive change as a result of organizational development effort. According to some other authors, up to 70% of change initiatives in general fail (e.g. Kotter, 1990; Hammer and Champny, 1993; Higgs and Rowland, 2000).

Calogero (2000) and Shore (2005) report that ERP failure rates remain in the 67%-90% range. 35% of ERP implementations are cancelled, with the remaining 65% of them resulting in cost and scheduling overruns averaging 178% and 230%, respectively. Mabert (2001) estimate implementation costs range from tens of millions of USD for medium-sized to $300-$500 million for large, international companies.

A study conducted in 2004 by the Standish Group showed that 15% of management information systems projects failed, and fewer than one third (34%) were completed on time and within budget, with all requirements fulfilled. Surveys published in Computerworld suggest that system project failures cost more than U.S. $100 billion a year (Legris and Collerette, 2006).

Harvard Business School tracked the impact of change efforts among the Fortune 100 and found that only 30% of these efforts produced an improvement in bottom-line results that exceeded the company's cost of capital (Pascale, *et al*., 1997).

Kerber and Buono's (2005) premise is that this low success rate may be due in large part to a mismatch between the requirements of the situation and the approach to change that is implemented. According to them, the most effective approach to organizational change appears to be dependent on key contingencies of the situation including the complexity of the business environment and the socio-technical uncertainty of the task or problem, along with the change capacity of the organization and the risks associated with either no or slow change.

# Chapter 4

# Factors Leading To Failure Or Success In Change Initiatives

In order to understand the root causes for a potential failure in a change initiative, the best way is to clarify and then summarize all the factors associated to coping with change. By doing so, the variables are determined to construct the new model which is introduced in Chapter 5.

Whelan-Berry and Somerville (2010) made one of the most detailed summary regarding the factors affecting change initiatives, as they name *Change Drivers*. According to them Change Drivers most frequently identified in prior research that have strong impacts on the organizational change process are: Accepted Change Vision, Leader's Change Related Actions, Change Related Communication, Change Related Training, Change Related Employee Participation, Aligned Human Resources Practices, Aligned Organization Structure and Control Processes.

Although the above change drivers include many important factors, this research intends to get into even more detailed analysis and contribute to literature as allowing future research to be able to focus on more effective change factors leading to failure or success in change initiatives. Starting from Section 4.1 to Section 4.17, these factors are listed and defined.

## 4.1 Effective Management and Planning

Change management requires careful planning and communication for effective implementation (Long & Spurlock, 2008). Determining when to change can be based on a response to a crisis situation or to accommodate projected change in the future. Timing is essential in the introduction and management of change. Supporting structures must be in place and communications plans must be well-developed prior to the adoption of change (Jick, 1993).

Change initiatives often fail because of poor management: Change efforts may fail because of poor *planning*, monitoring and control, focusing more on the objective than on the steps and process involved, a lack of milestones along the way, and failing to monitor progress and take corrective action. Change efforts often lack the necessary resources, e.g. budget, systems, time and information, and the necessary expertise – knowledge and skills. Corporate policies and practices sometimes remain the same and become inconsistent with the aims and strategies for change. For example, the performance criteria used in appraisal and reward policies may not support and reinforce a desired performance-driven, teamwork-oriented culture, resulting in a disincentive or lack of incentive to change behavior (Gill, 2003).

Since accurate prediction is not possible in a turbulent and complex environment, planning should have a short time horizon (Mason, 2009). Such planning requires free distribution of information, which is used quickly, and should be about `how to do things' rather than `what to do'; that is, adapting to changes rather than trying to predict and control activities. To achieve this, staff will initially require encouragement and guidance to instigate self-organization. Human resource areas of staff appraisal and career development could be of assistance in initiating self-organization. Dealings with all staff should be open and transparent. They should have wide access to information about the firm, its performance, future plans and a clear vision and idea of who they are and where they want to go in the future. To achieve this management should encourage the generation and exchange of information. This can be further facilitated by the development and encouragement of relationships, both formal and informal, in internal and external networks of connections. The resultant, and desired, self-organization can only emerge in a democratic environment that devolves power to staff members on the understanding that they are capable and responsible. In other words, all staff must be freed to `use their brains, and not just their brawn', to contribute to company performance. Such self-organizing and democratic activities are mostly conducted by small, informal groups of people, often from across different functions or disciplines in the firm. Therefore, management should encourage informal meetings, get-togethers or social events, in order to facilitate the networking that leads to the emergence of new ideas or strategies. To make this approach work, management has to develop a high level of trust in their staff.

## 4.2 Leadership

While change must be well managed, it also requires effective leadership: it is leadership that makes the difference. Kotter (1995a) states that "management's mandate is to minimize risk and to keep the current system operating. Change, by definition, requires creating a new system, which in turn always demands leadership". Leadership of successful change requires vision, strategy, the development of a culture of sustainable shared values that support the vision and strategy for change, and empowering, motivating and inspiring those who are involved or affected. This behavior reflects the underlying dimensions and requirements of leadership: the cognitive – thinking, the spiritual – meaning, the emotional – feeling, and the behavioral – doing (Gill, 2003).

Effective leadership requires that one adapt according to the needs of the situation (Fiedler, 1967; House et al., 1991, Kotter, 1990). In today's organizations leaders face continual change and increased environmental complexity. This is caused in part by factors such as technological advancement, increased competition, shorter product lifecycles, the boundaryless nature of career, cultural complexity, globalization, and an increase in mergers and acquisitions. This requires leaders to manage planned organizational change, as well as manage the more micro-level continuous change. Continuous change is grounded in the assumption that change is constant (Burnes, 2004; Luecke, 2003), and the essence of larger organizational change is actually situated in the ongoing micro adjustments we make with each other and within ourselves. This continuing dynamism demands that leaders be sensitive to the ever changing needs of the moment and respond in a situation appropriate way (Kotter, 1990). Current leadership thus requires a distinct individual ability to be flexible in response to planned change, as well as continuously changing contexts (Good and Sharma, 2010).

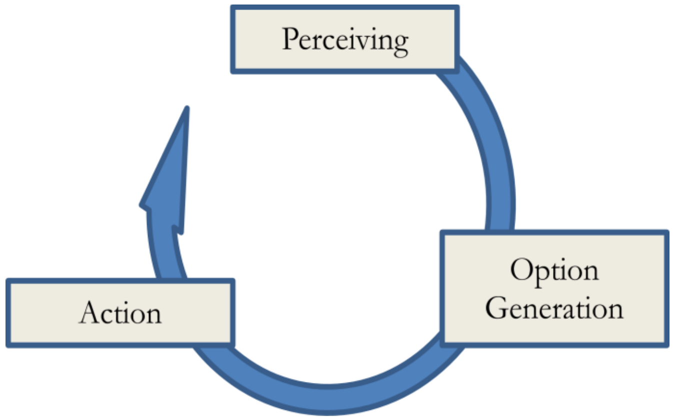
Scholars and practitioners have suggested that increased flexibility is a vital individual capacity in the management of modern organizations (Yukl, 2002; Good and Sharma, 2010). Leadership flexibility is found to be important for leader emergence and leadership effectiveness. Good and Sharma (2010) define leadership flexibility as the ability and willingness to respond in significantly different ways to correspondingly different situational requirements and they provide a summary for the specific flexibilities cited most often across the streams of literature as: coping flexibility, explanatory flexibility, interpersonal flexibility, emotional flexibility, learning flexibility, communication flexibility, gender flexibility, cognitive flexibility , and decision making flexibility.

Each of the specific flexibilities either explicitly or implicitly suggests that in order to enact these one must see the context, come up with different ways to respond and then enact an appropriate choice. Good and Sharma (2010) propose a 3-stage cyclical framework, explaining a generalized process that can provide more clarity toward understanding leader flexibility. These stages are perceiving, option generation, and action, as can be seen in Figure 4.1.

Perceiving is understood as the ability of the leader to notice the subtle cues in the demands of the situation. Due to the variability of situational cues, in order to perceive flexibly a leader will have to vary the way in which he or she filters information from the environment.

Option generation follows perceiving in the cycle. The leader consciously or subconsciously creates and surveys a personal repertoire of possible actions in response to the perceived need for change. Flexibility in generating options may be understood by the variety, relevance and multiplicity of the options generated.

Figure 4.1: Leadership Flexibility Framework 1




Finally, acting requires the leader to decide on an appropriate action to fit the needs of the situation and effectively execute the action decided upon. Flexibility in action can be understood by categorizing the possible actions into different groups, understanding the situational appropriateness of these possible actions and acting so as to achieve the most effective outcome given the demands of the situation. The action taken can be behavioral, cognitive, emotional or a combination. Leader flexibility requires variation in all three stages of perceiving, option generation and acting. In other words, as the situation changes, a flexible leader will appropriately vary the perceptual appraisal of the situation, generate different options and vary how he or she will act. Moreover, the cyclical nature of the proposed framework suggests that each cycle will lead back to the first stage, perceiving (Good and Sharma, 2010).

While leadership has been of interest to society for thousands of years (discussed in Greek and Latin classics, the Old and New Testaments of the Bible, and writings of ancient Chinese philosophers), the scientific study of leadership began in the early part of the 20th Century.

Northouse (1997) defines leadership as “a process whereby an individual influences a group of individuals to achieve a common goal’’ and emphasizes that viewing leadership as a process has the advantage of focusing attention on the transactional and interactive event that occurs between the leader and his/her followers.

### 4.2.1 Approaches of Leadership

Many leadership theories may be classified into three dominant leadership approaches, namely traits approach, behavioral approach and situational / contingency approach. Individually, each approach provides valuable insights and has its own limitations. Collectively, they give a multifaceted view of leadership.

Originating in the early 1990s, the traits approach was one of the first attempts to study leadership. Briefly, the traits perspective sees leadership as a quality that is inherent in particular persons. The theories developed within this approach are sometimes called “greatman” theories because they focused on identifying those innate qualities possessed by great social, political and military leaders (Northouse, 1997).

According to the behavioral approach, in turn, there is a specifiable set of behaviors which are effective and, once identified, can be taught to others, who may become effective leaders. The first studies emphasizing the behavior of the leader, as opposed to the personality characteristics were conducted at Ohio State University in the late 1940s, leading to the understanding of leadership as a set of behaviors, both task-related (that facilitate goal accomplishment) and relationship-related (that help subordinates to feel comfortable with each other, with themselves and with the situation in which they find themselves). Another important contribution to the behavioral approach was given by the research conducted at the University of Michigan. Two types of leadership behaviors were identified, called employee orientation, behavior of leaders who approach subordinates with a strong human relations emphasis and production orientation, behavior of leaders who stress the technical and production aspects of a job.

Research efforts to find a unified understanding of an effective leader style failed to some extent. The main message of the contingency approach is that the relationship between leader style and performance is highly variable. Situational or contingency approaches focused on the moderating effect that certain situational variables have on the relationship between leader traits and behaviors and outcomes (Mello, 1999).

The earliest contingency theory was developed by Fiedler (1967). According to his theory, a leader's effectiveness depends on how well the leader's style fits the context. Within the same paradigm, Hersey and Blanchard (1969) developed a model stating that leadership is composed of both a directive and supportive dimension, and each has to be applied appropriately in a given situation. Their theory is based on the assumption that employees' skills and motivation change over time and leaders should change the degree to which they are directive or supportive accordingly. The essence of situational leadership rests on this matching between the leader's style and the needs of subordinates.

Another contingency model was presented by Vroom and Yetton (1973) based on the expectancy theory, exploring the relationship between the leader's style and characteristics of decision problem attributes.

Emerging organizational models emphasize the need for quality, flexibility, adaptability, speed and experimentation (Graetz, 2000). If we adopt the modern view of organizations as *complex adaptive systems* (Collier & Esteban, 2000), with the associated properties of chaos, emergence and generation, the traditional, and somehow static models of leadership do not provide the necessary answers. Collier and Esteban (2000) argue that leadership in these organizations is the systemic capability, diffused throughout the organization and nurtured by the members, of finding organizational direction, of generating and maintaining continual renewal by encouraging, harnessing and directing creative and innovative capabilities, while simultaneously holding in tension the processes of responsiveness to the environment on the one hand, and the maintenance of internal integrity of purpose on the other. This definition emphasizes the nature of leadership as an ongoing process, rather than focusing on the person of the leader.

*Systemic leadership* tends to see each organizational member as a fully responsible autonomous agent with powers of judgment and decision-making. At the same time, each person is assumed to be uniquely responsible for their performance, and therefore held accountable for it.

Closely related to this view is the need to have sound shared values (Edgeman & Scherer, 1999). Leaders must be actively involved in the process of generation and diffusion of organizational values. Systemic leadership puts the sense of belonging to a community at the core of this process, giving organizations a sense of identity. An essential responsibility of leadership in modern organizations is to facilitate communication and information sharing, since this is fundamental to dialogue and questioning, thus enhancing organizational learning.

### 4.2.2 Vision, Change and Transformational vs. Transactional Leadership

Leaders need to provide a focal point for the energies, hopes and aspirations of people in the organization. Moreover, they are expected to serve as role models whose behaviors, actions and personal energy demonstrate the desired behaviors expected throughout the organization (Nadler & Tushman, 1990). Organization-wide change demands, therefore, a long-term strategic approach, incorporating both "hard" issues like strategy structure, systems and technology and "soft" issues like vision, values, behaviors and attitudes issues (Graetz, 2000). Not surprisingly, the effective management of change is an emergent issue in modern leadership theories, placing new challenges for leaders.

The transformational approach describes how leaders can initiate, develop and carry out significant changes in organizations. The Transformational Leader Model is concerned with the process of how certain leaders are able to inspire followers to accomplish great things. Therefore, transformational leaders need to act as strong role models and create a vision that gives meaning and clarifies the organization's identity. The tranformational model is a lofty conception of leadership, stressing the essential role that leaders play and the moral basis of their leadership. Transformational leaders operate in a realm of values and seek to motivate and direct by transforming their followers. The term comes from the work of James MacGregor Burns (1978), a prominant historian and political scientist. Transforming leadership seeks to alter and elevate the motives and values and goals of followers through the vital teaching role of leadership.

Transformational leadership focuses on building a strong, enduring relationship between leaders and follower and is more concerned with end values, such a liberty, justice, equality. Transforming leaders raise their followers up through levels of morality. True leaders, Burns argues, make their followers into leaders: This is the essence of the transformation process. Thus, the model of transformational leadership focuses ultimately not on products or process, on work itself, but on the psychic and moral identity of the leader and the followers. Burns focused on political leaders like Gandhi, Churchill, and Franklin Roosevelt, but his work was quickly applied to the arena of business- though with some tension.

One prominent scholar on the topic, Bass (1985, 1990) takes Burns' terminology but focuses less on values and more on the model's effectiveness in a business setting. In his formulation, transformational leadership becomes more a matter of mastering techniques; charisma and satisfying employee's emotional and intellectual needs. Much recent attention in business literature to the role of vision and charisma has taken a similar perspective- rather than see transformation as fundamentally a moral teaching function, the tendency has been to see it as an effective managerial tool for increasing quality and productivity (Conger & Kanungo, 1988; House, Spangler, & Woycke, 1991; and Dess & Picken, 1999). At this moment the so-called *charismatic leadership* may be introduced as a sub-title of transformational leadership.

Specifically, charisma is defined as a relationship between a leader and one more followers based on leader behaviors combined with favorable attributions on the part of followers. Key behaviors on the part of the leader include articulating a vision and sense of mission, showing determination, and communicating high performance expectations. Favorable attributional effects on followers include the generation of confidence in the leader, making followers feel good in his/her presence, and the generation of strong admiration or respect (Waldman, Ramirez, House, &.Puranam, 2001). It is very difficult to define charisma without simultaneously considering some of the consequences and attributions resulting from the charismatic relationship. Members identify with a leader's vision and with the organization to which that vision pertains, and thus a high level of collective cohesion is developed. Individuals experience a heightened sense of self-efficacy as a result of their cohesion and the leader's expressions of confidence in their ability to attain the vision. Moreover, a charismatic leader may show persistence and enthusiasm in pursuing goals over the long haul and be demanding of others through the communication of high performance expectations.

Including charismatic leadership style, transformational leadership may be summarized as developing a closer relationship between leaders and followers, one based more on trust and commitment than on contractual agreements. Transformational leaders help followers to see the importance of transcending their own self-interest for the sake of the mission and vision of their group and/or organization. By building followers' self-confidence, self-efficacy, and self-esteem, such leaders are expected to have a strong, positive influence on followers' levels of identification, motivation, and goal achievement (Jung & Avolio, 1999).

Transformational leadership is often contrasted with transactional leadership. Transactional leadership was described by Burns (1978) as motivating followers primarily through contingent-reward-based exchanges. Typically, the main focus of transactional leaders is on setting goals, clarifying the link between performance and rewards, and providing constructive feedback to keep followers on task (Bass, 1985). The transactional leader, therefore, focuses his or her managerial work on negotiating extrinsic exchanges and on controlling the actions of his or her collaborators so that they follow the leader's will. On the other hand, the transformational leader focuses his or her managerial work on creating an attractive vision (Cardona, 2000) and on developing closer relationships with followers based more on trust and commitment than on contractual agreements. A transactional leader is one who operates within an existing system or culture, as opposed to change them, by attempting to satisfy the current needs of followers by focusing on exchanges and contingent reward behavior and paying close attention to deviations, mistakes, or irregularities and taking action to make corrections. Transactional leadership is conceptually similar to the cultural maintenance form of leadership described by Trice and Beyer which acts to strengthen existing structures, strategies, and culture in an organization (Trice & Beyer, 1993).

In line with upper echelons theory, it is proposed that transactional or maintenance leadership represents an active form of strategic leadership that may be an important ingredient of organizational effectiveness. That is, leaders who help to shape strategies and structures, reward subordinates' efforts and commitment, and take action to correct mistakes and deviations from expectations should help to foster better organizational performance. By doing so, a transactional leader manages the mundane, day-to-day events that comprise the agendas of many leaders.

Transactional leaders, as the term implies, conduct leadership as a series of transactions between leader and follower: Transactional leadership is really a bargain to aid the individual interests of persons or groups going their separate ways. Transactional leadership focuses on outcomes and behaviors, not on any internal change in the identities, emotions, and values of the actors. This style of leadership focuses also on individual exchanges, and such instrumental considerations as efficiency and procedural fairness.

Once again, as Kanji and Moura (2001) mentions, it is important to notice that both transactional and transformational leadership are necessary and complementary.

### 4.2.3 Servant Leadership, Stewardship, Caring Leadership

The concept of *servant leadership* was developed and popularized by Robert Greenleaf. Greenleaf (1977) rejected a narrow market conception of business. Chasing profits is peripheral; the real point of business is to serve as one of the institutions through which society develops and exercises the capacity for constructive action. Greenleaf (1977) proposes a new business ethic: the work exists for the person as much as the person exists for the work. Put another way, the business exists as much to provide meaningful work to the person as it exists to provide a product or service to the customer. This new ethic must not be merely a device for cutting costs or boosting profits; it must represent a sincere moral commitment on the part of servant-leaders and their organizations: “whereas the usual assumption about the firm is that it is in business to make a profit and serve its customers and that it does things for and to employees to get them to be productive, the new ethic requires that growth of those who do the work is the primary aim, and the workers then see to it that the customer is served (Greenleaf, 1977).

This conception of growth lies at the heart of Greenleaf’s notion of servant leadership. The servant leader takes care to make sure that other people’s highest priority needs are being served. The best test and most difficult to administer this: Do those served grow as persons? Also, do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? Achieving this requires a delicate balance of attributes. Servant leaders must have a vision they strive toward and toward which they pull their organizations, but they must also be keenly aware of the needs and wishes of their followers. The servant leader is a visionary who listens. With this deeply credo- the people are the business- Greenleaf holds out the hope of transforming the nature of capitalism. In effect he is challenging people to ask whether they are controlled by the institutions their society has created, or whether they control the same institutions.

Some normative thinkers reject the traditional conception of leadership altogether. According to this line of thought, if an organization’s goal is to build a participatory culture of shared governance and shared responsibility, then training strong leaders, however virtuous or excellent the training, is a self-defeating task: The new elite will end up replicating old patterns of domination and dependence. An articulate profounder of this view is Peter Block, who proposes a radical alternative to traditional leadership, which he terms *stewardship* (Block, 1993). The term derives from medieval England, where a steward did not own his position and power, but held them in trust for an absent or under-age ruler. In Block's modern usage, stewards – leaders who have embraced his perspective – do not expect to remain in charge, but view themselves as temporary custodians of power, helping once-subordinate members of the business grow and move from dependence to partnership.

Stewardship aims to transform businesses by transforming the values that underlie them. Traditional leadership, Block says, is based on and propagates patriarchy, dependency, and self-interest. He proposes to build stewardship on very different values: partnership instead of patriarchy, empowerment instead of dependency, service instead of self-interest, and absolute honesty befitting a relationship of equals. Above all, he wants to establish in organizations and individuals primary commitment to the larger community rather than to the individual. For instance, he proposes to weaken self-interest by changing assessment and compensation structures: Eliminate individual ranking and ratings. Self-interest is fed by individualism and overcome by community. Design the compensation system so that core work teams can make significant bonuses when they make exceptional contributions (Block, 1993).

If stewardship succeeds in changing the values upon which a business is built, Block (1993) believes it will also change the business's patterns of governance and control. Stewardship, indeed, implies the systematic dismantling of governance structures and the distribution of power – accountability without control or compliance as he provocatively puts it. One striking point about stewardship is that it does mean simply abdicating responsibility and handing power over to workers.

Stewardship, which was described as a revolution initiated and designed by those in power, is a rather narrow revolution, one committed to replicating the values of those in power, not subjecting them to serious scrutiny. It is almost as if The Communist Manifesto had been rewritten by a venture capitalist (Harvey, 2001).

The concept of *Caring Leadership* is developed by James Autry and his philosophy that good management is largely a matter of love (Autry, 1991). If Jesus could build an enduring religion on the power of love, Autry asks, why can't enduring and successful businesses be built on the same idea? Businesses are, after all, human communities as well as profit-seeking abstractions – and for Autry it is the human dimension that emerges as the primary identity. The modern workplace, in particular is a new neighborhood. Communities imply fellowship rather than coersion, genuine concern rather than instrumental manipulation. The vision of the workplace as a community also implies, for Autry, that businesses and their leaders must provide for spiritual and personal growth no less than for material growth.

Indeed, caring leadership conception is a deeply religious one, modeled on the fellowship of the early Christians and the leadership lessons of Jesus. Management is a sacred trust – the responsibility of caring for others. Thus boss is not a traditional wielder of power, but a leader/manager/mentor/coach/friend (Autry, 1991). Such leaders must renounce the power to punish, for punishment does not bring out the best in those who are punished, nor in those who must punish: Eliminate the notion of punishment. This leads, then, to liberating the managers from ever being in conflict with their own best values.

According to Autry (1991), managing is all about being true to one's personal values; there exists no real clash between the demands of business leadership and one's own code of right and wrong. Honesty is a central value to uphold. True leadership must be authentic: management without emotional hiding places. Though punishment is forbidden, Autry (1991) admits the necessity for what he terms the caring confrontation. Caring leadership is a gentle and appealing one of the Christian workplace, but it leaves unresolved the question of to what extent such a vision is compatible with market forces and actual power relations.

### 4.2.4 Leadership within the Context of Teams

The *exchange theory* initiated by Tribout and Kelley (1959) and Harmons (1961) was one of the first attempts to address aspects of leadership within the context of groups. According to this theory, leaders' emergence does not depend simply on the possession of certain traits, but equally on the group' s tasks and norms, which will determine those skills and values which will be more rewarding for members. A leader emerges by providing adequate evidence of task competence and conformity to group norms (Smith & Peterson, 1988). With the emergence of teams the question of leadership arises in a context that is different from the one that has traditionally been considered. The line between leaders and followers becomes less clear and more flexible, changing the role of leadership as a consequence.

The idea of leadership as a person may no longer be appropriate due to the highly collaborative, involved nature of the workforce; looking at leadership as a process may offer a better fit (Horner, 1997). As a review of several studies on effective leadership on a team-based organization Horner (1997) tends to highlight the importance of certain behaviors, such as developing shared knowledge among team members, acting as a mentor, providing information, promoting open communication, providing goals and allocating resources efficiently.

An effective team leader ensures that the team functions as a unit, pulling together the individuals involved, working with a common aim. Research studies tend to indicate that democratic styles of leadership are more likely to produce effective team performance, however different types of leadership are required at different stages of team development (Kanji and Moura, 2001).

### 4.2.5 Leadership within the Context of Learning Organizations

Senge (1990) emphasizes the role of leaders within the context of learning organizations. He believes that over the long run superior performance essentially depends on superior learning and stresses that learning must occur at every organizational level as an ongoing process. As he points out, the "old model" in which "the top thinks and the local acts" must give way to integrating thinking and acting at all levels. Therefore, he highlights the importance of viewing leadership as a creative and collective process, stating that “leadership in the future will be distributed among diverse individuals and teams who share the responsibility for creating the organization’s future (Senge, 1990).

Senge (1990) argues that the traditional view of leaders, as special people who set direction and make the key decisions, is rooted in a individualistic and non-systemic perspective that prevents collective learning from happen. In contrast, in learning organizations, leaders are expected to be designers (governing ideas, translating ideas into business decisions and fostering strategic thinking), teachers (or coaches, helping everyone in the organization to gain insightful views of reality) and stewards (serving the people they lead and the mission of the organization). These new roles demand new skills, namely the ability to build shared vision, to bring to the surface and to challenge prevailing mental models, and to foster more systemic patterns of thinking.

Identifying the need for organizational wide change and leading organizations through that change is widely recognized as one of the most critical and challenging responsibilities of organizational leadership (Stripeikis and Zukauskas, 2005).

Graetz (2000) goes as far as suggesting “Against a backdrop of increasing globalization, deregulation, the rapid pace of technological innovation, a growing knowledge workforce, and shifting social and demographic trends, few would dispute that the primary task for management today is the leadership of organizational change.

During times of change, it is important that the leaders of the organization create an atmosphere of psychological safety for all individuals to engage in the new behaviors and test the waters of the new culture. Individuals need to be involved in order to verify for themselves the validity of the new beliefs and values, to examine consequences for themselves as an individual and, to explore how they personally can contribute to the change effort. Leadership is essentially a process of social influence in which individuals want to feel included, supported and reinforced, especially during change. Relations between individuals and their leader will affect perceived leader effectiveness. For effective change to occur, top leaders must assume the role of chief architect of the change process which means the active engagement of top management is a must (Kavanagh and Ashkanasy, 2006).

Martin and Huq (2007) states that top management involvement, leadership, and support have been cited as the most important critical success factor during the implementation phase of an ERP project.

An enterprise resource planning (ERP) system is a packaged business software system that integrates core business processes such as logistics, financial planning, sales, order processing, production, and material resource planning and has the potential to link suppliers, customers, and business partners in order to integrate value chain activities.

ERP is often a dynamic process of mutual adaptation between IT and the surrounding organizational environment. The basic fact is that ERP implementation is often associated with substantial organizational change; however, people are the key to implementing all organizational change efforts and in fact, organizations do not change, people do. The new ERP system will require a change in the work behavior of people who will have to interface with the system and this will encourage peoples' resistance to the system.

Martin and Huq's (2007) proposition is that top management could become a better catalyst for successful ERP implementation by redesigning its work to concentrate on managing employee behavioral change by specializing its involvement on only cultural and environmental contextual factors. They are suggesting that attention to these two specialized factors will be necessary to start the change in the attitudes and behaviors of organizational members in order to increase their acceptance of and commitment to an ERP system. Furthermore, they feel that it is top management that is in the strongest position to use change management strategies to cause changes in these two factors.

One of the most recently used ERP assimilation process models by Loonam and McDonagh (2005) contains three phases, namely chartering, project, and shakedown. For the chartering project phase, top management has the major work responsibilities of developing and communicating the ERP change vision, the ERP strategy, long-term funding and resource commitments. Their major work responsibilities in the project phase include developing strategies to encourage positive attitudes toward the ERP project. The final phase, the shakedown phase, requires top management to work toward ensuring that the new ERP changes will be accepted and maintained as part of the organization's culture.

Essentially, conclusions from the ERP literature suggest that top management has the ability to affect organizational culture, organizational strategy, communication and reward processes, organizational structure and change, internal management styles and ideology as well as to shape relationships with external constituents via their ability to influence resource allocations. The literature also seems to conclude that top management may contribute to ERP implementation failure due to their lack of integration, lack of commitment, lack of leadership and inattention to dealing with ERP resistance implicit in the organization's culture.

### 4.3 Fragmented Business Process and Conflict

Many change programmes are unnecessarily fragmented, having failed to adopt a business process logic that lays stress on continuity. The lack of continuity between the people who set the strategy, design the new way of working, implement it, use it, then maintain or adapt it provides poor opportunities for learning and collaboration. One another disadvantage of fragmented systems of this kind is their excellence for generating conflict. It is very easy in such systems for one interest group to blame another for any failure or shortfall that may occur (Clegg and Walsh, 2004). While fragmented systems create *conflict*, this conflict is likely to lead to further fragmentation in the organization. Fragmentation will be magnified if one grouping's views on an issue, or series of issues, holds the dominant position. In such circumstances, the other groupings are more likely to focus on their own self-interests rather than show support for the ideas held by the dominant group. In short, the enemy is seen to be firmly within the organization (Wright et al., 2004).

## 4.4 A Purpose to Believe in

The lack of a purpose to believe in for the members of an organization is another reason for failure. Emily and Colin (2003) mentions that if employees working for an organization believe in an overall purpose of that organization, they will be happy to change their individual behavior to serve that purpose – indeed, they will suffer from cognitive dissonance – a theory by social psychologist Leon Festinger referring to distressing mental state that arises when people find that their beliefs are inconsistent with their actions - if they don't. Most probably, the first candidate for the above "purpose" is a shared vision (Senge, 1990; Covey, 1992; Kakabadse, 2002; Gill, 2003; Kotter, 1997).

## 4.5 Shared Vision

Kotter (1997) says that a shared vision clarifies the direction of change, motivates people to take action in the right direction, helps to align individuals, and coordinate their actions efficiently and he adds that for organizational change, only an approach based on vision works in the long term.

Senge (1990) sees vision as a driving force and states that "In a corporation, a shared vision changes people's relationship with the company. It is no longer "their company"; it becomes "our company". A shared vision is the first step in allowing people who mistrusted each other to begin to work together. It creates a common identity".

Gill (2003) claims that a vision is a desired future state: by definition, this is the basis for directing the change effort and a shared vision is the key to successful change.

Emotional alignment - the process by which everybody in the organization is mobilizing their energies towards the same goals – can be achieved by developing a vision of the future and crafting strategies to bring that vision into reality (Hooper and Potter, 2000).

A clear vision is required of what the company is and what it wants to become, and this needs to be regularly and continuously communicated to all staff. For example, regular meetings should be predicated on this vision, using common and consistent language, promoting trust and emphasizing mutual understanding. Such a vision can be seen, in chaos terms, as a strange attractor, providing the boundaries or limits within which the firm will operate, and providing guidance for devolved decision-making (Mason, 2009).

## 4.6 Effective Strategy

Without strategies for change, vision is a dream. That's why strategy setting deserved a wide area of interest in change management literature (Eden, 1993; Covey, 1992; Kotter, 1995a; Jackson, 1983; Lane, 2005; Mason, 2009).

Strategies are ways of pursuing the vision and mission; they are informed by vision, mission, and values. Strategic plans are roadmaps of a changing terrain in which a compass (vision) is needed (Covey, 1992). A key issue with the effectiveness of strategies is where their ownership lies and commitment to them: effective strategy development taps the wisdom of people in the organization (Eden, 1993). A different but complementary approach regarding strategy comes from Kotter (1995a) stating that an effective strategy for change entails creating a guiding coalition – putting together a group of people with enough power to lead the change – and getting it to work together as an effective team.

Within the boundaries of complexity theory approach, strategy-setting should be different, including both the traditional top down approach as well as a bottom up approach to incorporate the decentralized knowledge of staff at the coalface. Those at the coalface are more likely to become aware of changes and trends early, and pick up on the `weak' signals that hint at the initial conditions of a changing system.. Thus, strategy making should be seen as a continuous, emergent process, and not only as an annual planning process. Since this is contrary to the traditional strategy- making process, training in emergent strategy making would be necessary for managers involved in, or with responsibility for, strategy (Mason, 2009).

### 4.7 Empowerment

Bennis (1999) suggests that a shrinking world with increasing technological and political complexity offers fewer and fewer arenas for effective top-down leadership. The key to real change, he says, is empowered teams. Empowerment literally is giving people power. It is about making them able to do what needs to be done in the change process. In practice, empowerment is giving people the knowledge, skills, opportunity, freedom, self-confidence and resources to manage themselves and be accountable. Important aspects of empowerment are stimulating people's intellects and imagination, in particular their creativity in the change process, risk taking, and trust. Empowering people for action in part entails getting rid of obstacles to change, removing or changing systems or structures that undermine the vision, and encouraging risk taking, new ideas and innovative activities (Block, 1987; Kotter, 1995b).

### 4.8 Adaptability, Flexibility, and Alignment

In addition, two other factors that may lead to failure are the levels of adaptability and flexibility. Pegels (1995) defines flexibility and adaptability as the measure of a firm's ability to respond to market demands by changing over from one product to another through rapid production line changeover, with the ability to bring out new or redesigned products quickly in response to changes in customer tastes and demands. However, Tan and Tiong (2005) make a distinction between adaptability and flexibility. They define adaptability as the ability of the organization to respond to external changes in the market. On the other hand, flexibility is defined as the ability of the organization to make changes to the internal structure of the organization in response to changes. In addition to the above relationship with flexibility, adaptability has also a close relation with alignment which is mentioned in the previous section.

Gill (2003) argues that alignment is displayed by a shared understanding, common orientation, common values, and shared priorities. Adaptability is displayed by environmental sensitivity, tolerance for contrary views, a willingness to experiment, tolerate failure and learn from it, and the ability to respond quickly to change – organizational agility. Both alignment and adaptability are needed. This view is supported by a report by World Economic Forum (2000) stating: “alignment without adaptability results in bureaucratic, sclerotic organizations that *can’t get out of their own way* … Adaptability without alignment results in chaos and resources wasted on duplicate and conflicting efforts”.

### 4.9 Change Management Approach as Push Systems vs. Pull Systems

Most change initiatives are “push” systems in which senior managers and various types of expert push change initiatives into parts of their organizations. Clegg and Walsh (2004) argue that those undertaking change programmes may have much to learn by adopting a pull perspective. In this logic, the users – recipients of change in a nonhierarchical sense – of the new way of working are responsible for pulling through the changes that they need to undertake their work effectively. This “pull” system helps to increase user participation which, in turn increases commitment to change while decreasing resistance to change. Before analyzing the important phenomena of resistance to change and lack of commitment, user participation, or staff involvement deserves a special attention.

### 4.10 User Participation

User participation, including supportive organizational attitudes, values, behaviors, and commitment towards change processes is of crucial importance to implementation of organizational changes (Doe, 1994; Abbasi and Hollmann, 1993; Tan and Tiong, 2005;

Clegg and Walsh, 2004; Stripeikis and Zukauskas, 2005; Michel *et al*., 2010). The element of “User Participation” is also used in this research as a variable since it is commonly used under this name within the literature of change management. *User* might be defined as an employee, or a member of the organization,

Research has shown that about 90% of the time, attempts to implement change fail due to a failure to consider the impact of change on individuals (Doe, 1994). Hence, human factors become important grounds for consideration when planning for organizational change. Abbasi and Hollman (1993) make the point that participation involving representatives from the different segments of the organization brings commitment and makes it easier for change to be accepted. Without doing so constructive effort by users cannot emerge in order to turn resistance to action plans leading to effective change. Tan and Tiong (2005) believe that successful adaptation to change in the workplace requires the involvement of many people and the more support the staff gives to its top management for change implementation, the better will the organization cope with change. Going one step further, Clegg and Walsh (2004) believe that the mindset underlying the notion of user participation includes the seeds of its own downfall. As such, they prefer the notion of *user ownership* in a pull system. This replacement reveals how important involvement of staff is. Low levels of user participation like a non-existing shared vision is one of the most important sources of the lack of commitment.

According to Stripeikis and Zukauskas (2005), at the center of any serious change management initiative are the people. People define the organization’s culture, drive its performance, and embody its knowledge base. Recognizing the “people” element in these initiatives and implementing strategies to help individuals maximize their full potential in the new organization, is the key to a successful transformation.

The theory of the group engagement model (Tyler and Blader, 2003) explains how procedural justice is linked to cooperation in the context of organizational change. According to this model, procedural justice affects organizational identification, which, in turn, impacts employees’ cooperation, that is their supportive organizational attitudes, values, and behaviors. Procedural justice refers to the relationship between the employee and the organization as a whole and focuses on the fairness of decision-making processes (Michel et al., 2010) as well as the interpersonal aspects of procedures (Tyler and Blader, 2003). When individuals judge procedural fairness in the context of organizational change, they examine the extent to which change procedures related to communication and decision making are consistent, free of bias, accurate, correctable, representative and ethical. If employees perceive that their organization uses fair decision-making procedures, it is likely that they feel able to securely merge their identity with that of their organization (Tyler and Blader, 2003). Moreover, procedural justice tells employees that they are appreciated members of the organization, and that they can take pride in their organization. Because employees want to maintain and further develop their positive selfconcept, they are more likely to cooperate, contribute and engage in their organization when there is evidence of fair decision-making procedures. Furthermore, the model identifies that perceived procedural justice signals to employees that they are appreciated and respected members of the organization. Perceived appreciation and respect are likely to drive employees to be more strongly identified with their organization. As a result, employees are more likely to cooperate and contribute to its success (Michel et al., 2010).

When implementing key change initiatives, employee acceptance and support is crucial. The normative decision model (Yukl, 2002) outlines three decision procedures for determining employee participation levels:

- Autocratic: make the decision alone
- Consultation: secure feedback from subordinates, and then make decision alone.
- Group: consensus is reached on the best decision.

Eight situational variables serve as moderators on decision acceptance and quality (Yukl, 2002). These include:

1. The amount of relevant information possessed by leaders and subordinates
2. Likelihood of subordinate acceptance of an autocratic decision
3. Cooperation levels of subordinates if invited to participate

4. Levels of subordinate disagreement over alternatives
5. The level of creative problem solving ability required
6. An assumption that participation increases decision acceptance
7. The importance of the decision, and
8. The level of acceptance if subordinates are not involved.

Change management in technology-driven processes adds a level of complexity because of the technology involved and the difficulties of determining stakeholder readiness for adoption and understanding. There is tremendous potential for communication disconnect between systems designers and archival or agency users. The breakdown in information flow between stakeholders must be addressed. Training should reduce this syndrome of disconnection whether it is top-down or down-up directionally. This training should be undertaken immediately to reduce project risks identified in the change management plan. This should prove especially beneficial in addressing the problems of communication between stakeholders with distinct differences in knowledge of technology or engineering practices (Long & Spurlock, 2008).

A typical IT development and implementation process targets mainly business and technical issues. This is not incorrect; it is rather insufficient because it does not pay enough attention to stakeholders' issues and social processes which often are the main source of problems. In other words, the typical process shows how to manage the technical requirements, but it says little about how to manage the implementation process with stakeholders (Legris and Collerette, 2006). They propose a 5-phase model. These phases are preliminary analysis, system requirements, preparation, implementation of the new system, and consolidation. From the best practices of change management, and from field experiments, the most influential factors for an effective IT implementation were identified for each phase of an IT project. They are not same at each step and their relative importance varies with situations. For each phase, a guideline summarizes, in no specific orders, the key factors. Although the factors are presented in a linear format, in fact they interact in a dynamic manner; and the important thing is not their sequence, but their degree of achievement. The logic of the model is that the more the key factors are present at a given phase, the stronger is the ground to carry on with the following phase. It is assumed that moving to the next phase without having met fair conditions at the current phase increases the likelihood of failure.

As numerous works in the change management literature have pointed out “buy-in” by constituents is crucial for change to succeed (e.g. Kotter, 1996; Quinn, 1996). As such, previous theories of sensemaking regarding strategic change need to be complemented by a better understanding of “sensegiving” (Gioia and Chittipeddi, 1991), the latter referring to the processes by which strategic change is framed and disseminated to an organization’s constituents. Since strategic change generally involves the reordering of priorities and the disruption of established relationships, such change tend to be controversial- both internally and externally- and almost always presents a justification problem.

Fiss and Zajac (2006) employ the concept of “framing” to examine how organizations present strategic change to key stakeholders and what factors determine the choice of different framing approaches. The concept of framing has mostly been used to refer to cognitive processes by which managers understand and enact their organizational environment. Frames simplify and condense the “world out there” by selectively punctuating and encoding events in order to render them meaningful keeping some elements in view while hiding others. For the literature on strategic change, the concept of framing provides an attractive approach for understanding the process of sensegiving, particularly when such change may be highly controversial. By framing strategic change and thereby articulating a specific version of reality, organizations may secure both the understanding and support of key stakeholders for their new strategic orientation.

As an example of a framing approach; in framing a strategic shift toward shareholder value management, Fiss and Zajac (2006) found out that German firms utilized two different framing approaches:

- An *Acquiescence* frame implies that an organization is consciously obedient to norms and institutional processes. Regarding a shareholder value orientation, use of this frame means a firm publicly expresses its acquiescence to the globally diffusing standard model of shareholder-oriented governance. Indeed, in using an acquiescence frame, the firm shows it is eager to demonstrate its compliance with a moral order that places the demands of shareholders first.
- However, not all corporations resorted to an acquiescence framing that indicated full compliance with a strategy of placing shareholders first. Instead, a number of firms deviated from the standard model by resorting to a *balancing* frame, seeking to accommodate the diverging interests of different constituents.

Organization development theorists and practitioners exhibit a strong normative bias toward involvement and participation as the solution for organizational change related problems (Doe, 1994; Abbasi and Hollman, 1993; Tan and Tiong, 2005; Gill, 2003; Kotter, 1995a; Kubr, 1996). It appears, however, that while participation does increase a sense of ownership in the change, in far too many instances such participative strategies either waste critical resources by unnecessarily involving people or take a limited view of the participation necessary for success. In essence, many of participation-based solutions either go too far or not far enough (Kerber and Buono, 2005). As Beer and Nohria (2000) argue, as many as 70% of major change efforts fail to achieve their stated objectives despite good intentions to involve people in the change process.

Decentralized decision making is essential in turbulent environments. Staff members should be given responsibility and authority over matters at their level of operation. This would encourage the innovation and proactiveness required of an entrepreneurial orientation, allowing market leadership, technological developments and risk taking to emerge when required. In complexity terms, this will permit the staff in the firm to self-organize and respond spontaneously to changes in the environment, and thereby keep pace with rapid change (Mason, 2009).

## 4.11 Lack of Commitment

User participation (Bennis, 1999; Legris & Collerette, 2006; Buono & Bowditch, 1989; Dess & Picken, 1999; Heliste & Karhunen & Kosonen, 2007; Hersey & Blanchard, 1969), Lack of commitment (Gill, 2003; Alas, 2009; Morrow, 1983; Blau, 1986), and resistance to change (Dalton & Kennedy, 2007; Wright & van der Heijden & Bradfield & Burt & Cairns, 2004; Kubr, 1996; Kavanagh & Ashkanasy, 2006; Long & Spurlock, 2008) are all interconnected concepts within change management framework and they all reveal the importance of human side which has a wide range of attraction among many researchers.

If a change initiative deals with only one aspect of an organization's functioning without regard to their implications for other aspects, it naturally causes unforeseen and unacceptable disruption. Accordingly, emerging lack of compelling evidence for the benefits of the change for the organization as a whole eventually leads to lack of commitment. Lack of commitment may also be due to lack of communication or inconsistent messages and the resulting misunderstanding of the aims and process of change. It shows itself in objections, unwillingness to consider options or look at process issues, and the use of "hidden agendas" or delaying tactics (Gill, 2003).

In order to implement changes in transforming economies according to rules and plans, which have worked in established capitalist countries, may not give desired result: people are different. Therefore this is important to study people attitude towards changes. The readiness factors act like a bridge between identifying what needs to happen and the activity of implementing the change (Alas, 2009).

## 4.12 Resistance to Change

The organizational response to change is seldom easily determined; change frequently means different things to different people. Organizational change management strategies must include some certain criteria that will meet with higher levels of employee satisfaction and acceptance in order for successful change (Long & Spurlock, 2008).

As social systems comprising work, people, formal and informal systems, organizations are inherently resistant to change and designed to neutralize the impact of attempts at change. Consideration of the human factors involved should guide the implementation of any change process mainly because of this cognitive structure (Kavanagh and Ashkanasy (2006).

Resistance to change is a common phenomenon. Kubr (1996) provides a good account of why people resist change. The most powerful forces of resistance to change are emotional like dislike of surprises, lack of self-confidence (Vithessonthi & Schwaninger, 2008), and confidence in others, self-interest and shifts in power and influence, sceptism as a result of the failure of previous change initiatives. A cognitive and behavioral reason is lack of know-how. A lack of conviction that change is needed – questioning the meaning and value of the change for individuals – inevitably leads to a lack of motivation to change. This claim supports Kotter (1995a) who suggests that the starting point in a successful change process is attaching a sense of urgency and importance to change together with creating dissatisfaction with the status quo and an understanding of the need to change. Without doing so, it is clear that it is hard to provide any conviction.

McConnell (2002) theorized that resistance to change is developed from a sense of helplessness in the presence of circumstances beyond one's control. This theory supports Clegg and Walsh (2004) arguing that resistance to change is one of the few ways in which recipients of change can exert some control where changes are pushed at them at the end of a fragmented process, and where they have little influence over, and control of, change.

Human resource management research has long included ideas that relate employees' self-confidence in their ability to learning and development on the one hand to work performance on the other. Research into self-confidence for learning and development suggests that humans have different beliefs about the factors responsible for what happens to them. Individuals with an internal locus of control consider what happens to them as determined by factors under their control; on the other hand, individuals with an external locus of control consider what happens to them as determined by factor outside their control (Vithessonthi & Schwaninger, 2008).

Self-confidence for learning and development continues to receive increasing research interest, possibly due to its importance for employees' work performance. It is however an under-researched topic, particularly when it comes to the role that self-confidence for learning and development plays in employees' reaction to organisational change. In the literature, self-confidence is also known as self-efficacy (Maurer, 2001; Bandura, 1997).

There has been a growing awareness in the organisational psychology literature that self-efficacy is a key determinant of individuals' intention and choice to pursue an activity (Bandura 1997). For instance, empirical research examining the roles of entrepreneurial self-efficacy suggests that there is a positive relationship between entrepreneurial self efficacy and entrepreneurial intentions (Zhao, Seibert, and Hills 2005). Self-efficacy has been defined as beliefs or perceptions that one possesses the ability to complete a certain task (Vithessonthi & Schwaninger, 2008). In addition, Bandura (1997) suggests the notion that self-efficacy has three levels: (1) task specific self-efficacy; (2) domain self-efficacy; and (3) general self-efficacy. This categorisation however is not helpful in the context of our article which aims to explain differences in the level of support for organisational change. In the literature, there is a distinction between self-efficacy for development and learning and self efficacy for performance (Maurer 2001). According to Maurer (2001), self-efficacy for development and learning refers to one's (self-)confidence in developing skills and learning new things, whereas self-efficacy for performance refers to one's confidence in performing a task for which one already possesses the skills required to perform it.

Vithessonthi & Schwaninger (2008) claimed that employees with high levels of self-confidence for learning and development tend to feel more comfortable with organizational change than those with low levels of self-confidence for learning and development. Because employees' self-confidence for learning and development is likely to influence the degree to which employees actually learn and develop, low levels of self-confidence for learning and development may cause employees to be afraid of potential failures to perform in a new work environment, because of their limited capability to learn new knowledge and/or develop new skills. Therefore, it is unlikely that they will support the change. On the other hand, employees with high levels of selfconfidence for learning and development tend to consider learning new skills resulting from organisational change as achievable. In this view, they may see the change as an opportunity to improve their career prospects rather than a threat, leading them to support the change.

According to Long and Spurlock (2008), the dynamic changes resulting from the implementation of new technology can impact organizational culture. Resistance to change may result from several factors. Long-standing organizational traditions and work processes have the benefit of familiarity. Even if they are no longer effective, the work processes are familiar and there is a level of resistance due to the move outside of organizational norms and comfort zones. Resistance may also result from fear of disruption caused by the introduction of the new technology and its impact on organizational structure and staffing patterns (Allen, 1991).

Organizational communication is considered a key to managing change. Leadership teams must determine the nature and timing of this communication and the level of employee participative decision making (Allen, 1991). Teams should also consider the organizational culture and its impact on organizational learning. Differences between national cultures can impact resistance to change as well. This is especially critical in cases where international partnerships are of planned nature.

Rather than dismissing or berating active resistors, the literature suggests that harnessing the strong emotions and values displayed, and converting these individuals to proponents of change can be an asset to organizational innovation and effectiveness (Jick, 1993).

Connor (1995) lists nine common factors that impact resistance to change. These are:

1. Lack of trust
2. Belief that change is unnecessary
3. Belief that change is not feasible
4. Economic threats
5. Relative high cost
6. Fear of personal failure
7. Loss of status and power
8. Threat to values and ideals
9. Resentment of interference

**4.13 Values, Culture, and Openness to Change**

Organizational values and culture within the context of change management are being studied for a couple of decades (Pettigrew, 1979; Schein, 1985; Schein, 1992; Kavanagh & Ashkanasy, 2006; Martin & Huq, 2007).

All organizations need to change and develop if they are to remain competitive and satisfied clients' ever increasing expectations. The need to change is usually driven by external factors such as new legislation or increased competition, or internal factors such as the implementation of new technologies. However, the implementation of change is a complex process that is not always successful mainly due to poor communications or an underestimation of the amount of retraining required. Although new work processes and procedures can be introduced over relatively short time frames, organizational culture may also need to change inline with the work processes, which may take considerable longer than at first envisaged (Price and Chahal, 2006).

The anthropologist Kluckhohn (1949) defined culture as the set of habitual and traditional ways of thinking, feeling, and reacting that are characteristic of the ways a particular society meets its problems at particular time.

Selznick (1957) highlighted the difference between organizations and institutions, stating that the term organization "suggests a certain bareness, a lean, no-nonsense system of consciously coordinated activities. It refers to an expendable tool, a rational instrument engineered to do a job. An institution, on other hand, is more nearly a product of social need and pleasures-a responsive adaptive organism.". More recently, Huczynski and Buchanan (2001) defined an organization as a social arrangement for achieving controlled performance in the pursuit of common goals.

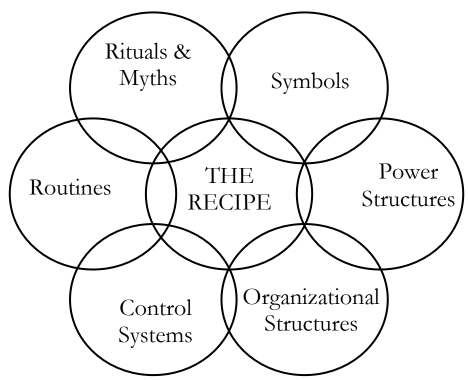
Kroeber and Kluckhohn (1952) identified over 160 definitions of culture; consequently, there is little agreement on what the term means and how it can be measured. Pettigrew (1979) was one of the first to use the term "organizational culture"; it was however Brown (1954) who provided perhaps the first step to towards, defining organizational culture: "the culture of an industrial group derives from many sources: from class origins, occupational and technical sources; the atmosphere of the factory which forms their background; and finally from the specific experiences of the small informal group itself. Some of its more important manifestations may be classed as: occupational language; ceremonies and rituals; and myths and beliefs. Selznick (1957) recognized the need to consider cultural aspects in the study of organizational performance. More recently Kotter (1996) emphasized culture as key to improving performance.

Schein (1985) developed a three-stage life-cycle model of organizational culture change-birth and early growth; organizational midlife; and organizational maturity-with each stage having its own culture supporting different functions. Schein (1992) subsequently defined organizational culture as a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.

Many factors affect organization culture: organizational symbolism, legends, stories, myths and ceremonies. Identifying the key dimensions is crucial to defining and measuring organizational culture (Brown, 1954). Figure 4.2 illustrates how different aspects interact to create an overall cultural belief (Beartwell and Holden, 1997).

More recently, Torrington and Hall (1995) defined organizational culture as the characteristic, spirit and belief of an organization demonstrated, for example, in the norms and values that are generally held about how people should behave and treat each other, the nature of working relationships that should be developed and attitudes to change. These norms are deep, taken for granted assumptions that are not always expressed, and are often known without being understood.

Figure 4.2 The Cultural Web of an Organization




"Change ready" cultures are built on the visions of the organization's leadership and the responsiveness of the employees and other stakeholders. The stronger the level of change required, the more apparent the inherent trust (or distrust) of the employees for top management becomes (Long & Spurlock, 2008).

O'Toole (1995) suggests that *trust* – the organizational characteristic that provides the "glue" in uniting people – emanates from leadership based on shared purpose, shared vision, and especially shared values. Tan and Tiong (2005) claims that often, the key to overcome resistance is to encourage a culture of openness to change. This is accomplished by encouraging staff participation and commitment via having adequate communication channels to educate, and providing pertinent information about the change. Therefore, openness to change is a crucial factor that may influence the level of coping and success of organizations. Besides, business organizations that are more open, less resistant to change and more willing to implement change also cope better than organizations that are less receptive to change. Without doubt, openness to change or a proactive climate is a matter of organizational culture. The Culture-Excellence approach to organizations equates organizational success with the possession of a strong, appropriate, organizational culture. Proponents of this approach argue that to survive, organizations needed to reconfigure themselves to build internal and external synergies, and managers needed to encourage a spirit of innovation, experimentation, and entrepreneurship through the creation of strong, appropriate organizational cultures (Collins, 1998; Kanter, 1983; Peters and Waterman, 1982; Wilson, 1992).

In any particular case the management culture of an organization will be an interaction between different spheres of culture at the sub-organizational, corporate, national, even global levels. How societal culture interfaces with corporate culture is complex and the influence may not just be one way. Certainly larger spheres of culture will have a differential effect at the corporate level depending on the type of business, the age of the workforce, the exposure of senior managers to outside influences, organizational values, traditions, and ideologies (Dalton and Kennedy, 2007).

Investigating an association between organizational culture and ERP implementation has been dealt within the ERP literature. One obvious conclusion reached in this literature is that organizational culture is an important issue in successful ERP implementation and that organizational members, including top management, must recognize that the organization's culture will affect ERP adoption and in turn, the ERP system will impose its own logic back on the organization's culture (Baghci 2003). A second conclusion is that leadership affects organizational culture and without appropriate leadership to affect culture the risk of ERP failure increases Shore (2005).

Clearly, ERP requires a cultural transformation and top management needs to understand the pervasive culture so that systematic change efforts can be made to establish the new cultural standards. An established organizational culture with shared values and common aims of being open to change, emphasizing quality, and having a strong willingness to accept new technology will aid ERP implementation efforts (Martin and Huq, 2007). An organizational culture possesses a set of learned consequences based on behaviors and therefore, changing culture can only be done when organizational members learn new sets of behaviors.

There is an underlying psychology for understanding how to change human behavior and it takes an internal (person) as well as external (environment) perspective. Top management's strategic actions taken with respect to the organizational culture are intended to change behavior from the internal perspective. This perspective considers factors inside the person to understand behavior and that people's behavior is best interpreted after understanding their thoughts, emotions, feelings, past experiences, needs, and values. Second one is external perspective where top management needs to specialize its involvement actions on environmental contextual factors. This external perspective to understanding human behavior focuses on factors outside of the person. Human behavior, from this perspective, is best understood by examining the surrounding external events, consequences of behavior, and environmental forces to which a person is subject like organizational funding and resources, production plans and vendor selection, decision-making delays and conflicts, market driven strategy planning, in-house technical expertise and consultancy needs and relationships, etc..

### 4.14 Optimism

Optimism is another key factor for organizational change. McConnell (2002) asserts that organizations cope better with change when a positive culture of making change work is created, by acknowledging what can not be controlled and taking ownership for what is controllable. In this sense, it can be claimed that optimism is also closely related to organizational culture and openness to change. Tan and Tiong (2005) support the importance of optimism by defining optimism as one of the positive coping strategies in the context of uncertainties and stress during change which is a view in parallel to one of the general principles about change of Mallak (1998).

### 4.15 Organizational Skills and Capabilities

Emily and Colin (2003) argues that many change programmes make the error of exhorting employees to behave differently without teaching them how to adapt general instructions to their individual situation. Without improving organizational skills including basic business skills like manufacturing, marketing and managerial skills like strategic planning, people development it is impossible for the recipients of change to adapt to new state. New organizational skills and capabilities are usually needed to make a new vision work (Phillips, 1983).

Human resource activities become critical if a firm is to trust and rely on its staff to self-organize, handle devolved responsibility and authority, and to `use their brains'. Selection and recruitment, training and development, and motivation are important to ensure that staff capable of handling this responsibility are employed. Because of rapidly changing environments, expertise and experience are essential to be able to adapt to these changes without having to relearn for every decision. Therefore, every effort must be made to maintain corporate knowledge by reducing the turnover of staff. In fact, the levels of expertise and experience should be grown through job security, training and development and job rotation (Mason, 2009).

### 4.16 Political Relations in Organizations

Political aspect of a change initiative is another factor that affects the rate of failure. Fundamental change depends on the activities of a potent core group of people convinced that the company must change. In most cases, this committed group is quite small at the beginning of the change initiative though more supporters may be required to move further in a large organization with diffused authority. Before starting to develop a specific commitment to change, there should be at least two or three top managers with a strong sense of concern and some predisposition to change – even when the driving force comes from below (Phillips, 1983). This means that political support from top management including board members and senior managers is a must to make progress in managing change. Without the political support engendered by the commitment of the potent core group, organizational or personal conflict leading to resistance to change and stress may suffocate change efforts.

Besides, it is very probable that there will be some advantages of change to some groups within the organization and some disadvantages to another group within the organization. This might be in a context of power shift. Political relations and power are two very closely interrelated concepts. Sense of losing power definitely creates discomfort, unhappiness, or skepticism about the future benefits of change.

### 4.17 Motivation and Inspiration

Job motivation has emerged as one of the most important factors influencing a variety of work-related variables (Jalajas and Bommer, 1999; Vithessonthi & Schwaninger, 2008).

Many studies in the field of change management suggest that job motivation is positively related to organisational commitment (Morrow, 1983), work performance (Jalajas and Bommer, 1999), commitment (Jalajas and Bommer 1999; Morrow 1983). Research on the effect of job motivation on employee absenteeism suggests that the two variables are negatively correlated (Blau, 1986). When employees have high job motivation, they are likely to show better adaptive responses to any change in the organisation (Vithessonthi & Schwaninger, 2008).

Broadly speaking, managers, acting on behalf of the firm, might make decisions that affect the job motivation of employees which in turn affects their attitudes and behaviours toward the decisions. If we apply the same basic rationale to the question of how job motivation would affect absenteeism, organisational commitment and work effort; it is plausible that job motivation will be able to influence employees' support for organisational change pursued by a firm. Now, let us consider an organisation change from which only benefits to a firm and its employees will result. All employees must support the change in order for any of them to derive the benefits. Thus, there is an incentive for employees to try to support the firm's implementation of the change in an effort to reap private benefits. In such a situation, employees are likely to be motivated to support the change. However, employees with higher levels of job motivation are likely to provide higher levels of support for change.

Scholars distinguish two types of motivation: intrinsic motivation refers to the relationship between employees and their job itself and is derived from within the individuals or from the activity related to the job itself; and extrinsic motivation applies to the relationship between individuals and externally administered rewards (Hui and Lee 2000) such as pay. It can be suggested that key characteristics that induce intrinsic motivation include task variety, task significance, task identity, and task feedback.

It is logical to argue that the more job motivation a person has, the greater his/her effort to adapt to organisational change, and the greater her support for change. Employees are likely to ascertain that their job motivation and work effort are aligned; the alignment process might have some implications for their decision. For example, if employees have low job motivation, it should be relatively more difficult to increase their support for change and build trust between managers and employees in the context of downsizing. On the other hand, employees with high job motivation are more likely to be adaptive to and support downsizing, other things being equal (Vithessonthi & Schwaninger, 2008).

Change requires learning new skills, therefore demands a certain effort from employees. In order to use their energies for this purpose employees should be motivated to maintain their position and membership in a certain organization (Alas, 2009).

Effective leaders motivate and inspire people to want to do what needs to be done. Here, *motivation and inspiration* come into picture as important factors for change management. Motivation and inspiration arise from alignment of organizational goals with individuals' needs, wants, values, interests and aspirations, and from the use of positive and appealing language (Gill 2003). In addition to these, Kotter (1995a) claims that motivation also arises from short-term wins.

# Chapter 5

## Theoretical Framework And Scientific Research Design

Many researchers used different change factors to create different change management processes. Whelan-Berry and Somerville (2010) clarified organizational change process steps, like the ones explained in Section 3, found most frequently in the literature as developing a clear, compelling vision, moving the change vision to the group level, individual employees' adoption of the change, sustaining the momentum of the change implementation and institutionalizing the change.

However, after an extensive literature survey, it is found out that there are many important factors to be taken into consideration during change management process. These factors that are associated to change management literature, and as revealed and explained in Section 4, are: Effective leadership, effective management and planning, fragmented business process and conflict, a purpose to believe in, shared vision, effective strategy, motivation and inspiration, empowerment, adaptability, flexibility, and alignment, change management approach as "push" or "pull" system, user participation, lack of commitment, resistance to change, values and culture, openness to change, optimism, organizational skills and capabilities, and political relations.

At the very beginning stage of the statistical analysis, all of the above factors associated to change management literature are chosen to be the independent variables that might have a significant effect in success or failure in change management initiative. However, it is obvious that it is almost impossible to create a new model for change, make appropriate analysis and achieve intuitive findings out of this model with that many variables.

So, in order to construct the new model for effective change management, one of the most important steps to be completed is to identify the key variables of interest among the factors explained in Section 4, not only because of the difficulty to create a model with 24 factors effecting change initiatives but also because of the difficulty to collect data via a questionnaire consisted of more than 100 questions.

Before getting into detail for this filtration process, it is essential to summarize the key points regarding the scientific design of this research.

## 5.1 Scientific Research Design

### 5.1.1 Basic Facts of the Study

As explained in Chapter 1, The purpose of this study is to reveal the most important factors existing in change management literature and bring the key variables of interest together to construct a model for change. According to this, this study has both *Exploration* purpose, in finding out the factors, and *Hypothesis Testing* purpose, in order to be able to create the model.

The type of investigation is establishing *Correlations* between key variables of interest in change management instead of establishing a single *Cause and Effect* relationship. Of course every correlational relationship has a meaning and a direction of influence that can be interpreted by the help of management theory. In that sense, this research is a *Correlational Study*.

This research is done in a *Non-contrived Setting* with *Minimal Interference* with the normal flow of work where no manipulation, or control, or simulation take place.

The time horizon of the study is a one-shot, *Cross-Sectional* and does not have any *Longitudinal* purpose.

*Unit of Analysis*, or population to be studied, are *Individuals*, namely top managerial executives who are directly involved and generally leading the change initiatives.

### 5.1.2 Data Collection Method

A concrete Probability Sampling Method is not utilized in this research. Instead, *Purposive Sampling Method*, which is a Non-Probability Sample that conforms to certain criteria, is utilized.

In this research, *Questionnaires* are used as the data collection method. In order to have higher validity as well as reliability values a multi-step method is used instead of utilizing a single-step questionnaire. First questionnaire intends to reveal the key variables of change out of twenty four factors of change in Chapter 4. Second step with two pilot tests intend to refine the final questionnaire as much as possible. And third questionnaire is the final one that is carried to further analysis and hypothesis testing.

For the First and Second Questionnaire, the *Criterion*, as a Purposive Sampling Method, is having a manager or higher level status in organizations letting the participants to be decision makers and implementers of organizational changes. For the final, third questionnaire, the criterion is having a CEO, or GM level status at a company listed at Capital 500.

Out of two purposive sampling method alternatives, *Judgmental Sampling* is selected to be utilized. Cooper and Schindler (2003) stated that carefully controlled Non-Probability Sampling often seems to give acceptable results and when its procedures satisfactorily meet the sampling objectives beyond this methods' cost and time advantage.

By utilizing judgmental sampling, the target is to reach as many top managers as possible from diverse sectors via personal connections in order to minimize the bias, and also possible distortions of findings generated from the sample. This method is utilized for all steps of the data collection process including the final questionnaire. That is the main reason why Capital 500 listed companies' CEO level is selected as the target population to be studied since these companies have the highest level of yearly turnovers, from all sectors, all sizes, with geographical varieties and with different demographics of their CEOs. In other words, Capital 500 List is not consisting of companies from a single sector, a specific category for the number of employees, or a specific region that might create bias during the research quantitative analysis.

The *sample size* for each and every step is as follows: The first questionnaire has 183 mid or higher level of manager respondents. The first pilot test of the second questionnaire has 122 mid or higher level of manager respondents. The second pilot test of the second questionnaire has 80 mid or higher level manager respondents. Finally, the third questionnaire response rate is 38% out of 500 CEOs leading Capital 500 Listed companies, as the population in the study, reaching 190 respondents.

**5.2 Theoretical Framework**

As it is explained in the beginning part of Chapter 5; it is not possible to make an appropriate analysis with all of the factors listed in Chapter 4. Therefore, it was crucial to filter these factors and reach out to the most important ones with a limited number of factors that can be carried to further statistical analysis.

One of the methods to achieve this would be to select the key variables of interest on the researcher's discretion. However, in order to avoid any kind of bias or any possible inappropriate selection, it is more objective to utilize a filtering and refining step to the data collection method. It is more appropriate to make this via the practitioners of change initiatives in business environment.

Keeping the facts explained in previous section in mind, as a first step out of the three-step data collection method, the above factors, explained in Chapter 4, are asked to mid-higher-level managers, as the decision-makers of change initiatives, regarding their level of importance and effect on the successful implementation of change. This first questionnaire out of three-step questionnaire data collection process is attached at the Appendix Chapter.

### 5.2.1 Filtration Analysis of the Twenty-Four Change Factors

As mentioned in the Section 5.1.2, the first step of this research sample does comprise 183 professionals consisting of presidents, board members, CEOs, managing directors, assistant general managers, directors, and managers of several organizations. These organizations range from large-size multinationals to local small and medium size companies and non-profit organizations. By doing so, it is achieved that the sample consists of medium, medium-top, and top management executives together with leaders of the organizations, and it becomes much easier and more accurate to gather and distill data directly from the founders and implementers of change.

The sample for the first questionnaire aimed to minimize any kind of bias mainly caused by the personal demographics profile and the position within the company of the managers as well as their corporate details like the sector they operate in, the size of the company. Here the aim is to support researcher's discretion in selecting the most important variables to be carried into the new model with a set of data gathered as objective as possible and as far from bias as possible.

Table 5.1 The Frequencies of the Sample Related to Age

| | Frequency | Percent |
|---|---:|---:|
| <30 | 62 | 33,9 |
| 31-40 | 95 | 51,9 |
| 41-50 | 19 | 10,4 |
| 51-60 | 6 | 3,3 |
| >61 | 1 | ,5 |
| Total | 183 | 100,0 |

The “age” frequencies of the sample is summarized in Table 5.1. As can be seen from the table, the distribution of the sample according to their ages is parallel to the corporate life averages.

Table 5.2 The Frequencies of the Sample Related to Gender

| | Frequency | Percent |
|---|---|---|
| Male | 121 | 67,6 |
| Female | 58 | 32,4 |
| Total | 179 | 100,0 |

Table 5.2 reflects that almost 68% of the sample is male whereas 32% of the managers in this study is female.

Table 5.3 The Frequencies of the Sample Related to Education Level

| | Frequency | Percent |
|---|---|---|
| <High School | 1 | ,5 |
| High School | 13 | 7,1 |
| University | 129 | 70,5 |
| Masters | 39 | 21,3 |
| Doctorate | 1 | ,5 |
| Total | 183 | 100,0 |

As expected, the education level of the sample for University, Masters and Doctorate is very high reaching more than 92%.

As can be seen from Table 5.4, respondents are employed in eighteen different sectors meaning that there is not a majority for any sector that can create a sectoial bias. The main sensitivity regarding this sectoral bias is the different characteristics of some sectors in terms of their level of being, innovative, dynamic, conventional, traditions, regulation fragility, entry and exit difficulties, etc.. The highest portion for the sample is coming from Telecom sector with 18.1%.

Table 5.4 The Frequencies of the Sample Related to Sector.

| | Frequency | Percent |
|---|---|---|
| Food | 11 | 6,0 |
| Agriculture | 1 | ,5 |
| Telecom | 33 | 18,1 |
| Retail | 4 | 2,2 |
| Energy | 10 | 5,5 |
| Textile | 1 | ,5 |
| Metal Goods | 1 | ,5 |
| White Goods | 32 | 17,6 |
| Automotive | 11 | 6,0 |
| Advertising | 4 | 2,2 |
| Service | 9 | 4,9 |
| IT Internet | 13 | 7,1 |
| Finance | 30 | 16,5 |
| Industrial prod. | 12 | 6,6 |
| Non-Profit Org. | 1 | ,5 |
| Pharmaceutical | 4 | 2,2 |
| Medical&Health | 3 | 1,6 |
| Cosmetic | 2 | 1,1 |
| Total | 182 | 100,0 |

Table 5.5 clearly exhibits that all respondents have manager and higher level positions in their companies. Respondents who have a higher position than manager position reaches 16%.

Table 5.5 The Frequencies of the Sample Related to Position

| | Frequency | Percent |
|---|---|---|
| Chairman & MoB | 6 | 3,3 |
| CEO | 1 | ,6 |
| GM | 7 | 3,9 |
| Asst GM | 15 | 8,3 |
| Manager | 151 | 83,9 |
| Total | 180 | 100,0 |

The size of the companies at which respondents are working is another key parameter. As can be seen in Table 5.6, the companies which have 250 or more employees have a ratio of 43.4%.

Table 5.6 The Frequencies of the Sample Related to No. of Employees

| | Frequency | Percent |
|---|---|---|
| 1-9 | 3 | 1,6 |
| 10-49 | 48 | 26,4 |
| 50-99 | 34 | 18,7 |
| 100-249 | 18 | 9,9 |
| >250 | 79 | 43,4 |
| Total | 182 | 100,0 |

The descriptive statistics of the 24 factors in the questionnaire, effective on the successful implementation of change, are presented in Table 5.7. The main point of interest in this table is the mean values of the importance of each factor during change management process. The higher the mean value of a factor, the more important and more effective it is on the successful implementation of change. The ones with mean values higher than 5,0 are reconsidered and a further appropriate selection is made to decide for the ones to be included in the new model. Afterwards, these selected factors are carried to the second step questionnaire for further and deeper research and analysis. The ones with mean values lower than 5,0 are dropped at this point of time from the research and left to the literature for further research.

According to the mean values of the factors under consideration, it can be seen that all of the 24 factors are accepted as more important and effective than the mid-point value which is 3.5. These findings out of 183 professional perspectives approve the change management literature revealing the above 24 factors of successive change initiative. However, there are only 7 factors, presented in Table 5.7, whose mean values are higher than 5.0. That’s why, 17 factors left with mean values lower than 5.0 are dropped at this stage of the research and left to the literature for further research as mentioned before.

Table 5.7 The Descriptive Statistics of the Twenty-Four Factors

| | N | Min | Max | Mean | Std. Dev. |
|---|---|---|---|---|---|
| Effective Leadership | 183 | 1.00 | 6.00 | 5.58 | 0.73 |
| Human Factor | 179 | 2.00 | 6.00 | 5.31 | 0.87 |
| Organizational Culture and Values | 178 | 2.00 | 6.00 | 4.80 | 1.00 |
| Organizational Agility | 181 | 2.00 | 6.00 | 4.97 | 0.93 |
| Effective Management | 180 | 3.00 | 6.00 | 5.44 | 0.69 |
| Political Relations in Organizations | 183 | 1.00 | 6.00 | 4.25 | 1.20 |
| Shared Vision | 183 | 1.00 | 6.00 | 4.96 | 1.02 |
| Resistance to Change | 179 | 1.00 | 6.00 | 4.48 | 1.30 |
| Effective Planning | 181 | 2.00 | 6.00 | 5.29 | 0.80 |
| Shared Strategy | 178 | 3.00 | 6.00 | 5.06 | 0.88 |
| Organizational Openness to Change | 181 | 2.00 | 6.00 | 4.99 | 0.95 |
| Organizational Adaptability | 179 | 1.00 | 6.00 | 4.89 | 1.02 |
| Organizational Skills and Capabilities (i.e. education. etc..) | 179 | 2.00 | 6.00 | 4.68 | 0.93 |
| Motivation | 180 | 2.00 | 6.00 | 5.04 | 0.88 |
| Lack of Commitment Within the Organization | 181 | 1.00 | 6.00 | 4.69 | 1.14 |
| Organizational Flexibility | 182 | 1.00 | 6.00 | 4.41 | 1.06 |
| Organizational Optimism | 182 | 1.00 | 6.00 | 4.21 | 1.06 |
| Organizational Conflict | 179 | 1.00 | 6.00 | 4.28 | 1.10 |
| Empowerment | 181 | 2.00 | 6.00 | 4.55 | 1.02 |
| Change Management Approach (i.e.Push vs. Pull systems) | 183 | 2.00 | 6.00 | 4.85 | 0.93 |
| Organizational Alignment | 183 | 2.00 | 6.00 | 4.80 | 0.96 |
| Shared Purpose to Believe in | 181 | 2.00 | 6.00 | 4.91 | 0.98 |
| Fragmentation Due to Non-integrated Business Processes | 180 | 1.00 | 6.00 | 4.42 | 1.04 |
| User Participation Within the Organization | 183 | 2.00 | 6.00 | 5.20 | 0.85 |

### 5.2.2 Key Variables for Further Analysis

Seven key factors, which are summarized in Table 5.8 with highest importance rates are revealed by first questionnaire. These are: Effective Leadership, Human Factor, Effective Management, Effective Planning, Shared Strategy, Motivation and Inspiration, and User Participation.

In order to avoid overlapping factors, four of the above factors are taken into the new model for effective change management and the new model is constructed as presented in Figure 5.1 together with the inclusion of "Effective Change" as the dependent variable. These four factors which are carried into the new model as the independent variables are: Effective Leadership, Effective Management, Motivation, and User Participation. The reason for the selection of these four factors out of the seven factors listed in Table 5.8 is explained in the next Section.

Table 5.8 The Seven Key Variables of Interest with Mean Values Higher than 5.0.

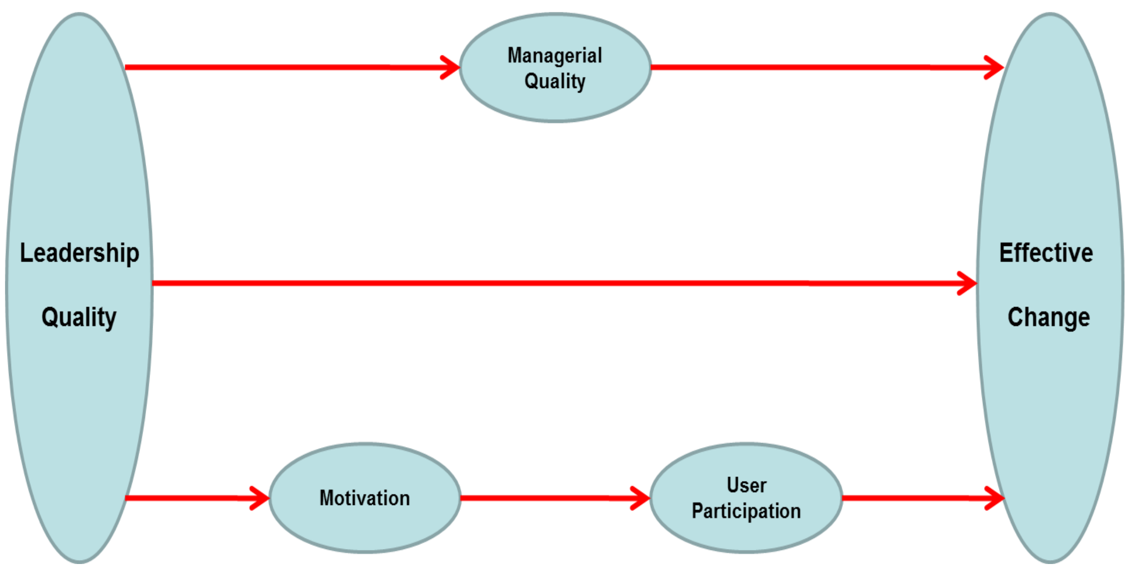
| Descriptive Statistics | | | | | |
|---|---|---|---|---|---|
| | N | Minimum | Maximum | Mean | Std. Dev. |
| Effective Leadership | 183 | 1 | 6 | 5.58 | 0.73 |
| Effective Management | 180 | 3 | 6 | 5.44 | 0.69 |
| Effective Planning | 181 | 2 | 6 | 5.29 | 0.80 |
| Human Factor | 179 | 2 | 6 | 5.31 | 0.87 |
| User Participation | 183 | 2 | 6 | 5.20 | 0.85 |
| Shared Strategy | 178 | 3 | 6 | 5.05 | 0.88 |
| Motivation | 180 | 2 | 6 | 5.04 | 0.88 |

The second questionnaire related to the three-step data collection process is started to be constructed by questions related to the five key variables of interest mentioned above. After refinement of the second questionnaire, the final questionnaire is prepared to measure these variables shown and existing in the model exhibited in Figure 5.1. The second and third questionnaires can be seen in Appendix Chapter.

### 5.2.3 The New Model

In this new model, as presented in Figure 5.1, there are five variables to be taken into statistical analysis for setting the hypotheses and testing these hypotheses. It is assumed by the change management literature that the variables in Figure 5.1 remain the same also after the data analysis and hypotheses testing.

Figure 5.1 The Model For Change Before the Analysis




When compared with the factors introduced in Section 5.2.2 with importance mean values higher than 5.0, it can be realized that Effective Planning, Human Factor, and Shared Strategy are removed from the Model. Effective Planning is accepted to be one of the functions of Effective Management and decided to be measured under this variable. Human Factor, among whole change management literature, is mainly dealing with the participation and contribution of the employees in an organization. So, just as similar to factors like Lack of Commitment, or Resistence To Change, Human Factor is also seen as an indicator of User Participation implying and directing to how important the members of an organization participate in, contribute to change initiative with a strong sense of ownership. Shared Startegy, like Motivation, is a function of Leadership. However, It is another fact that Motivation has a much stronger influnce on the level of User Participation than Shared Strategy. So, instead of leaving these two factors out of the Model, Motivation is taken seperately as an independent variable to the model to test its "mediating effect" on User Participation, and thus Effective Change.

### 5.2.4 Hypotheses

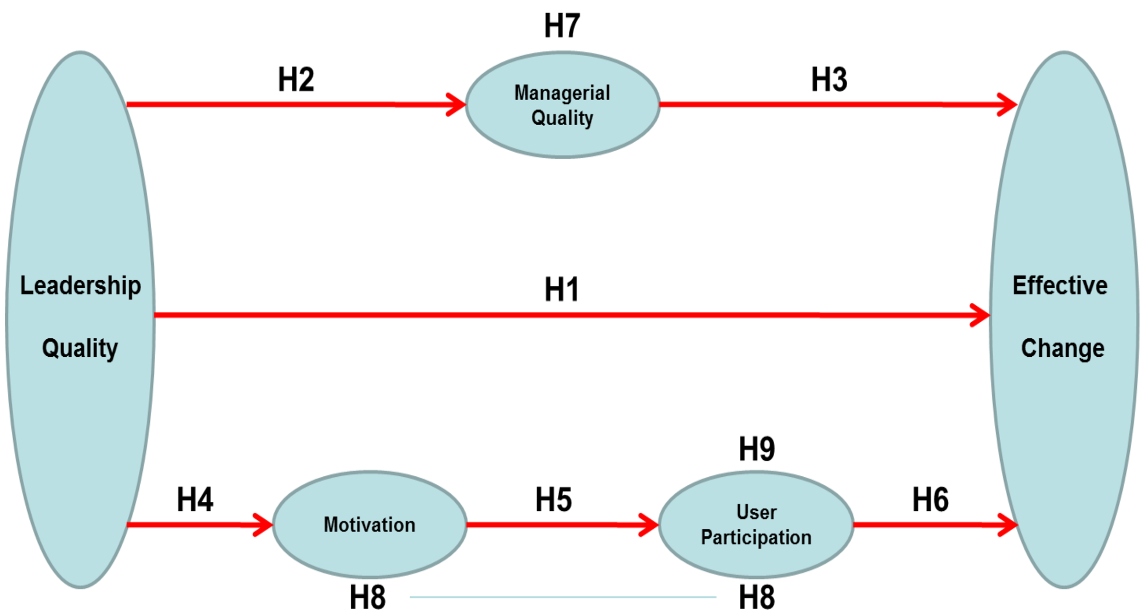
The hypotheses of the research is derived from the new model introduced in the previous Section in Figure 5.1. The number of the hypotheses is equal to the number of significant correlations and mediating effects between the variables in the new Model. These hypotheses are:

1. H1:There is a significant positive relationship between leadership quality and effective change.
2. H2:There is a significant positive relationship between leadership quality and managerial quality.
3. H3:There is a significant positive relationship between managerial quality and effective change.
4. H4:There is a significant positive relationship between leadership quality and motivation.
5. H5:There is a significant positive relationship between motivation and user participation.
6. H6:There is a significant positive relationship between user participation and effective change.
7. H7: Management quality has a mediating effect between Leadership quality and Effective change.
8. H8: User participation and motivation has a mediating effect between Leadership quality and Effective change.

9. *H8': User participation has a mediating effect between Leadership quality and Effective change.*

Originally, eight hypotheses are derived from the Model. However, during the steps of the data analysis, because of the insignificant correlation between Motivation and Effective Change, Hypothesis 8 is revised as Hypothesis 8' as a Ninth Hypothesis and tested according to its new revised definition.

Figure 5.2 The Hypotheses Derived From the New Model




As can be seen from Figure 5.2, the first Six Hypotheses, namely, H1, H2, H3, H4, H5, and H6 intend to be tested in order to find out a significat correlation between the related Independent Variables and the Dependent Variable. H7, H8, and H9 intend to tbe tested in order to find out the mediating effects of related Variables between the related Independent Variables and Depent Variable.

The data analysis made for testing these hypotheses and the findings after these data analysis are explained in detail in the next Chapter.

# Chapter 6

# Data Collection, Analysis, and Findings

## 6.1 Data Collection

When compared to and different than the first one, thirty questions related to the five key variables of interest (coming from first questionnaire findings) are added to the second questionnaire to investigate these issues in greater depth. As can be seen in Appendix A.2, this second questionnaire is a more detailed one and is sent to mid-management and higher level executives. Before sending the third questionnaire, that is the final one to CEOs, or general managers of the companies listed in Capital 500, there is a necessity for a pilot test in order to reach a refined questionnaire in terms of number of questions as well as well-understood and confusion-free wording of the questions. So, the main aim of the second questionnaire is to make pilot tests as many as necessary and refine as many questions as possible to reach high validity and reliability.

After the pilot tests, the final version of the questionnaire, namely the third one, is sent to CEOs, or general managers of the companies listed at Capital 500. A very long questionnaire may lead the participants to get bored and lose concentration. However, the filtration process by utilizing the first step questionnaire and then the second questionnaire together with the pilot tests let the third questionnaire be refined, and so shorter than the one without the first step and the second step. So the third questionnaire let the participant CEOs to focus on five key variables of interest with higher concentration.

Under the light of the above fact, the first pilot test is made with a sample of 122 manager or above level respondents by using the second questionnaire as the measure.

In this questionnaire, questions numbered 4, 6, 12, 16, 21, and 27 are used to measure Leadership Quality variable. Questions numbered 8, 13, 15, 18, 23, and 26 are used to measure Managerial Quality variable. Questions numbered 1, 11, 14, 19, 22, and 28 are used to measure Motivation variable. Questions numbered 2, 5, 7, 9, 25, and 30 are used to measure User Participation variable. And finally, questions numbered 3, 10, 17, 20, 24, and 29 are used to measure Effective Change variable.

After checking the frequency tables of each and every 30 questions, factor analysis is applied. Anti-image matrices are used to check to eliminate questions with values lower than 0.5 within the diagonal of anti-image correlation matrix. This question elimination process is made one by one. According to the findings of factor analysis of 1$^{st}$ pilot test, there are 19 questions that can be taken into further analysis. 11 questions out of 30 questions seem to be insignificant for further analysis. They are mis-phrased or misunderstood and so seemed to cause confusion among respondents.

Table 6.1 summarizes the sampling adequacy after factor analysis related to first pilot test when the above mentioned 19 questions are taken into consideration. The sample has a Kaiser-Meyer-Olkin value of 0.691 revealing an acceptable sampling adequacy.

Table 6.1 Sampling Adequacy After Factor Analysis Related to First Pilot Test

| | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | | .691 |
| Bartlett's Test of Spherecity | Approx. Chi-Square | 490.367 |
| | Df | 171 |
| | Sig. | .000 |

Table 6.2 summarizes that the 19 questions when grouped under five factors coming from our model can explain approximately 55% of the total variance. This is also acceptable for further analysis.

Although. the findings coming from first pilot test seem to be satisfactory, there might be a need for another pilot test in order to achieve to increase the number of questions to be included into the third questionnaire that will lead to higher sampling adequacy and higher total variance explained. It is naturally expected that there would be questions found to be confusing or misunderstood or mis-phrased by CEOs, or general managers of the companies listed in Capital 500. So these questions should be eliminated from the analysis.

In order to reach a satisfactory sampling adequacy, it is a natural target to reach an optimal number of questions in the third questionnaire. Here, the definition of optimality is that the final number of questions should not be many to lead the CEOs lose focus or concentration but on the other hand they should not be few to lead to high sampling adequacy and total variance explained. By doing so, regression analysis gives much more insight and significant results.

Table 6.2 Total Variance Explained After Factor Analysis Related to First Pilot Test

| Component | Initial Eigenvalues | | | Rotation Sums of Squared Loadings | | |
|---|---|---|---|---|---|---|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 3.707 | 19.512 | 19.512 | 2.343 | 12.333 | 12.333 |
| 2 | 2.374 | 12.493 | 32.006 | 2.227 | 11.722 | 24.055 |
| 3 | 1.632 | 8.587 | 40.593 | 2.078 | 10.936 | 34.991 |
| 4 | 1.551 | 8.161 | 48.754 | 1.992 | 10.485 | 45.476 |
| 5 | 1.185 | 6.238 | 54.992 | 1.808 | 9.516 | 54.992 |
| 6 | 1.048 | 5.515 | 60.507 | | | |
| 7 | .995 | 5.236 | 65.743 | | | |
| 8 | .861 | 4.532 | 70.275 | | | |
| 9 | .745 | 3.922 | 74.197 | | | |
| 10 | .726 | 3.818 | 78.015 | | | |
| 11 | .707 | 3.721 | 81.736 | | | |
| 12 | .662 | 3.485 | 85.221 | | | |
| 13 | .536 | 2.819 | 88.040 | | | |
| 14 | .490 | 2.579 | 90.619 | | | |
| 15 | .456 | 2.401 | 93.020 | | | |
| 16 | .368 | 1.936 | 94.956 | | | |
| 17 | .357 | 1.878 | 96.834 | | | |
| 18 | .318 | 1.675 | 98.509 | | | |
| 19 | .283 | 1.491 | 100.000 | | | |

By keeping that aim in mind, a second pilot test is conducted, at least to check out whether this is possible or not. The second pilot test is made with a sample of 80 manager or above level respondents. As can be seen in the appendix section A.3, this pilot test is composed of the same 30 questions and in the same order as the first pilot test. However, all questions including the 11 questions excluded after factor analysis of first pilot test are overviewed and rephrased if needed in order to decrease the possibility of confusion or misunderstanding caused by the wording of the questions. This overview and rephrasing is made with intensive academic attention together with the Professors in the Dissertation Committee. This enables to test 30 questions in full once again and helps to reach optimal numbers of questions with higher sampling adequacy.

Like exactly the same as the first pilot test, In this second pilot test questionnaire, questions numbered 4, 6, 12, 16, 21, and 27 are used to measure Leadership Quality variable. Questions numbered 8, 13, 15, 18, 23, and 26 are used to measure Managerial Quality variable. Questions numbered 1, 11, 14, 19, 22, and 28 are used to measure Motivation variable. Questions numbered 2, 5, 7, 9, 25, and 30 are used to measure User Participation variable. And finally, questions numbered 3, 10, 17, 20, 24, and 29 are used to measure Effective Change variable.

According to the findings of the factor analysis of this second pilot test, not only an increase in the number of well-suited questions is achieved from 19 to 20 but also better sampling adequacy levels as well as higher values for total variance explained are reached. After the factor analysis, results show that 12 questions out of the 19 questions after the first pilot test are also included in the 20 questions. However 7 questions are excluded and 8 new questions that are rephrased before the second pilot test are also included, totally reaching to 20 questions after the second pilot test.

Table 6.3 summarizes the sampling adequacy after factor analysis related to second pilot test when the above mentioned 20 questions are taken into consideration. The sample has a Kaiser-Meyer-Olkin value of 0.804 revealing an acceptable sampling adequacy and considerably higher than the one reached after first pilot test, which is 0.691.

Table 6.3 Sampling Adequacy After Factor Analysis Related to Second Pilot Test

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | | .804 |
|---|---|---|
| Bartlett's Test of Spherecity | Approx. Chi-Square | 725.891 |
| | df | 190 |
| | Sig. | .000 |

Table 6.4 summarizes that the 20 questions when grouped under five factors coming from our model can explain approximately 65% of the total variance which is much higher than the one reached after the results of the first pilot test, which was approximately 55%. This is also acceptable for further analysis.

Table 6.4 Total Variance Explained After Factor Analysis Related to Second Pilot Test

| Component | Initial Eigenvalues | | | Rotation Sums of Squared Loadings | | |
|---|---|---|---|---|---|---|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 6.525 | 32.625 | 32.625 | 5.861 | 29.304 | 29.304 |
| 2 | 2.660 | 13.302 | 45.927 | 2.158 | 10.789 | 40.093 |
| 3 | 1.635 | 8.173 | 54.100 | 1.832 | 9.162 | 49.255 |
| 4 | 1.125 | 5.624 | 59.724 | 1.620 | 8.101 | 57.356 |
| 5 | 1.061 | 5.307 | 65.030 | 1.535 | 7.674 | 65.030 |
| 6 | .960 | 4.800 | 69.830 | | | |
| 7 | .838 | 4.191 | 74.022 | | | |
| 8 | .695 | 3.474 | 77.496 | | | |
| 9 | .665 | 3.327 | 80.823 | | | |
| 10 | .596 | 2.979 | 83.802 | | | |
| 11 | .557 | 2.787 | 86.589 | | | |
| 12 | .482 | 2.411 | 89.000 | | | |
| 13 | .445 | 2.227 | 91.227 | | | |
| 14 | .400 | 2.002 | 93.229 | | | |
| 15 | .335 | 1.674 | 94.903 | | | |
| 16 | .264 | 1.321 | 96.224 | | | |
| 17 | .260 | 1.299 | 97.523 | | | |
| 18 | .225 | 1.124 | 98.647 | | | |
| 19 | .148 | .738 | 99.385 | | | |
| 20 | .123 | .615 | 100.000 | | | |

These results prove that re-phrasing 11 questions found to be invaluable for the further analysis, and making another pilot test work well and lead us to reach considerably higher sampling adequacy values as well as higher value of total variance explained as approximately 80% and 65% respectively.

After a three-step data collection process by making first the initial questionnaire to find out the core five key variables of interest in change management and then by making a refinement process via two pilot tests by using the second and revised second questionnaire, the final questionnaire, namely the third one is constructed. This version is composed of 20 questions and sent to CEOs, or general managers, of the companies listed in Capital 500.

In this final questionnaire, questions numbered 4, 11, and 19 are used to measure Leadership Quality variable. Questions numbered 7, 12, and 15 are used to measure Managerial Quality variable. Questions numbered 1, 8, 13, 16, and 20 are used to measure Motivation variable. Questions numbered 2, 5, 10, and 18 are used to measure User Participation variable. And finally, questions numbered 3, 6, 9, 14, and 17 are used to measure Effective Change variable.

The results achieved after several analysis made by using the data gathered by the third questionnaire can be found in the next Section.

## 6.2 Data Analysis

According to the Kaiser-Mayer-Olkin Sampling adequecy value (KMO=0.643) and Bartlett's test of sphericity significance value (0.000) are bigger than 0.50 and less than 0.05, respectively. Leadership Quality questions are suitable to make Factor analysis. Since Leadership Quality questions have one dimension rotated component matrix cannot be calculated. The results of the factor analysis is given in table 6.5. According to factor analysis and reliability analysis results, questions 4-11-19 are valid and reliable to measure the Leader Quality factor. Leader quality factor value calculated as mean value of these three questions.

Table 6.5 Factor Analysis of Leadership Quality Questions

| Factor Name | Question | Factor Explanation (%) | Reliability |
|---|---|---|---|
| **Leadership Quality** | 4. Influential leaders clearly define organizational vision during change<br>11. Effective leaders encourage an organizational culture which is "open to change" for adapting better to changing competitive environment.<br>19. Effective leaders clearly define organizational mission during change. | 57.694 | 0.631 |
| | **Total** | 57.694 | |
| | **Kaiser Meyer Olkin Measure of Sampling Adequacy** | | 0.643 |
| | **Bartlett's Test of Sphericity** | **ChiSquare** | 70.707 |
| | | **df** | 3 |
| | | **Significance** | 0.000 |

According to the Kaiser-Mayer-Olkin Sampling adequecy value (KMO=0.50) and Bartlett's test of sphericity significance value (0.000) are equal to 0.50 and less than 0.05, respectively. Managerial Quality questions are suitable to make Factor analysis. Since Managerial Quality questions have one dimension rotated component matrix cannot be calculated. The results of the factor analysis is given in table 6.5. Although 7-12-15 are asked to measure the Managerial Quality, question 7 is removed from the analysis because of the Crombach's alpha value. If this question is deleted, the Crombach's alpha value is bigger than the three question case. As seen in Table 6.6, Managerial Quality's questions are reverse questions. In order to calculate the factor value, these two questions are recoded and then mean value of the questions 12 and 15 are calculated.

Table 6.6 Factor Analysis of Managerial Quality Questions

| **Factor Name** | **Question** | **Factor Explanation (%)** | **Reliability** |
|---|---|---|---|
| **Managerial Quality** | 12. The importance of human resource planning does decrease<br>15. During change. the importance of time management or planning does decrease. | 69.210 | 0.552 |
| | **Total** | 69.210 | |
| | **Kaiser Meyer Olkin Measure of Sampling Adequacy** | | 0.50 |
| | **Bartlett's Test of Sphericity** | **Chi-Square** | 30.744 |
| | | **df** | 1 |
| | | **Significance** | 0.000 |

According to the Kaiser-Mayer-Olkin Sampling adequecy value (KMO=0.50) and Bartlett's test of sphericity significance value (0.000) are equal to 0.50 and less than 0.05, respectively. Motivation questions are suitable to make Factor analysis. Since Motivation questions have one dimension rotated component matrix cannot be calculated. The results of the factor analysis is given in table 6.7. Although the questions 1-8-13-16-20 are asked to measure the Motivation, questions 20-13-16 are removed from the analysis since the Crombach's alpha value is too small. As seen in Table 6.7 Motivation factor questions are reverse questions. In order to calculate the factor value, these two questions are recoded and then mean value of the questions 1 and 8 are calculated.

Table 6.7 Factor Analysis of Motivation Questions

| Factor Name | Question | Factor Explanation (%) | Reliability |
|---|---|---|---|
| **Motivation** | 1. During change management process. the level of uncertainty among employees about losing their jobs does increase.<br>8. The level of anxiety about power shift among employees does increase during change. | 69.892 | 0.556 |
| | **Total** | 69.892 | |
| | **Kaiser Meyer Olkin Measure of Sampling Adequacy** | | 0.500 |
| | **Bartlett's Test of Sphericity** | **Chi-Square** | 32.481 |
| | | **df** | 1 |
| | | **Significance** | 0.000 |

According to the Kaiser-Mayer-Olkin Sampling adequecy value (KMO=0.50) and Bartlett's test of sphericity significance value (0.000) are equal to 0.50 and less than 0.05, respectively. User participation questions are suitable to make Factor analysis. Since User participation questions have one dimension rotated component matrix cannot be calculated. The results of the factor analysis is given in table 6.8. Although the questions 2-5-10-18 are asked to measure the User participation, question 2 is removed from the analysis since the anti-image correlation value is less than 0.5 and question 18 is removed because of Crombach's alpha value. If question 18 is deleted from the analysis, the Crombach's alpha value is bigger than the three question case. So, the User participation factor value calculated as mean value of the questions 5 and 10.

Table 6.8 Factor Analysis of User Participation Questions

| Factor Name | Question | Factor Explanation (%) | Reliability |
|---|---|---|---|
| **User Participation** | 5. To have the idea that change is necessary. decreases "sense of ownership for change" among<br>10. Understanding the need for change. increases the level of employees' commitment to change. | 64.534 | 0.443 |
| | **Total** | 64.534 | |
| | **Kaiser Meyer Olkin Measure of Sampling Adequacy** | | 0.500 |
| | **Bartlett's Test of Sphericity** | **Chi-Square** | 17.082 |
| | | **df** | 1 |
| | | **Significance** | 0.000 |

According to the Kaiser-Mayer-Olkin Sampling adequecy value (KMO=0.675) and Bartlett's test of sphericity significance value (0.000) are bigger than 0.50 and less than 0.05, respectively. Effective Change questions are suitable to make Factor analysis. Since Effective Change questions have one dimension. rotated component matrix cannot be calculated. The results of the factor analysis is given in table 6.9. Although the questions 3-6-9-14-17 are asked to measure the Effective Change, questions 3 and 6 are removed from the analysis since the Crombach's alpha value is too small. and so Effective Change factor value calculated as mean value of the questions 9-14-17.

Table 6.9 Factor Analysis of Effective Change Questions

| Factor Name | Question | Factor Explanation (%) | Reliability |
|---|---|---|---|
| **Effective Change** | 9. Market values do increase at companies which are more successful in managing change.<br>14. Profitability does increase at companies which are more successful in managing change.<br>17. Cost optimization does improve at companies which are more successful in change management. | 64.672 | 0.721 |
| | **Total** | 64.672 | |
| | **Kaiser Meyer Olkin Measure of Sampling Adequacy** | | 0.675 |
| | **Bartlett's Test of Sphericity** | **Chi-Square** | 118.652 |
| | | **df** | 3 |
| | | **Significance** | 0.000 |

## 6.3 Findings

Correlation analysis among the three variables, as can be seen in Table 6.10, is related to the first three hypotheses listed in Section 5.2.4. These hypotheses are about the positive relation between Leadership Quality and Effective Change, Leadership Quality and Managerial Quality, and Managerial Quality and Effective Change.

Table 6.10 Correlation Analysis Among Variables

| | Effective Change | Leadership Quality | Management Quality |
|---|---|---|---|
| Effective Change | 1 | | |
| Leadership Quality | 0.252** | 1 | |
| Management Quality | 0.227** | 0.351** | 1 |
| **. Correlation is significant at the 0.01 level | | | |

Effective Change has a significant and positive correlation with both Leadership Quality and Management Quality, $r$ = 0.252, $p$<0.01 and $r$ = 0.227, $p$<0.01, respectively. Leadership Quality and Management Quality also have a significant positive correlation $r$ = 0.351, $p$<0.01.

First hypothesis, mentioned in Section 5.2.4, is that there is a positive relation between Leadership Quality and Effective Change. This hypothesis is proved at 0.01 level of significance. The second hypothesis, mentioned in Section 5.2.4, is that there is a significant positive correlation between Leadership Quality and Managerial Quality. This hypothesis is also proved at 0.01 level of significance. As the third hypothesis in Section 5.2.4 that there is a significant positive relation between Managerial Quality and Effective Change is also proved at 0.01 level of significance.

As can be seen in Table 6.11. Effective Change has a significant and positive correlation with both Leadership Quality and User Participation, $r$ = 0.252, $p$<0.01 and $r$ = 0.237, $p$<0.01. respectively. There is no correlation between Effective Change and Motivation. Leadership Quality has a significant positive correlation with User Participation and motivation $r$ = 0.241, $p$<0.01 and $r$ = 0.169, $p$<0.05, respectively. Motivation and User Participation have a significant positive correlation $r$ = 0.171, $p$<0.01.

Table 6.11 Correlation Analysis Among Variables

| | Effective Change | Leadership Quality | Motivation | User Participation |
|---|---|---|---|---|
| Effective Change | 1 | | | |
| Leadership Quality | 0.252** | 1 | | |
| Motivation | 0.109 | 0.169* | 1 | |
| User Participation | 0.237** | 0.241** | 0.171* | 1 |
| **. Correlation is significant at the 0.01 level<br>*. Correlation is significant at the 0.05 level | | | | |

Fourth hypothesis suggesting there is a significant positive relation between Leadership Quality and Motivation is proved at 0.05 level of significance. Regarding the fifth hypothesis of a significant positive relation between motivation and user participation is also proved at 0.05 level of significance. The sixth hypothesis of there is a significant positive relation between User participation and Effective Change is also proved at 0.01 level of significance.

Baron & Kenny (1986) suggested a three-step procedure (mediational analyses procedure):

(a) the mediator was regressed on the independent variable,

(b) the dependent variable was regressed on the independent variable, and finally,

(c) the dependent variable was regressed on both the independent variable and on the mediator.

However, to test for complete mediation, the independent variable needs to be controlled in the third step. In this context, full (complete, or perfect) mediation occurs when the direct effect of the independent variable in this last condition is reduced to zero, otherwise the mediating effect is partial.

To test the mediating effect of Management quality on Effective Change at step one the regression analysis of the Leadership Quality and Effective Change result are given in Table 6.12. Leadership Quality has a significant effect on Effective Change in step one. In the second step Leadership Quality is controlled and Management Quality seen as independent variable and results are given second step of Table 6.12. According to the regression result there exist a partial mediating effect of Management Quality on Effective Change since both Leadership Quality and Management Quality have significant effect on Effective Change.

Table 6.12 Regression Analysis of Leadership Quality, Management Quality and Effective Change.

Step 1

| **Dependent Variable:** Effective Change | | | |
|---|---|---|---|
| **Independent Variable:** | **Beta** | **t value** | **Significance** |
| Leadership Quality | 0.254 | 3.606 | 0.000 |
| **R=**0.254; **$R^2$=**0.064; **F value=**13.001; **Significance=**0.000 | | | |

Step 2

| **Dependent Variable:** Effective Change | | | |
|---|---|---|---|
| **Independent Variable:** | **Beta** | **t value** | **Significance** |
| Leadership Quality | 0.201 | 2.692 | 0.008 |
| Management Quality | 0.152 | 2.035 | 0.043 |
| **R=**0.291; **$R^2$=**0.085; **F value=8**.680; **Significance=**0.000 | | | |

To test the mediating effect of User Participation on Effective Change at step one the regression analysis of the Leadership Quality and Effective Change result are given in table 6.13. Leadership Quality has a significant effect on Effective Change in step one. In the second step Leadership Quality is controlled and User Participation seen as independent variable and results are given second step of Table 6.13. According to the regression result there exist a partial mediating effect of User Participation on Effective Change since both Leadership Quality and User Participation have significant effect on Effective Change.

Table 6.13 Regression Analysis of Leadership Quality, User Participation and Effective Change.

Step 1

**Dependent Variable:** Effective Change

| **Independent Variable:** | **Beta** | **t value** | **Significance** |
|---|---|---|---|
| Leadership Quality | 0.250 | 3.557 | 0.000 |

**R**=0.250; **$R^2$**=0.062; **F value**=12.652; **Significance**=0.000

Step 2

**Dependent Variable:** Effective Change

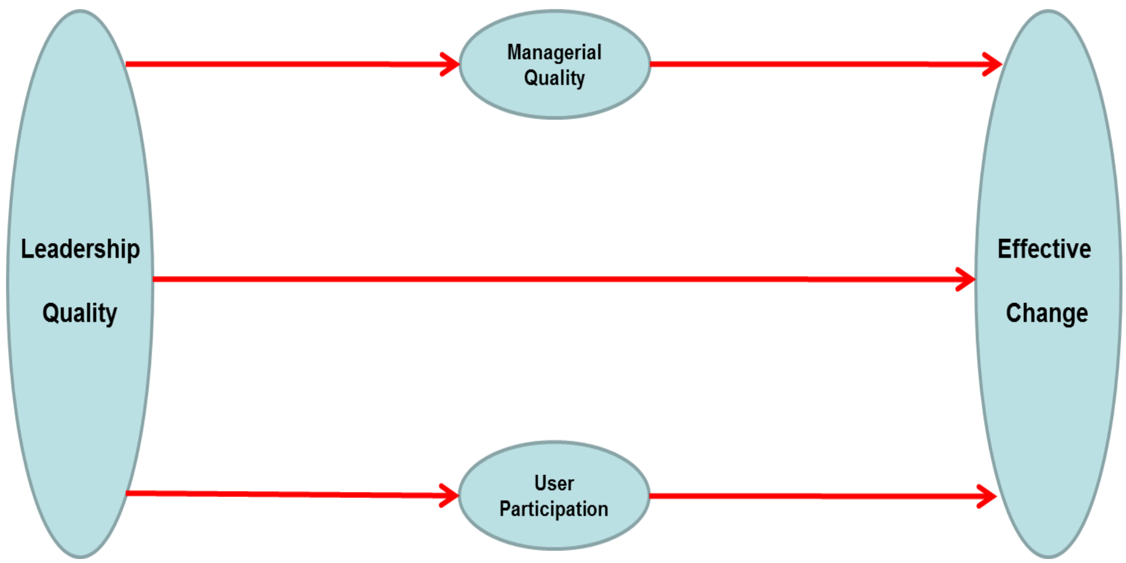
| **Independent Variable:** | **Beta** | **t value** | **Significance** |
|---|---|---|---|
| Leadership Quality | 0.204 | 2.857 | 0.005 |
| User Participation | 0.189 | 2.657 | 0.009 |

**R**=0.310; **$R^2$**=0.096; **F value**=10.059; **Significance**=0.000

### 6.4 The New Model After the Data Analysis

After validity and reliability prerequisities are secured, correlational analysis is made to test the hypotheses in Section 5.2.4. After the correlational and mediational analyses, the new model can be seen in Figure 6.1.

Figure 6.1 The Model For Change After the Analysis




The first three hypotheses in Section 5.2.4 are proved at a 0.01 significance level showing that there is a positive correlation between Leadership Quality and Effective Change, there is a positive correlation between Leadership Quality and Managerial Quality, and there is a positive correlation between Managerial Quality and Effective Change. The fourth and fifth hypotheses are proved at a 0.05 significance level showing that there is a positive correlation between Leadership Quality and Motivation, and there is a positive correlation between Motivation and User Participation. The sixth hypothesis is proved at a 0.01 significance level showing that there is a positive correlation between User Participation and Effective Change.

After following Baron and Kenny’s (1986) three-step mediational analyses, it is found after regression that there exists a significant partial mediating effect of Managerial Quality on Effective Change, proving the seventh hypothesis.

Most probably the biggest surprise of the correlational analyses is that right after the regression it could not be proved that there is a complete or partial mediating effect of Motivation on User Participation and Effective Change, since there is not a significant correlation between Motivation and Effective Change as explained in Section 6.2. So, eighth hypothesis could not be proved. When Motivation is removed from the mediational analyses, it is proved that there still exists a partial mediating effect of User Participation on Effective Change.

# Chapter 7

## Conclusion and Implications for Further Research

As explained in the previous chapters, Change Management is a vitally important and popular subject and area for research which attracted many academicians as well as many business practitioners. Actually, in such a rapidly globalizing world where boundaries of communication is disappearing via technological improvement and brand-new social trends, it would not be normal to think in the opposite way.

It is a matter of fact that change is inevitable. It is not a question any more whether continuous change exists or not in today's business environment. The question is whether organisations should intend to adapt to this change via initiatives to manage it or accept this as an external happening and try to keep the status quo. It might be a dangerous and risky gambling to avoid adapting to change and lose the track with current facts and parameters surrounding the total business environment under continuous change.

All communication technologies initiated by internet technologies lead to minimize the assymetric information among customers, manufacturers, distributors, wholesalers, retailers, etc.. In other words, information set is getting syncronized better and this syncronization is happening in shorter intervals day by day among all forms of buyers and sellers. In such an environment:

- Competition is getting tough,
- Profit margins are decreasing,
- The number of players between the producers and end-users are decreasing,

- E-world is coming faster,
- Conventional ways of thinking, marketing, selling are making less use,
- Integration of IT technology is increasing,
- Social expectations and perception of end-users are coming into picture, i.e. environmental friendliness, as well as conventional commercial parameters, i.e. specs and price, in their buying decisions,
- Loyalty is becoming a huge concern,
- Branding is getting more difficult,
- Customers are getting more rational and well-informed before any buying decision,
- Social networking and media is helping customers to share their experience, and so increasing the impact of word of mouth,
- Customers are getting even more to the center of attraction not only before sales but also after sales keeping the focus on their satisfaction, etc.

When we think about current trends just as similar to the ones mentioned above, it can easily be claimed that majority of these were not existing maybe 10 to 20 years ago. Some of them are even much recent trends. So, it is obvious that the rules of competition are transforming to a new state from many aspects. Whether they love it or not, companies are in a position to take all of these changing parameters into consideration as a given fact into their daily business lives.

Once change is taken into consideration, the neccessity to manage it emerges as a crucial function of management teams, or executives. Ignoring the importance of change, misinterpreting the causes and consequences of change, establishing non-adaptive organizations with non-flexible structures, and promoting corporate culture that is not exhibiting openness to change can create catastrophic consequences for organizations. Not only to monitor and understand the changing dynamics surrounding an organization but also, planning and executing the steps to follow in order to adapt to these dynamics are important phases of change management.

Keeping all of these facts in mind, many corporations attempted to change their organizational structures, distribution channel structures, product development strategies, customer retention and loyalty programs, strategies for penetrating new markets as well as exit plans from old markets, etc.. Unfortunately, as explained in previous sections, literature of change management exhibits that a majority of these, or similar to these attempts failed to be successful or achieve to reach desired levels. This is not because these corporations or their executives are not capable to manage inter or intra-organizational change, but more likely because of their lack of intention to understand change as a total picture and allocate all resources including the needed level of time, focus, and upmost attention to each and every piece of that picture.

Today's business life obviously directs to the reality that change is a matter of fact to be dealt with. In addition to that literature of change management reveals that majority of the attempts for change end up with failure or incomplete achievements. These two facts together explain the huge interest granted to change management subject as a popular research field or topic. Many books, articles, and other types of research are launched about change management within the last decade. However, it is realized that the number of quantitative research is not in balance with the number of qualitative ones. Besides, there are not many academic quantitative researches made specifically for Turkish business environment. When the trends and realities mentioned above are brought together, it is thought that an academic research in change management focusing on Turkish market subject to a comprehensive quantitative analysis can considerably contribute to the literature of change management.

This research intends to contribute to the literature of change management in two main ways. One is to explore all factors related to success or failure in change management topic, and so be able to make a broad understanding for change via its definition, the need for it, and the way it could be managed. Second, is to create a new model with the key factors of change management, which can be used as an instructive compass for the business practitioners in their change attempts as well as a solid reference and source for academicians in their future studies.

As one of the contribution based objectives of this research, introducing a new model for change management is quite promising and should be handled with intensive academic intuition and comprehensive statistical attention. That is the reason that, research methodology and design is applied with upmost possible care in order to avoid any statistical and theoritical bias via following systematical data collection steps as explained in detail in previous sections of the dissertation.

## 7.1 Concluding Remarks

As one of the main contribution targets of this study and as a result of an extensive literature survey, 24 factors are found to be existing in the literature of change management. These 24 factors are:

- Effective Leadership,
- Human Factor,
- Organizational Culture and Values,
- Resistance to Change,
- Effective Management,
- Political Relations in Organizations,
- Shared Vision,
- Organizational Agility,
- Effective Planning,
- Shared Strategy,
- Organizational Openness to Change,
- Organizational Adaptability,
- Organizational Skills and Capabilities,
- Lack of Commitment,
- Motivation and Inspiration,
- Organizational Flexibility,
- Organizational Optimism,

- Organizational Conflict,
- Empowerment,
- Change Management Approach, i.e. Push vs. Pull systems,
- User Participation Within the Organization,
- Shared Purpose to Believe in,
- Fragmentation Due to Non-integrated Business Processes, and
- Organizational Alignment.

These factors are all explained in Chapter 4 regarding their definition, and importance within the literature of change management.

All of the factors listed above are taken into research as a first step in the data collection process before getting into further analysis. After following the first step out of the three-steps data collection process explained in detail in Chapters 5 and 6, the model presented in Figure 5.1 is constructed by 5 key variables of interest which are Leadership Quality, Managerial Quality, Motivation, User Participation, and Effective Change. According to this model, the hypotheses are also set and listed in Section 5.2.4. The second and third steps of the data collection process are executed by measures composed of questions trying to explain the variations in these above five key factors of interest existing in that new model. All of these questions existing in the measures or questionnaires mentioned above can also be found in Appendix Chapter.

The final, namely the third questionnaire is sent to CEOs or General Managers of Capital 500 listed companies. By doing so, top management executives as leaders of change attempts are asked to attend the research. Besides, by setting the population of the study to Capital 500 listed companies, the possibility of sectoral, size of organization, geographical location, gender and other demographic criteria related bias is tried to be avoided or minimized.

As a result of a carefully constructed final questionnaire and one-to-one communication with the CEOs of Capital 500 listed companies, 190 respondents fill in the questionnaire, reaching to a 38% response rate among the population of the research. Reaching to 38% of the population to be studied is a real success and result of the cover letters written directly to the names of the CEOs, each and everyone signed with a wet signature by the dissertation advisor and sent via a direct cargo with the pre-paid cargo bags in it to maximize the number of back-cargos. Besides, all of these steps are cross-checked via telephone communication with the assistants of the CEOs. This response rate lead to really high and satisfactory levels of validity and reliability for all factors used in correlation analysis in Chapter 6.

According to the Kaiser-Mayer-Olkin Sampling adequecy values and Bartlett's test of sphericity significance values, questions in third questionnaire related to Leadership Quality, Managerial Quality, Motivation, User Participation, and Effective Change factors, in the new model presented in Figure 5.1, are suitable to make factor analysis. After factor analysis and reliability analysis, it is found that the questions are valid and reliable to measure all of the above listed key factors of change in the new model. The Model presented in Figure 5.1 is the one associated to the literature of change management and is before the data analysis.

However, right after correlational and mediational analyses as explained in detail in Sections 6.3 and 6.4, the new model turned out to be the one presented in Figure 6.1. All of the hypotheses, except the eighth one underlining the co-mediating effect of Motivation and User Participation between Leadership Quality and Effective Change, are accepted. The reason for rejecting hypothesis number 8, is because of the insignificant correlation between Motivation and Effective Change presented in Table 6.11. As it is explained in detail in Section 6.3, it is not possible to carry Motivation factor to any mediational analysis where it has no correlation with the dependent variable, namely Effective Change.

Although it is discussed that motivation is one of the most important factors in the theory of organizational management, it could not be proved that it has its full effect and importance within a model as a change management perspective by the leaders of

Capital 500 listed companies. It can be argued that these leaders see motivation as a function of leadership in order to secure satisfaction among employees and therefore improving their happiness and productivity. However, they don't see motivation as a "must do" in order to secure user paticipation when focusing or targeting on effective change. This might be accepted within management and leadership culture context that imposes user participation as a given compulsory fact instead of a voluntary reaction to members of the organization. This "love it or leave it" type compulsive approach can explain this attitude among CEOs of Capital 500 listed companies.

It can also be claimed that these leaders see change as a vital or crucial necessity that they don't want to give any chance to the possibility of underestimating the change attempt by the members of the organization. By doing so, user participation is perceived as an essential pre-requisite that should be secured by any means of action instead of seeing it as a function of motivation.

### 7.2 Limitations and Implications for Further Research

Although theory and analysis parts are held with upmost attention and caution, it is normal to admit that there are some limitations and implications for further research.

The biggest limitation is the number of executives reached at all steps of data-collection process. It cannot be claimed that 183 management and higher level professionals for the first questionnaire, 122 and 80 management and higher level professionals for the first and second pilot tests for the second questionnaire are absolutalely adequate to make further analysis. However, the number of respondents for the third questionnaire, reaching 38% response ratio, as well as the validity and reliability values reveal that the filtration and refinement process via first and second steps of data collection process exhibit significant and acceptable results.

The second limitation is the lack of cross-sectoral analysis. Although the reason for selecting Capital 500 listed companies as the target population is to reduce the possibility of sectoral, geographical, financial and demographic bias among CEOs of these companies, a cross-sectoral focused study might also exhibit interesting findings. Simply because of the fact that each and every sector has its own characteristics code different to others in terms of corporate culture, conventional dynamics, innovative nature, or the legal environment surrounding that specific sector. Therefore, any model of change management generating acceptable results in any given specific sector might not necessarily suit well in some other sectors surrounded with different dynamics just as similar to the ones mentioned above.

It can easily be claimed that the changing nature of the business environment for a telecommunication or any technology company is totally more challenging than a construction company in terms of innovation, technological improvement, or competition dynamics. Besides, regulation, entry and exit rules might limit financial sector much more than any other sector like retail or manufacturing sectors. Like these examples, many might be given in addition to underline the importance of a further research focused on sectoral differences. Once this research is made at the same time but with different samples from different sectors, it will be possible to compare the findings coming out from these analysis and let the reseracher be able to make cross-sectoral comments on every variable existing in the Model.

One another important limitation to this research is the lack of a cross-cultural analysis. One of the two main intentions of this study is to construct a model subject to a comprehensive quantitative research in change management topic and the target population of this study is the CEOs of Capital 500 listed companies in Turkey. It is never intended by this study to focus on the international or global comparisons with the findings of this study in Turkey. However, the findings could be different if this study is made for NASDAQ listed companies, or Tokyo Stock Exchange listed companies. It is a very interesting fact that any further research that focus on the similarities and differences between cultures and management philosophies from a global perspective might reach much accurate findings for the validity of the new model presented in this research from a global perspective. Simply because, Leadership Quality might be very significantly correlated with Effective Change in Turkey, but it might not probably be the same in Japan, or in United States due to differences in Cultural Behaviour.

Besides, this research intends to generate an extensive literature survey and find out the factors associated to the literature of change management. As a second intention, it is aimed to create a model. It is for sure that this research cannot committ a 100% accurate selection or filtration of the 24 factors listed in Chapter 4 down to the key variables listed in Chapter 5. This research, at least, tried to minimize the bias that might be caused by the researcher's personal discretion by making an initial survey with 183 management or higher level respondents from different sectors, with different demographics, and different company sizes.

It is strongly advised and of course suggested for further research to try a different filtration process and utilization of different key variables that might lead to construction of different models of change management. By doing so, further researh can find the chance to compare the performance of different models of change applied to different sectors as well as to different cultures in order to reach an international perspective that might help to explain the nature of change with a broader global vision.

This study, based on an extensive literature survey with its theoritical as well as statistical and quantitative focus in combination with its findings, intend to be a solid source and reference to further research. In addition to that, with a total number of 575 respondents entered into its all data collection steps, it also intends to contibute to literature of change management with a new model subject to comprehensive quantitative analysis.

# References


- Alas. R. (2009). The Impact of Work-Related Values on the Readiness to Change in Estonian Organizations. *Journal of Business Ethics*. 86: 113-124.
- Allen. L. (1991). "Using Organizational Communication to Manage Technical Change." *The Engineered Communication: Proceedings of the IPCC 1991*. International Vol. 2. pg. 351-355.
- Anderson. C. (1997). Values-based Management. *Academy of Management Executive*. Vol. 11. No. 4.
- Autry. J. A. (1991). *Love and Profit: The Art of Caring Leadership.* New York: Avon Books.
- Baghci. S. (2003). Modeling Use of Enterprise Resource Planning Systems: A Path Analytical Study. *European Journal of Information Systems*. 12(2). pp. 142-149.
- Balogun. J. and Hope Hailey. V. (2004). *Exploring Strategic Change*. 2nd edition. London: Prentice Hall.
- Bamford. D. and Daniel. S. (2005). A Case Study of Change Management Effectiveness within the NHS. *Journal of Change Management*. Vol. 5. No. 4. 391-406.
- Bamford. D. and Forrester. P. (2003). Managing Planned and Emergent Change within an Operations Management Environment. *International Journal of Operations and Production Management*. 23(5). pp. 546-564.
- Bandura. A. (1997). *Self-Efficacy: The Exercise of Control*. New York: W.H. Freeman.
- Baron. R. M. and Kenny. D.A. (1986). The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual. Strategic and Statistical

Considerations. *Journal of Personality and Social Psychology*. Vol. 51(6). 1173-1182.

- Bass. B. M. (1985). *Leadership and Performance Beyond Expectations.* New York: Free Press
- Bass. B. M. (1990). From Transactional to Transformational Leadership: Learning to Share the Vision. *Organizational Dynamics.* (pp.19-31)
- Baulcomb. J. S. (2003). Management of Change Through Force Field Analysis. *Journal of Nursing Management*. 11. 275-280.
- Beardwell and Holden (1997). *Human Resource Management: A Contemporary Perspective*. 2nd edn. Pitman Publishing. London.
- Beer. M. and Nohria. N. (2000). Cracking the Code of Change. *Harvard Business Review*. 68(6). 158-167.
- Bennis. W. (1999). The End of Leadership: Exemplary Leadership is Impossible Without Full Inclusion. Initiatives. and Cooperation of Followers. *Organizational Dynamics*. 27. 71.
- Blau. G. (1986). Job Involvement and Organizational Commitment as Interactive Predictors of Tardiness and Absenteeism. *Journal of Management*. 12: 4. pp. 577–584.
- Block. P. (1987). *The Empowered Manager.* San Francisco: Jossey-Bass.
- Bordia. P. and Hobman. E. and Jones. E. and Gallois. C. and Callan. V. J. (2004). Uncertainty During Organizational Change: Types. Consequences. and Management Strategies. *Journal of Business and Psychology*. Vol. 18. No. 4. Summer 2004.
- Brown. J.A.C. (1954). *Social Psychology of Industry*. Harmondsworth. Penguin.
- Bullock. R. and Batten. D. (1985). "It is Just a Phase We're Going Through": A Review and Synthesis of OD Phase Analysis. *Group & Organization Studies*. 10. pp. 383-412.
- Buono. J. and Bowditch. J. (1989). *The Human Side of Mergers and Acquisitions*. San Francisco: Jossey-Bass Publishers.
- Burnes. B. (1996). No Such Thing as … a "One Best Way" to Manage Organizational Change. *Management Decision*. 34(10). pp. 11-18.

- Burnes. B. (2004). Kurt Lewin and the Planned Approach to Change: A Re-appraisal. *Journal of Management Studies*. 41. 6. 977-1002.
- Burnes. B. 2004. *Managing Change (4th edition) – A Strategic Approachto Organizational Dynamics*. London: Financial Times / Prentice Hall.
- Burns. J. M. (1978). *Leadership*. New York: Harper and Row
- By. R. T. (2005). Organizational Change Management: A Critical Review. *Journal of Change Management*. Vol. 5. No. 4. 369-380.
- By. R. T.. & Dale. C. (2008). The Successful Management of Organizational Change in Tourism SME's. Initial Findings in UK Visitor Attractions. *International Journal of Tourism Research*. 10: 305-313.
- Calegero. B. (2000). Who is to Blame for ERP Failure?. *Sunsaver*. June
- Cardona. P. (2000) Transcendental leadership. *Leadership & Organizational Development*. 21. pp. 201-207.
- Cho. T. S. and Hambrick. D. C. (2006). Attention as the Mediator Between Top Management Team Characteristics and Strategic Change: The Case of Airline Deregulation. *Organization Science*. Vol. 17. No. 4. July-August 2006. pp. 453-469
- Clegg. C. and Walsh. S. (2004). Change Management: Time for A Change. *European Journal of Work and Organizational Psychology*. 13. 2. 217-239.
- Collins. D. (1998). *Organizational Change*. London: Routledge.
- Collier. J. & Esteban. R. (2000) Systemic leadership: ethical and effective. *The Leadership & Organization Development Journal*. 21. pp. 207- 215.
- Conger. J. A.. & Kanungo. R. N. (1988). Behavioral Dimensions of Charismatic Leadership. *Charismatic Leadership* (pp. 78-97)
- Connor. D.R. (1995). *Managing at the Speed of Change: How Resilient Managers Succeed and Prosper Where Others Fail*. Villiard Books.
- Cooper. D. R. and Schindler. P. S. (2003). *Business Research Methods*. Eighth edition. McGraww-HILL. New York.
- Covey. S. (1992). *Principle-centered Leadership*. Simon & Schuster. London.
- Cummings. T. and Huse. E. (1989). *Organization Development and Change*. St. Paul. MN: West.

- Dalton. K. and Kennedy. L. (2007). Management Culture in Romania: Patterns of Change and Resistance. *Journal for East European Management Studies*. 3/2007. 232-259.
- Dawson. P. 1994. *Organizational Change: A Processual Approach*. London: Paul Chapman.
- Dess. G. G.. & Picken. J. C. (1999). *Beyond Productivity: How Leading Companies Achieve superior Performance by Leveraging Their Human Capital*. New York: Amacom.
- DiFonzo. N. and Bordia. P. (1998). A Tale of Two Corporations: Managing Uncertainty During Organizational Change. *Human Resource Management*. 37(3&4). 295-303.
- DiFonzo. N. and Bordia. P. (2002). Corporate Rumor Activity. Belief. and Accuracy. *Public Relations Review*. 28. 1-19.
- Driscoll. A. and Morris. J. (2001). Stepping out: Rhetorical Devices and Culture Change Management in the UK Civil Service. *Public Administration*. 79. 4. 803-824.
- Dunphy. D and Stace. D. (1993). The Strategic Management of Corporate Change. *Human Relations*. 46(8). pp. 905-918.
- Easterby-Smith. M. (1997). Disciplines of Organizational Learning: Contributions and Critiques. *Human Relations*. Vol. 50. No. 9.
- Eden. C. (1993). "Strategy Development and Implementation: Cognitive Mapping for Group Support" in Hendry. J.. Johnson. G. and Newton. J. *Strategic Thinking: Leadership and the Management of Change*. John Wiley. Chichester.
- Edgeman. R. & Scherer. F. (1999) Systemic leadership via core value deployment. *Leadership & Organization Development Journal*. 20. No. 2.
- Emily. L. and Colin. P. (2003). The Psychology of Change Management. *McKinsey Quarterly; 2003 special edition issue 2*. 30-41.
- Fiedler. F. (1967) *A Theory of Leadership Effectiveness*. McGraw-Hill. New York.
- Fiss. P.C. and Zajac. E.J. (2006). The Symbolic Management of Strategic Change Sensegiving Via Framing and Decoupling. *Academy of Management Journal*. Vol.49. No.6. 1173-1193.

- Garvin. D. A. (1993). Building a Learning Organization. *Harvard Business Review*. July/August.
- Garvin. D. A. (1994). Building a Learning Organization. *Harvard Business Review*. July / August. pp. 78-91.
- Genus. A. (1998). *The Management of Change: Perspectives and Practice*. London: International Thompson.
- Gill. R. (2003). Change Management –or Change Leadership?. *Journal of Change Management*. 3. 4. 307-318.
- Glynn. C. and Holbeche. L. (2001). *The Roffey Park Management Agenda 2001*. Horsham: Roffey Park Institute.
- Good. D. J. and Sharma. G. (2010). A Little More Rigidity: Firming the Construct of Leader Flexibility. *Journal of Change Management*. Vol. 10. No. 2. 155–174
- Graetz. F. (2000). Strategic Change Leadership. *Management Decision*. 38(8). pp. 550-562.
- Graetz. F. and Smith. A. (2005). Organizing Forms in Change Management: The Role of Structures. Processes and Boundaries in a Longitudinal Case Analysis. *Journal of Change Management*. 5. 3. 311-328.
- Graetz. F. and Smith. A. (2010). Managing Organizational Change: A Philosophies of Change Approach. *Journal of Change Management*. 10. 2. 135-154.
- Grant. A.M. (2010). It Takes Time: A Stages of Change Perspective on the Adoption of Workplace Coaching Skills. *Journal of Change Management* . Vol. 10. No. 1. 61–77.
- Greenberger. D. and Strasser. S. (1986). Development and Application of a Model of Personal Control in Organizations. *Academy of Management Review*. 11. 164-177.
- Greenleaf. R. K. (1977). *Servant Leadership: A journey into the Nature of Legitimate Power and Greatness.* New York: Paulist Press
- Grundy. T. (1993). *Managing Strategic Change*. London: Kogan Page.
- Guimaraes. T. and Armstrong. C. (1998). Empirically Testing the Impact of Change Management Effectiveness on Company Performance. *European Journal of Innovation Management*. 1(2). pp. 74-84.

- Hammer. M. and Champny. J. (1993). *Reengineering the Corporation: A Manifesto for Business Revolution*. Harper Collins. New York.
- Hartley. J. and Bennington. J. and Binns. P. (1997). Researching the Roles of Inter-change Agents in the Management of Organizational Change. *British Journal of Management*. 8(1). pp. 61-73.
- Hayes. J. (2002). *The Theory and Practice of Change Management*. Basingstoke: Palgrave.
- Heliste. P. and Karhunen. P. and Kosonen. R. (2007). Foreign Investors as Agents of Organizational Change in Transition Economies: Human Resource Management Practices of Finnish Firms in Estonia. EBS Review. No:22. (1). 2007.
- Hersey. P. & Blanchard. K. (1969) *Management of Organizational Behaviour: Utilizing Human Resources*. Englewood Cliffs. Prentice-Hall.
- Higgs. M. and Rowland. D. (2000). Building Change Leadership Capability: "the quest for change competence". *Journal of Change Management*. 1(2). 116-131.
- Higgs. M. and Rowland. D. (2005). All Changes Great and Small: Exploring Approaches to Change and its Leadership. *Journal of Change Management*. 5. 2. 121-151.
- Hooper. A. and Potter. J. (2000). *Intelligent Leadership*. Random House. London.
- House. R. J.. Spangler. W. D.. & Woycke. J. (1991). Personality and Charisma in the US Presidency: A Psychological Theory of Leader Effetiveness. *Administrative Science Quarterly* (pp. 364-395)
- Huczynski and Buchanan (2001). *Organizational Behaviour*. 4$^{th}$ edn. Prentice Hall. London.
- Hughes. M. (2007). The Tools and Techniques of Change Management. *Journal of Change Management*. Vol. 7. No. 1. 37-49.
- Hui. C. and Lee. C. (2000). Moderating Effects of Organization-Based Self-Esteem on Organizational Uncertainty: Employee Response Relationships. *Journal of Management*. 26: 2. pp. 215–232.
- Iles. V. and Sutherland. K. (2001). *Managing Change in the NHS – Organizational Change*. London: NCCSDO.

- Jackson. S. E. (1983). Participation in Decision Making as a Strategy for Reducing Job-related Strain. *Journal of Applied Psychology*. 68(1). 3-19.
- Jalajas. D. S. and Bommer. M. (1999). The Influence of Job Motivation Versus Downsizing on Individual Behavior'. *Human Resource Development Quarterly*. 10: 4. pp. 329–341.
- Jick. T. D. (1993). *Managing Change: Cases and Concepts*. Richard D. Irwin. Inc.
- Jung. D. I.. & Avolio. B. J.. (1999). Effects of Leadership Style and Followers' Cultural Orientation on Performance in Group and Individual Task Conditions. *Academy of Management Journal* (Vol. 42. no.2. pp. 208-218)
- Kakabadse. A. (2002). Management Teams Need to Pull Together. *Professional Manager*. 37.
- Kanji. G. K. & Moura. P. (2001) Measuring leadership excellence. *Total Quality Management*. Vol.12. No.6. pp. 701-718.
- Kanter. P. M. (1983). *The Change Masters*. New York: Simon & Schuster.
- Kanter. P. M. and Stein. B. A. and Jick. T. D. (1992). *The Challenge of Organizational Change*. The Free Press. Ontario.
- Kavanagh. M.H. and Ashkanasy N.M. (2006). The Impact of Leadership and Change Management Strategy on Organizational Culture and Individual Acceptance of Change during a Merger. *British Journal of Management*. Vol.17. S81-S103.
- Kearns. M. B. and Taylor. J. B. and Hull. C. E. (2005). The Six Facets Model: Technology Management in the Effective Implementation of Change. *International Journal of Innovation and Technology Management*. Vol. 2. No. 1 (2005). 77-100.
- Kerber. K. and Buono. A. F. (2005). Rethinking Organizational Change: Reframing the Challenge of Change Management. *Organization Development Journal*. Vol. 23. No. 3.
- Kettinger. W. J. and Grover. V. (1995). Special Section: Toward a Theory of Business Process Change Management. *Journal of Management Information Systems*. 12. 1. 9-30.
- Kluckhohn. C. (1949). *Mirror for Man*. McGraw-Hill. New York.
- Kotter. J. P. (1990). *A Force for Change: How Leadership Differs from Management*. Simon & Schuster. New York.

- Kotter. J. P. (1995a). Leading Change. *Harvard Business Review*. March-April.
- Kotter. J. P. (1995b). *The New Rules: How to Succeed in Today's Post-Corporate World*. Free Press. New York.
- Kotter. J. P. (1996). *Leading Change*. Boston: Harvard Business School Press.
- Kotter. J. P. (1997). Leading by Vision and Strategy. *Executive Excellence*. October. 15-16.
- Kubr. M. (1996). *Management Consulting: A Guide to the Profession*. 3rd (revised) edition. International Labour Office. Geneva.
- Lane. N. (2005). Strategy Implementation: The Implications of a Gender Perspective for Change Management. *Journal of Strategic Marketing*. 13. 117-131. (June 2005).
- Legris. P. and Collerette. P. (2006). A Roadmap for IT Project Implementation: Integrating Stakeholders and Change Management Issues. *Project Management Institute*. Vol. 37. No. 5. 64-75.
- Lewin. K. (1947) Frontiers in group dynamics: concept. method and reality in social sciences: social equilibria and social change. Human Relations. 1. pp. 5–41.
- Leybourne. S. (2006). Improvisation within the Project Management of Change: Some Observations from UK Financial Services. *Journal of Change Management*. Vol. 6. No. 4. 365-381.
- Long. S.. & Spurlock. D. G. (2008). Motivation and Stakeholder Acceptance in Technology-driven Change Management. Implications for the Engineering Manager. *Engineering Management Journal*. Vol. 20. No.2.
- Luecke. R. (2003). *Managing Change and Transition*. Boston: MA: Harvard Business School Press.
- Mabert. V. A. (2001). Enterprise Resource Planning: Common Myths versus Evolving Reality. *Business Horizons*. 44(3). pp. 69-76.
- Mallak. L. (1998). Putting Organizational Resilience to Work. *Industrial Management*. 40. 6. 8-13.
- Martin. K. and Quigley. M. A. and Rogers. S. (2005). Implementing a Learning Management system Globally: An Innovative Change Management Approach. *IBM Systems Journal*. Vol. 44. No. 1.,

- Martin. T. N. and Huq. Z. (2007). Realigning Top Management's Strategic Change Actions for ERP Implementation: How Specializing on Just Cultural and Environmental Contextual Factors Could Improve Success. *Journal of Change Management*. Vol. 7. No. 2. 121-142.
- Mason. R. B. (2009). Management actions. attitudes to change and perceptions of the external environment. A complexity theory approach. *Journal of General Management*. Vol. 34. No. 1.
- Maurer. T. (2001). Career-Relevant Learning and Development. Worker Age. and Beliefs About Self-Efficacy for Development. *Journal of Management*. 27: 2. pp. 123–140.
- Mello. J. (1999) Refraining leadership pedagogy through model and theory building. *Career Development International*. 4. pp. 163- 169.
- McConnell. C.R. (2002). Making Change Work for You – or at least not against you. *The Health Care Manager*. 4. 66-77.
- Michel. A. and Stegmaier. R. and Sonntag. K. (2010). I Scratch Your Back – You Scratch Mine. Do Procedural Justice and Organizational Identification Matter for Employees' Cooperation During Change? *Journal of Change Management* . Vol. 10. No. 1. 41–59.
- Milliken. F. J. (1987). Three Types of Perceived Uncertainty About the Environment: State. Effect. and Response Uncertainty. *Academy of Management Review*. 12(1). 133-143.
- Moran. J. W. and Brightman. B. K. (2001). Leading Organizational Change. *Caree Development International*. 6(2). pp. 111-118.
- Morrow. P.C. (1983). Concept Redundancy in Organizational Research: The Case of Work Commitment. *Academy of Management Review*. 8: 3. pp. 486–500.
- Nadler. D. & Tushman. M. (1990) Beyond the charismatic leader: leadership and organizational change. *California Management Review*. Winter. pp. 77- 97.
- Northouse. P. (1997) *Leadership: Theory and Practice* (London. Sage Publications).
- O'Toole. J. (1995). *Leading Change: Overcoming the Ideology of Comfort and the Tyranny of Custom*. Jossey-Bass. San Francisco. CA.

- Pascale. R. and Milleman. M. and Gioja. L. (1997). Changing the Way We Change. *Harvard Business Review*. Vol. 75. Nov-Dec.
- Pegels. C.C. (1995). *Total Quality Management. A Survey of its Important Aspects*. Boyd and Fraser Publishing.
- Peters. T. and Waterman. R.H. (1982). *In Search of Excellence: Lessons from America's Best-Run Companies*. London: Harper and Row.
- Pettigrew. A. M. (1979). On studying organizational cultures. *Administrative Science Quarterly*. 24. 570-81.
- Phillips. J. R. (1983). Enhancing the Effectiveness of Organizational Change Management. *Human Resource Management*. 22. 1-2. 183-199.
- Porras. J. I. and Robertson. P.J. (1992). Organizational Development: Theory. Practice. and Research. *Handbook of Industrial and Organizational Psychology*. CA: Consulting Psychologists Press.
- Price. A. D. F. and Chahal. K. (2006). A Strategic Framework for Change Management. *Construction Management and Economics*. (March 2006) 24. 237-251.
- Prochaska. J.O. and DiClemente. C.C. (1982). Transtheoretical therapy: toward a more integrative model of change. *Psychotherapy: Theory. Research & Practice*. 19(3). pp. 276–288.
- Rue. L. W. and Byars. L.L. (2003). *Management Skills and Application*. International edition. 10th edition. McGraw Hill.
- Sagie. A. and Elizur. D. and Koslowsky. M. (1995). Decision Type. Participative Decision Making (PDM). and Organizational Behavior: An Experimental Simulation. *Human Performance*. 8(2). 81-94.
- Schein. E. H. (1985). How culture forms. develops and changes. in Kilmann. R. H. *et al.* (eds) *Gaining Control of the Corporate Culture*. San Francisco. CA. Jossey-Bass. 17-43.
- Schein. E. H. (1992). *Organizational Culture and Leadership*. 2nd edn. Jossey-Bass. San Francisco. CA.
- Schweiger. D. M. and DeNisi. A. S. (1991). Communication With Employees Following a Merger: A Longitudinal Field Experiment. *Academy of Management Journal*. 34(1). 110-135.

- Selznick. P. (1957) *Leadership in Administration: A Sociological Interpretation*. Harper Row. San Francisco.
- Senge. P. (1990). *The Fifth Discipline*. Doubleday. New York.
- Senior. P. M. (2002). *Organizational Change*. London: Financial Times.
- Shore. B. (2005). Failure Rates in Global ITS Projects and the Leadership Challenge. *Journal of Global Information Technology Management*. 8(3). pp. 1-6.
- Smith. P. & Peterson. M. (1988) *Leadership. Organizations and Culture* (London. Sage Publications).
- Stripeikis. O. and Zukauskas. P. (2005). Change Management – A Key Factor of the Learning Organization in Knowledge-based Economy. Knowledge-Based Economy: Management of Creation & Development. 323-337.
- Tan. V. and Tiong. T.N. (2005). Change Management in Times of Economic Uncertainty. *Singapore Management Review*. 27. 1. 49-68.
- Taskinen. T. (2003). Improving Change Management Capabilities in Manufacturing: from Theory to Practice. *Production Planning & Control*. 14. 2. 201-211.
- Torrington. D. and Hall. L. (1995) *Personnel Management HRM in Action*. 3rd edn. Prentice Hall. London.
- Trice. H. M.. & Beyer. J. M. (1986). Charisma and its Routinization in Two Social Movement Organizations. *Research in Organizational Behavior* (Vol. 8. pp. 113-164)
- Tyler. T.R. and Blader. S.L. (2003). The group engagement model: procedural justice. social identity. and cooperative behaviour. *Personality and Social Psychology Review*. 7(4). pp. 349–361.
- Vithessonthi. C. & Schwaninger. M. (2008). Job motivation and self-confidence for learning and development as predictors of support for change. *Journal of Organisational Transformation and Social Change*. Vol. 5. No. 2
- Waldman. D. A.. Ramirez. G. G.. House. R.J.. & Puranam. P. (2001). Does Leadership Matter? CEO Leadership Attributes and Profitability Under Conditions of Pereceived Environmental Uncertainty. *Academy of Management Journal* (Vol. 44. no.1. pp. 134-143)

- Whelan-Berry. K. S.. Somerville. K. A. (2010). Linking Change Drivers and the Organizational Change Process: A Review and Synthesis. *Journal of Change Management* Vol. 10. No. 2. 175–193.
- Wilson. D.C. (1992). *A Strategy of Change*. London: Routledge
- World Economic Forum (2000) *Creating the Organizational Capacity for Renewal*. Booz Allen & Hamilton/World Economic Forum. New York.
- Wright. G.. van der Heijden. K.. Bradfield. R.. Burt. G. and Cairns. G. (2004). The Psychology of Why Organizations Can Be Slow to Change. *Journal of General Management*. 29. 4. 21-36.
- Yam. R. C. M. and Tam. A. Y. K. and Tang. E. P. Y. and Mok. C. K. (2005). TQM: A Change Management Model for Market Orientation. *Total Quality Management*. Vol. 16. No. 4. 439-461.
- Yukl. G. (2002). *Leadership in Organization*. 5th Ed.. Pearson Education.

# Appendix A Questionnaires Used In Data Collection Process

## A.1 The First Questionnaire With Cover Letter

### A.1.1 The Cover Letter

This questionnaire is the 1st one out of 2-step data collection process for a doctorate dissertation named "MANAGERIAL PERSPECTIVES ON THE WINNING STRATEGY FOR CHANGE: A CASE STUDY FROM TURKEY" which is being written at the department of business administration in Isik University. This questionnaire is expected to shape the final "winning model" which will construct the structure of the 2nd questionnaire. This dissertation aims to do a study on change management. Mainly, there will be two foci of the study. The first one is to reveal and then analyze the factors that lead change initiatives to success or failure. The second one is to bring the most effective factors together to construct and introduce a new model of change management which will assure success.

Organizational change is defined as referring to the process of moving an organization from a current state to a desired level of new state in order to increase the effectiveness of the organization. This process contains specific activities that may vary from minor arrangements in the organization to radical and strategic moves leading to a transformational change. Until recent decades. most companies operated in reasonably stable environments. But today a great many companies are facing unstable competitive environments that are often changing profoundly. Thus. many companies are finding it necessary today to change drastically what they are trying to do and how they are doing it in order to be more effective. However. so many change initiatives end up with failure and the literature on this topic reveals that the rate of failure in change initiatives reach almost 70%.  That's why this study aims at introducing a "winning" model of change management to minimize the risk of failure which will influence not only theory but also will be a real guide for the practitioners of change in real business world.

I would like to thank you in advance for your cooperation and support by sharing your views and managerial experience.

Serhat TATLI

### A.1.2 The First Questionnaire

| | | | | |
|---|---|---|---|---|
| **A- Could you please fill in the following section.** | | | | |
| *A1- DEMOGRAPHIC INFORMATION:* | | | | |
| 1- Age: | | | | |
| O <30 | O 31-40 | O 41-50 | O 51-60 | O >61 |
| 2- Gender: | | | | |
| O Male | O Female | | | |
| 3- Education: | | | | |
| O < High School | O High School | O University | O Master | O Doctorate |
| *A2 – PROFESSIONAL INFORMATION:* | | | | |
| 1- Sector: (If you are engaged with more than one sector please select one and continue to fill in the following sections according to the dynamics of that sector.) | | | | |
| O Food and FMCG | O Agriculture and Stockbreeding | O Telecom | O Retail | O Energy |
| O Advertisement | O Metal and Metal goods | O White goods and Electronics | O Automotive | O Textile |
| O Tourism | O Service | O IT / internet | O Other:..: | |
| 2- Title: (If you have more than one title please select the highest rank. MOM: Member of Board, CEO: Chief Executive Officer, GM: General Manager, AGM: Assistant General Manager) | | | | |
| O Chairman, MOM | O CEO | O GM | O AGM, Director | O Manager, Supervisor |
| 3- No. of employees in your company : | | | | |
| O 1-9 | O 10-49 | O 50-99 | O 100-249 | O >250 |

| **B- Could you please assign the relative importance you give to the following factors on the scale during change management process from "1- not important at all" to "6- very important"** | **Not Important At All** | | | | | **Very Important** |
|---|---|---|---|---|---|---|
| 1- Effective Leadership | 1 | 2 | 3 | 4 | 5 | 6 |
| 2- Human Factor | 1 | 2 | 3 | 4 | 5 | 6 |
| 3- Organizational Culture and Values | 1 | 2 | 3 | 4 | 5 | 6 |
| 4- Organizational Agility | 1 | 2 | 3 | 4 | 5 | 6 |
| 5- Effective Management | 1 | 2 | 3 | 4 | 5 | 6 |
| 6- Political Relations in Organizations | 1 | 2 | 3 | 4 | 5 | 6 |
| 7- Shared Vision | 1 | 2 | 3 | 4 | 5 | 6 |
| 8- Resistance to Change | 1 | 2 | 3 | 4 | 5 | 6 |
| 9- Effective Planning | 1 | 2 | 3 | 4 | 5 | 6 |
| 10- Shared Strategy | 1 | 2 | 3 | 4 | 5 | 6 |
| 11- Organizational Openness to Change | 1 | 2 | 3 | 4 | 5 | 6 |
| 12- Organizational Adaptability | 1 | 2 | 3 | 4 | 5 | 6 |
| 13- Organizational Skills and Capabilities (i.e. education, etc..) | 1 | 2 | 3 | 4 | 5 | 6 |
| 14- Motivation and Inspiration | 1 | 2 | 3 | 4 | 5 | 6 |
| 15- Lack of Commitment Within the Organization | 1 | 2 | 3 | 4 | 5 | 6 |
| 16- Organizational Flexibility (Fixed costs / Variable costs, production capacity,etc..) | 1 | 2 | 3 | 4 | 5 | 6 |
| 17- Organizational Optimism | 1 | 2 | 3 | 4 | 5 | 6 |
| 18- Organizational Conflict (Individual-Individual, Individual-Company, etc..) | 1 | 2 | 3 | 4 | 5 | 6 |
| 19- Empowerment | 1 | 2 | 3 | 4 | 5 | 6 |
| 20- Change Management Approach (i.e.Push vs. Pull systems) | 1 | 2 | 3 | 4 | 5 | 6 |
| 21- Organizational Alignment | 1 | 2 | 3 | 4 | 5 | 6 |
| 22- Shared Purpose to Believe in | 1 | 2 | 3 | 4 | 5 | 6 |
| 23- Fragmentation Due to Non-integrated Business Processes | 1 | 2 | 3 | 4 | 5 | 6 |
| 24- User Participation Within the Organization | 1 | 2 | 3 | 4 | 5 | 6 |
| **25- Could you please mention any other factor/s different than the above 24, if any, which you see as important on overall success during change management process and their related importance grades between 1-6)** | | | | | | |
| 1- | 1 | 2 | 3 | 4 | 5 | 6 |
| 2- | 1 | 2 | 3 | 4 | 5 | 6 |
| 3- | 1 | 2 | 3 | 4 | 5 | 6 |

### A.2 The Second Questionnaire

30 questions existing in the second questionnaire rated from 1 (Strongly Disagree) to 5 (Strongly Agree) are as follows:

1 – During change management process the level of job related uncertainty among employees is higher.

2 – Employees satisfied with the status quo are inherently resistant to change.

3 – The level of competitive power of a company in the market is not in relation with failure in change management.

4 – A visionary leader creates a common purpose to believe in among followers during change.

5 – Change management communication by leaders of change within the organization increases the level of employees' commitment to change.

6 – Empowerment stimulates creativity for innovative new ideas during change by encouraging risk-taking.

7 – Inconsistent messages coming from top management about change increase the level of sceptism among employees.

8 – Participative management style gives staff members responsiblity over matters at their level of operation by decentralizing decision making.

9 – Misunderstanding the aims of change decreases the level of sense of ownership among employees.

10 – Companies which are more successfull in managing change increase their market values at a higher rate.

11 – The level of anxiety about power shift among employees is higher during change.

12 – Leaders encourage an organizational culture of openness to change for coping better with environmental factors.

13 – Importance of human resource planning is lower if a firm is to rely on its staff to handle devolved responsibility during change.

14 – Having the sets of skills or know-how necessary to adapt change increases employees' level of self confidence during change.

15 – Managerial focus on the accuracy of budget or financial resource planning of an organization is higher during change.

16 – Collectivist behavior in leadership increases the level of emotional alignment within the organization by creating a common identity among employees.

17 – Profitability is higher at companies which are more successful in managing change.

18 – Realization of project milestone planning decreases the time pressure on change management team.

19 – Performance rewarding system decreases the level of stress among employees during change.

20 – Cost optimization is better at companies which are more successful in change management.

21 – Influential leadership satisfying the needs of followers increases the level of loyalty among followers to their leader.

22 – During change management process. psychologic discomfort among employees decreases the level of job satisfaction.

23 – Non-integrated or fragmented business processes decrease the number of conflicts between different departments.

24 – Companies who are less successful in managing change have a higher level of adaptability to environmental factors.

25 – The lack of commitment among employees to company strategy decreases the level of adaptive responses to change.

26 – De-layered or flat organizations increase the level of internal flexibility by minimizing bureaucracy within the company.

27 – Effective leaders clearly defines organizational mission during change.

28 – Team spirit putting group-interests prior to self interests decrease the level of job absenteeism during change.

29 – The level of employee turnover is higher at a company which is less successful in managing change.

30 – Lack of conviction among employees that change is needed decreases the level of support for change in an organization.

### A.3 The Refined-Second Questionnaire

30 questions existing in the revised second questionnaire rated from 1 (Strongly Disagree) to 5 (Strongly Agree) are as follows:

1 – During change management process. the level of uncertainty among employees about losing their jobs does increase.

2 – Employees satisfied with the current status are inherently resistant to change.

3 – The level of competitive power does decrease at companies which are not successful in change management.

4 – Influential leaders clearly define organizational vision during change.

5 – Understanding the need for change. increases the level of employees’ commitment to change.

6 – An effective leader creates a shared "change target" among employees during change.

7 – Scepticism among employees about the necessity for change. decreases their level of contribution to change.

8 – During change. participation in the decision making process let employees see themselves as a part of change.

9 – Having the idea that change is necessary. decreases "sense of ownership" for change among employees.

10 – Market values do increase at companies which are more successful in managing change.

11 – The level of anxiety about power shift among employees does increase during change.

12 – Effective leaders encourage an organizational culture which is "open to change" for adapting better to changing competitive environment.

13 – The importance of human resource planning does decrease during change.

14 – Having the sets of skills or know-how necessary to adapt change. cause employees to be afraid of change.

15 – During change. the importance of corporate budget or financial resource planning does increase .

16 – Effective leaders strengthen team spirit among employees during change.

17 – Profitability does increase at companies which are more successful in managing change.

18 – During change. the importance of time management or planning does decrease.

19 – Performance rewarding systems decrease the level of change-related stress among employees .

20 – Cost optimization does improve at companies which are more successful in change management.

21 – Effective leaders increase the level of loyalty to their leadership among employees during change.

22 – During change. psychological discomfort among employees decreases their level of job satisfaction.

23 – Non-integrated or fragmented business processes decrease the number of conflicts between departments.

24 – Adaptability to changing competitive environment does increase at companies which are more successful in managing change.

25 – The lack of committment to corporate strategy. cause employees to reject change.

26 – During change. flat organizations decrease the level of internal flexibility.

27 – Effective leaders clearly define organizational mission during change.

28 – Unhappiness during change increase the level of job absenteeism among employees.

29 – The level of employee turnover does increase at companies which are not sucessful in managing change.

30 – Lack of conviction to change decreases the level of support for change among employees.

### A.4 The Third & Final Questionnaire And The Cover Letter

#### A.4.1 The Cover Letter

Sayın….,

Serhat Zafer Tatlı, Enstitü'müz "Çağdaş İşletme Yönetimi Doktora Programı"nda lisansüstü düzeydeki çalışmalarını sürdürmektedir.

Doktora yeterliğini kazandıktan sonra, kendisinin hazırlamakta olduğu tez, "etkin değişim yönetimi" alanındadır; söz konusu çalışmanın özgün saha araştırması olarak, ülkemizin en başarılı şirketlerinin değerli üst düzey yöneticileri nezdinde bir anket uygulaması planlanmıştır.

Uygulamalı bir bilim dalı olan işletme yönetimi alanında, ülkemiz için geçerli özgün bilimsel araştırmaların zenginleştirilmesi yolunda, bu çalışmaya sağlayacağınız katkı ve destek için teşekkürlerimizi ve en iyi dileklerimizi sunarım.

Saygılarımla,
Prof. Dr. Murat Ferman
Rektör Yardımcısı

### A.4.2 The Third & Final Questionnaire

20 questions existing in final questionnaire rated from 1 (Strongly Disagree) to 5 (Strongly Agree) are as follows:

1- During change management process, the level of uncertainty among employees about losing their jobs does increase.

2- Employees satisfied with the current status are inherently resistant to change.

3- The level of competitive power does decrease at companies which are not successful in change management.

4- Influential leaders clearly define organizational vision during change.

5-To have the idea that change is necessary, decreases "sense of ownership for change" among employees.

6- Adaptability to changing competitive environment does increase at companies which are more successful in managing change.

7- During change, participation in the decision making process let employees see themselves as a part of change.

8- The level of anxiety about power shift among employees does increase during change.

9- Market values do increase at companies which are more successful in managing change.

10- Understanding the need for change, increases the level of employees' commitment to change.

11- Effective leaders encourage an organizational culture which is "open to change" for adapting better to changing competitive environment.

12- The importance of human resource planning does decrease during change.

13- Performance rewarding systems decrease the level of change-related stress among employees .

14- Profitability does increase at companies which are more successful in managing change.

15- During change, the importance of time management or planning does decrease.

16- Unhappiness during change increase the level of job absenteeism among employees.

17- Cost optimization does improve at companies which are more successful in change management.

18- Scepticism among employees about the necessity for change, decreases their level of contribution to change.

19- Effective leaders clearly define organizational mission during change.

20- Having the sets of skills or know-how necessary to adapt change, cause employees to be afraid of change.

## Curriculum Vitae

Serhat Zafer Tatlı was born on 27 August 1976, in Bandırma. He received his BA degree in Economics in 1998 and MBA degree in 2000 both from Marmara University. He worked as a research assistant at the Department of Business Administration of Marmara University between 1998 and 2000. Since 2000, he has occupied executive positions including CEO and board member of a private company positioned within top-15 of the Bilişim 500 listed companies in Turkey. Since 2010, he has been a CEO and managing partner at a private company and as a social interest, since 2008 he has been a sports commentator, participating regularly live on Sports TV and Radyospor.