

Employee's Attitude toward Change and Organizational Performance

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ABSTRACT

Organizations are gradually opting to enhance their ability by encouraging employees to accept change. The purpose of this study is to identify employee's attitude towards change and efforts are made to reduce resistance towards change. To illustrate the purpose of the paper an extensive literature review was done. The variables in the study were validated by using a qualitative case study method. Data was collected from Internet, journals, & websites of IBM in order to understand how change takes place in an organization. I, therefore, address conceptual matters as well as a theoretical context. Employees Attitude toward organizational performance and change are extremely connected with each other hence substantiating the issues that the performance in an organization is exaggerated through employee's attitudes towards change. Conceptual understanding can be developed to identify employee's attitudes which have an impact on change outcomes and performance. The literature shows that employee's attitude is one of the most important determinants of successful organizational change and performance. The more employees are willing, the higher will be the commitment to their organization, and the greater will be the desire to accept organizational change. A detailed literature review conducted in this paper will help the reading community to develop insights into the concepts of attitude and change. The conceptual model, attitude towards change and performance adopted in the present paper provides the constructs of change & attitude and their relationship with performance. The present study is a case-based study and uses only one case. It would become more meaningful if at least one more case study is prepared and analyzed.

Keywords: Employees Attitude, Organizational Change, Change Management and Organizational Performance.

1. INTRODUCTION

Organizations are increasing their need to change strategies and policies due to the emergent globalization of business and rising competition and technological advancement [28].

Today in this fast challenging business environment a large number of the organizations are in steady hunt for a strong strategy which can help them to endure the new global economic order, constructing them to achieve better performance [21]. A change in an organization can be described as the prolog of innovation [16], [17]. Change has latent significant impact on employee's functioning in organizations as well as on organizational performance,

although change can offer opportunities for organizational growth and economic development; on the other hand, by inculcating change there can be coercion from new skills, behaviors, actions and activities [31].

Several organizational change efforts fail to achieve their planned objectives and goals leading to adverse impacts on organizations and employees, such as the exhausted capital, expenditure, and low Productivity. A number of studies indicated that many change leaders often underestimate the central role that individuals play in the change process [6], [23]. Reference [7], [4] shows many studies by the researchers

indicated a failure rate of 70 percent for every change initiatives.

2. LITERATURE REVIEW

In today's rapidly changing environment, many organizations can attain competitive advantage by adopting change [33]. Organizational change is the procedure through which organizations planned to shift their current states to some preferred future states in order to enhance their performance and efficiency. It affects employee's performance, structure, technology and other elements of the organization [14]. A number of the government sector organizations are indulged in change activities as they are affected by new public management. These predictable change measures are reorganization, the introduction of new top management, and adopting greatest practices such as financial management and management by goals.

While implementation of changes in organization, structure, or development; The role of Employees involvement are essential because change occurs due to individuals change, Organizational change takes place when majority of individuals can change their attitudes or behaviors [28]. Reference [2] shows that Measurement of organizational change, is always cited in terms of Attitudes and behaviors of employees towards organizational change [26]. Attitudes toward organizational change are defined as the overall employee's judgment related to the change implemented by their organization [19].

Reference [5] shows an ideal assumption of organizational change should tackle with four essential magnitudes such as process, content, outcomes and context. It has been found by [30] that individual level outcomes received more consideration after it has been found that behavioral change is more important for organizational change. Reference [2] shows that it is necessary to attain understanding of employee's attitude towards change and organizational performance in order to achieve organizations' goal and objective.

2.1 Defining Employees' attitude toward organizational change

Reference [33] shows Employees' attitude towards change was described as an employee's emotional leaning to judge

positive /negative impact of change. He also considered change as a field emerging from the strong positive attitudes (e.g. openness to change, willingness for change) to strong negative attitudes (e.g. resistance to change, pessimism about organizational change) [9a],[10b] .

Reference [9a] shows that employee's attitude towards organizational change can be seen as profitability in terms of financial advantage.

If a change is inculcated in any organization, then it is clear that it has been occurred out of the individual, organizational as well as intention to change at cognitive and affective level. While considering reactions toward change in an organization, it is important to predict attitude towards change, and for signifying interventions that reduce adverse reaction towards change.

The understanding of attitude towards change can be recognized as difficulties that were faced while introducing change [33]. Employees initially access the importance of change for their comfort, therefore; profitability and valence of change outcomes become vital [41].

Reference [13] shows that the concept of change schema to evaluate how people identify change and organizational performance. He originates that the organizational changes in both Employee's attitude toward organizational changes and organizational performance has positive effects.

2.2 Factors influencing Employees attitude towards organizational change

The following factors are influencing employee's attitude toward organizational change

1. **Individual factors:** Individuals working in an organization have capacity to act in a different way to the similar change since of their individuality such as control and self-efficacy [9a], [10b]. Reference [19] shows that locus of control is an important factor in attitudes toward organizational change and also found that employees will believe that he or she has control over the change occurrence and will not practice the unenthusiastic consequences related to a peripheral locus of control.

2. **Change content factors:** Reference [5] shows that feedback from employees towards changes can show that how a particular change could shape their attitude and performance. In the perspective of organizational change threat, appraisals are associated with equally sentimental and behavioral employee reactions [22].
3. **Change process factors:** In these factors measures are considered to persuade peoples for the achievement of organizational performance [5]. Management support is necessary for highly competitive employees participating in the change as well as for better change and organizational performance [12].
4. **Change context factors:** Change of Internal context includes factors that persuade organizational performance such as, organizational norms, organizational politics Organizational standards, Employees uniformity, regulations, and policy [5]. The change is an action of divergence, conference, and cooperation, which occurs at different levels inside and outside an organization during the development of managing change [16a], [17b]. On the extensive literature review following model was developed by the researcher.

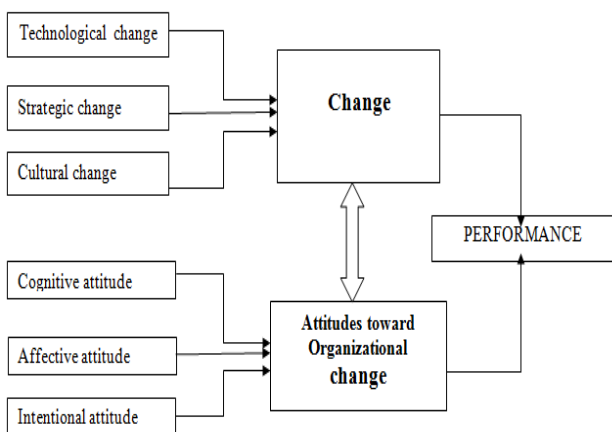


Figure 1: Conceptual model of attitudes toward change and performance

Change in an organization is frequently determined in terms of the necessity for business endurance, both at the management, Leadership, and employee level [40].

Reference [14] shows that according to organizations need to advance their function within a highly unpredictable environment as the organizations are in a situation of steady change. The force to change stems from a diversity of interior and exterior sources such as economic, structural, and technological factors. Reference [33] shows that the aim of change is to adapt changes in employee's behavioral patterns at the workplace this was improving organizational performance. Organizations attempt to predict and adapt change through strategies such as organizational redesign [25] it also includes shifting the culture of the organization [24]. Organizations implement change for optimistic reasons in order to adapt to changing environmental circumstances and stay competitive. Employees regularly react negatively towards change and oppose change efforts. This negative response is because change brings with it enlarged anxiety, pressure, and ambiguity for employees [5].

Reference [29] shows that the aims for the failure assortment from a required for understanding an organization's ability to change the opposition toward organizational change [35].

2.4 Employee Attitude toward Change

Change and affinity to vary between employees are essential elements of agile organizations that have been discussed in various prior researches.

Reference [9] shows that "attitudes replicate employee's affinity to believe, consider or act in a positive or negative behavior towards the purpose of the attitude."

Reference [2] conceptualized that "Attitude describes a person's constructive or adverse evaluation concerning the performance. Reference [42] shows that attitude as the people's idea that a service, product or concept is a superior in comparison to other while defining attitude in terms of outcome, it is seen that how an individual's shows preference for that aspect. Normally attitudes are measured as an indicator of the efficiency of organizational work performance and organizational efficiency in organizations.

3. RESEARCH METHODOLOGY

2.3 Why change is necessary for an organization

An extensive analysis of the literature review is done to recognize employee's attitude towards change and its impact on organizational performance. For validating the research variables an inductive investigation is done on the source of secondary data which was collected from Internet, journals, & website of IBM during one and half year period and analysis was done by using SAP-LAP framework. The employee's attitudes during the technological change are identified and analyzed in the case study of International Business Machines Corporation (IBM).

SAP-LAP is a framework which is used to generate a model of inquiry for change which can be used for managerial implications [48]. SAP-LAP has proved itself as an ideal tool. A full form of (SAP) is situation-actor-process while the full form of (LAP) is learning –action-performance this model has been used for the analysis of the case study. The situation represents the current state of the organization. Performers are the members, persuading the situation to evolve different business processes. LAP framework in which Learning (L) includes key learning phase of SAP, action (A) includes the measures to be taken to solve the issues and performance can be the actual outcome expected after action is taken [49].

4. OBJECTIVE OF THE STUDY

As a trend towards globalization, a tough worldwide opposition continues, so that the organizations are increasingly pressured to formulate speedy change procedure towards their workforce. The purpose or objective of this study is

- To identify employee's attitudes towards change programs and efforts done to reduce resistance towards change to achieve the desired performance.
- To know the kind of change, that is needed in a different situation.

5. CASE STUDY

5.1 Background: IBM (International Business Machine) is the world's top IT Company it was previously known as Computer-Tabulating-Recording Company and then in 1924 its name has been changed to IBM (International Business Machine).

The IBM (International Business Machine) was founded in 1910 and was headquartered in Armonk, (New York) and it was established in 1911, This company offers large number of products and services in the ICT (Information And Communication Technology) industry. One of the companies (IBM) segment provides Technology support, Integrated Technology, and outsourcing process, and all these services are in relation to IT infrastructure and business process. Its next service segment is Global Business Services that provides a consulting service for application innovation, strategy and transformation, enterprise application management, smarter analytics, and maintenance. The other segment of the company is software segment that offers products, storage solutions, semiconductor technology and packaging solutions. The company also has a financing segment that provides loan and lease to other companies, remanufacturing and remarketing, commercial financing. IBM also has an alliance with Kutxabank; in addition to this it also has a strategic partnership with SYNnex Corporation.

5.2 SAP-LAP Analysis

Situation considered:

- According to the study done in 2008 CEO of the IBM recognized five nucleus Qualities that are required for the companies that are "ambitious for change."
- The IBM CEO suggests that in an organization there is a change gap, and it is rising.
- The capability to handle change should be a nucleus competence- and the intensity of estimated change continues to force the company to better performance.
- Over the three years the IBM's CEO rate their capability to deal with change 22 % that is more than their estimated need for it – a **"change gap" was found in IBM that has almost tripled** since 2006.
- Louis V. Gerstner (CEO) recognized that company's major troubles are a lack of customer satisfaction, trust, and lots of customer touch, company was too decentralized, costs were out of control, controversial performance measurement systems.
- The company had followed their older strategy extensively, but no output was generated.

- Thus, a technological change takes place in IBM. IBM has made its plan to take technological insight to assist and the organization change process.
- IBM has applied their company vision across four strategic magnitudes - technology strategy, organization change strategy, operating strategy, and business strategy to constrain novelty, growth, and development.

Actors Involved:

- CEO of IBM
- Top Management of IBM
- Board Of Director of IBM
- Practitioners of IBM
- Middle managers
- Employees

Process:

- According to Gerstner's (CEO) analysis of customers' desires and business development it was found that the change is necessary, and the market was also shifting.
- Gerstner grant significance of value sharing for efficient changes.
- For the better performance, Gerstner met with each employee and received their feedback towards the successful implementation of the change process.
- On the similar moment, IBM remakes its panel to release ups obvious and constant interactions with IBM employees.
- Gerstner mentioned that if employees do not recognize what's occurrence in the company then, they will not make the sacrifices that are essential to change.

Learning

- IBM offers one of the leading approaches, strong strategy, and practices related to the change in the world.
- The company deals with the network hardware business, application software, storage, and personal

computers to enter the services and develop a freestanding software business.

- The sales were disappointing as the demand for personal computers was minimal at that time.
- Employees have positive attitudes towards this change in the organization.

Action

- IBM Emphasize employee contribution to easing the opposition to change, at both individual and group levels.
- Enable sincere and suitable two-way communication to construct expectation and dedication to enhancing change programs and making leaders diminish resistance.
- Better interactions plus employee contribution enables and empower people, so then change happens **through** them – not just **to** them.
- Strong traditions of empowerment and allocation of decision-making authority in IBM distributes accountability for change throughout the organization.
- A change sponsor should be dynamically visible concerned in setting whole trend, Using diverse techniques and medium, communication was made at every level.

Performance

- Employees in IBM hold positive attitudes toward organizational change.
- IBM has revenues of \$107 billion & 90% of its fragment revenue comes from software, services and financing in the fiscal year 2011.
- The application of technology would turn into the key factors of IBM, not its invention.
- IBM enters into the service and develops a freestanding software business to exit the application software, storage, the network hardware business and personal computers.
- IBM becomes a worldwide integrated venture in order to capture innovation.
- IBM constantly analyzes and changes their strategy in the direction of customer satisfaction,

technologies, to attain higher-value and market opportunities.

- IBM is the leading supercomputer and machinery firm in the Information Communication Technology industry, It has conducted their measures into five company segments, and acquired market place in the United States, Africa, Europe, Asia, Oceania, and so on.

6. DISCUSSION

Nowadays, every organization faces change. Most important issues involved in the company are adjusting the Employee's attitude toward change and performance.

IBM had a strongly ingrained logic of company background that permitted minor performers to maintain employment that lack terror of termination. Lou Gerstner, the CEO of the company, felt that this traditional regulation that employment was definite required to be broken. In order to reach an achievement, CEO of the company aimed at creating an innovative tradition that encouraged allocation across divisions and sincerity. Change has prospective impacts on employees working in organizations; it can provide opportunities for expansion and advancement.

Further, Gerstner (CEO of IBM) felt that organizations require to including terms of supplementary incentives to execute a change in Technology, culture, and management process and to reap significant successes. Several incentives were used to encourage higher administration by including bonuses which were based on the entire performance and the creation of several cross-functional committees. These incentives make a great effort in designing a team that works mutually for the best of IBM.

7. CONCLUSION

The study concluded that attitude of employees toward change and organizational performances were positive. The role of Employees' attitude in understanding reaction towards change and organizational performance was emphasized. Employees embrace reasonably positive attitude towards change because they consider a change as optimistic which activates their rewarding approach. Employees consider that change benefits all employees and would enhance work competence and effectiveness. As attitudes of employees are established as a

background for change and performance, it is accomplished that employees would show some supportive attitudes and behavior. Thus, the positive attitudes of employees toward change and organizational performance will facilitate the organizations to achieve their goals and objectives.

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