

MASTER OF BUSINESS ADMINISTRATION

MANAGEMENT CENTER

UNIVERSITY OF CALIFORNIA, BERKELEY

RESEARCH REPORT

NO. 100

1961

UNIVERSITY OF CALIFORNIA, BERKELEY

Abstract

The title of this paper is “Assessing Change Program in a Telecommunication Company”. It explores the reaction of employee in a telecommunication company toward any change initiative, its impact to the company and how management ensures proper execution of any change program. We propose to investigate some of these significant issues that have been raised by scholars and previous researchers. There are three important questions raised at the beginning of the paper i.e. why employees resist change? Is there any difference on the relationship between individual behavior and the organizational behavior to the success of change program? And the final question is identifying what is the best method of introducing new initiatives in a Malaysian organization?

Data is gathered via questionnaires that are given to employee across the organization. Their profiles and views are compiled and the data obtained was analyzed using SPSS. Frequency tables were built to show the details of the findings. This questionnaire survey is divided into three sections. The first section is conducted to identify the awareness of the employee towards change initiative for the purpose of evaluating the effectiveness in its implementation. The second section is conducted to evaluate the relationship of the respondent with their immediate superior. The last section of the questionnaire survey is conducted to identify the personal particulars of the respondent. I would like to state that the study was non-exhaustive and non-comprehensive as it was originally intended due to my own weaknesses and time constraint.

The finding suggest that the company need to consider various steps and information before introducing any change program in the organization. The management needs to really understand the organizational climate at all level. We have also illustrated that behavior of individual will influence the performance of the company. Therefore, it is essential for the company to integrate any initiative with the Corporate Human Resource evaluation process. The fundamental purpose of this activity is to create a situation where the minds of all employees can be brought to bear on critical issues facing the company.

We conclude that assessment, evaluation, diagnosis, change and effectiveness all depend upon people. The survey result has reveal that change is never constant and managers will always deal with ever changing expectation of their employee. There is always scope for improvement.

Approval Page

Name of the Student: Abdul Rashid Abu Nawar

Matrix number: G 9714525

Title of the Project Paper: Assessing Change Program in a Telecommunication Company

The undersigned certify that the above student has fulfilled the conditions of the project paper in partial fulfillment of the requirement for the Master in Business Administration (General Management).

Supervisor



Mahfooz A. Ansari, PhD
Professor, School of Management
University Science Malaysia
Pulau Pinang
Dated: March 30, 2001

Acknowledgments

In writing this paper, I have been very fortunate to have the cooperation from all personnel across the company. First of all, I would like to thank the divisional secretary of Shared Infrastructure, Group Marketing, Regional and Mobile Services for your assistance and support.

To all the respondent of my questionnaire booklet, my sincere thank to all of you. You have given me valuable information. I am indebted to many friends and associate. Puan Salmah Rauther proof read my first draft and reconstructs the sentence in accordance to its context. Mazlina and Suzana worked with me to type, amend and formatting the paper. I don't see how, without them, I can submit this paper to management center of the university before the deadline.

I gratefully acknowledge the assistance, support and encouragement of my supervisor, Professor Mahfooz Alam Ansari and Dr Abdul Rahim Abdul Rahman. We have been working together from the early stage up to the successful completion of this paper.

I would also like to thank my son, Musthoffa Afifi who has been an enormous source of pride and inspiration. Finally, I must thank my wife, Puan Salina Awaludin, who sits beside me during good and hard time, and who provided ideas, encouragement, reviewed chapters and has helped me infuse the "positive thinking and be a wise man" throughout our eleven-years together.

I would like to have interviewed the top management of the company, and used much more information made available to me by my company over the last eight years on this subject, but I didn't have the time.

TABLE OF CONTENTS

Abstract	i
Approval page	ii
Acknowledgment	iii
Table of Contents	iv
List of Tables	v
Chapter 1: Introduction	
Background	1
Objectives	2
Chapter 2: Literature Review	
Definition	4
Development of Change Program	6
Strategies for Change	8
Diagnosis for Change	12
The Change Equation	14
The Blockages to Effective Change	15
How to Deal With Resistance to Change	16
Malaysian Culture and Behavior	19
Chapter 3: Methodology	
Research Site	22
Population and Selection of Sample	23

Instruments

Section A: Change Program 25

Section B: Relationship 25

Section C: Personal Information 26

Section D: Suggestion 26

Procedure 26

Statistical Analyses 27

Chapter 4: Survey Analyses and Result

Objective 1 28

Objective 2 30

Objective 3 32

Chapter 5: General Discussion and Conclusion

Managerial Implications 35

Theoretical Implications 38

Conclusion 39

Appendices

Appendix 1: Questionnaire

Appendix 2: Project Paper Proposal

LIST OF TABLES

Table 1: Strategic continuum

Table 2: Expectations of continuity against hope

Table 3: Managerial assumption about employees

Table 4: Methods for dealing with resistance to change

Table 5: Expectation and Performance

Table 6: The Gap diagram

Table 7: Positive behavior

Table 8: Negative behavior

Table 9: Relationship between strategy option and performance

Table 10: Significant strategies

CHAPTER 1

INTRODUCTION

telecommunication company in Malaysia, the impact of change programs, its issues and acceptance. Implications of the finding are discussed and conclusions are drawn.

Objectives

One of the most interesting new areas of research in modern management is the topic on how the employee reacts to change, its impact to the company and how management ensures proper execution of any change program. We propose to investigate some of these significant issues that have been raised by scholars and previous researchers.

In an attempt to explain human behavior, one needs to analyze the nervous system that drives perception, learning, thinking, and statistics. Most of the psychological theories (Simon, J.A 1994) have concluded that thoughts become self-fulfilling prophecies. When we go into a situation expecting the worst (either of others or of ourselves), then we set the scene for the worst to happen. In addition, we selectively view the situation so that it fits with our preconceived views. Conversely, when we go into a situation expecting the best, then we set the scene for the best to happen. In addition, we selectively view the situation looking for evidence of benefits and opportunities for advancement.

The Malaysian scholars and researchers, on the other hand, focus on the impact of culture, ethnic and Islamic values to the overall behavior of the employee. Evidence is accumulating that the behavior of individuals in the Malaysian multicultural society are influenced by the motivations, consciousness, perceptions, conceptions, and reactions according to the traditions and conventions that we learn and acquire from our culture of orientations.

The most immediate question that one must ask in studying the behavior of Malaysian employees towards change program is the question of why they resist change. Many have assessed the most common reasons on why people resist change, which can be summarized as:

- Fear they will lose something of value
- Misunderstanding
- Disagreement about the benefits of change
- Concern they may not have the skills and ability to cope

This paper describes a simplified evaluation process based on the job position, working environment, experiences, and sex.

The second question is the relationship between the individual behavior and the organizational behavior. The Hofstede (Hofstede,G 1980) has suggested four different dimensions of cultural differences, (power distance, uncertainty avoidance, individualism-collectivism, and masculinity-femininity). It is interesting to note some similarities and differences between these models and the one proposed by the Malaysian researchers (Abdullah,A 1994). And we all exhibit the following reactions to change, some noticeably, others more subtly:

- In the early stages, people feel uncomfortable and self-conscious.
- People tend to think first about what they will have to give up.
- People feel alone, even if everyone is going through the change.
- People can only handle so much change at once.
- People are at different levels of readiness for change.
- People will be concerned they don't have enough resources.

- People will revert to old behavior when the pressure comes off.

The final question that attracts our attention is the method of introducing new initiatives in a Malaysian organization. The management theories have suggested that we need to create change agents amongst the managers to transform the organization and push change down through the organization. This paper describes a simplified evaluation process based on a different position in the organization, their willingness to go beyond official matters and loyalty to the company.

CHAPTER 2

LITERATURE REVIEW

CHAPTER 2

Literature Review

Definition

Reader's Digest Word Power dictionary defines change as "to alter, make or become different". Therefore, we can define Management of Change as "managing the organizational set up to achieve the desired result" – while performing that function, we need to change the attitude, opinion, decision or even the way we do business.

What makes an organization want to change? There are a number of specific, even obvious, factors, which will necessitate movement from the status quo. The most obvious of these relate to changes in the external environment, which derive alteration. An example of this, in the last couple of years, is the move by car manufacturers and petroleum organizations towards the provision of more environmentally friendly forms of products. This forces the organization in the petroleum industry to alter their production procedures to meet the desired standard.

Pettigrew's (1985) analysis of change at ICI attempted to identify what precipitates change. He pointed out that there were no clear beginnings and ends to strategic change. Environmental disturbances were seen as the main precipitating factor, but he also believed that these were not the sole causes of, or explanations of, change. Pettigrew (1985) went on to argue that changes within an organization take place both in response to business and economic events and to processes of management perception, choice and action. Managers in this sense see events taking place that, to them, signal the need for change. They also perceive the internal context of change as it relates to structure, culture, the system of power, and control.

Development of Change Program.

Growing competition, privatization, and deregulation across many parts of industry, commerce, and the public sector have led many organizations to try to develop their staff to have more commercial awareness and more concern for quality. Managers are concerned with the value for money, the development, design, manufacture or service, and in less definable issues such as corporate image and identity. Customers and clients are ever more vocal and critical. The main focus of management is switching from largely internal concerns to a more balanced focus on internal and external concerns (C.A.Carnall, 1995).

There are so many approaches to more effective organization in the world of change. At the core of any major change program is the process of strategy formation. Mintzberg (1994) sees strategy as emerging without necessarily being wholly or even partly the outcome of explicit strategic planning activities.

To be successful, C.A.Carnell, 1995, suggests that strategic changes need to be managed in such a way that three necessary conditions for effective change are in place:

1. Awareness: stakeholders understand and believe in the vision, the strategy and the implementation plan.
2. Capability: stakeholders involved believe that they can develop the necessary skills and can therefore both cope with and take advantage of these changes.
3. Inclusion: stakeholders involved feel that they value the new jobs, opportunities, etc., and choose to behave in the new ways (new attitudes, skills and ways of working)

Many argue that there is a definite link between strategy and structure. Chandler's (1962) classic study argued that a successful organizational structure had to be consistent

with strategy. It is certainly widely accepted that a number of factors will have an important impact upon success, including the following:

1. The degree of uncertainty in the environment within which the organization operates.
2. The extent of diversity in products and markets, with larger firms in many markets often operating a divisional structure, based on products, or geographic regions, or even combinations of both.
3. Size, larger firms tending to adopt professional management approaches, more formalized procedures.
4. Technology, in the broad sense of both the physical infrastructure and the 'software'.
5. Culture, in that there seem to be national differences in appropriate forms of work organization and style. Quite a lot of research has been undertaken in this area since the landmark study by Hofstede (1980).

If the concept of change can be examined from an internal, external or proactive set of viewpoints, then the response of managers has to be equally widespread. Buchanan and McCalman (1989) suggest that this requires a framework of perpetual Transition Management. Following from Lawler's (1986) concept of the lack of a visionary end state, what appears to be required is the ability within managers to deal with constant change. This transition management model, although specifically related to large-scale organization change, has some interesting insights into what triggers change in organizations and how they respond. It suggests that four interlocking management processes must take place both to implement and sustain major organizational changes.

These processes operate at different levels, and may involve different actors in the organizational hierarchy. The four layers are:

- 1) The trigger layer concerning the identification of needs and openings for major change deliberately formulated in the form of opportunities rather than threats or crises.
- 2) The vision layer establishing the future development of the organization by articulating a vision and communicating this effectively in term of where the organization is heading.
- 3) The conversion layer setting out to mobilize support in the organization for the new vision as the most appropriate method for dealing with the triggers of change.
- 4) The maintenance and renewal layer identifying ways in which changes are sustained and enhanced through alterations in attitudes, values, and behaviors, and ensuring regression back to tradition is avoided.

Another area that requires our attention when we discuss about change management is the leadership style and influence strategy. M.A. Ansari (1990) discovered that a manager's leadership style is a critical determinant of the exercise of power over the immediate subordinates and superior, as it is a critical determinant of organizational climate. Managers should diagnose their leadership styles and power bases and then develop skills in order to change the climate in the desired direction. Accordingly they should use effective tactics of influence, which fit in with their style, and the climate of their organization. In essence, climates tend to moderate the relationship between leadership styles and influence tactics, between bases of power and influence tactics, and between the leader behavior and influence tactics. The implication is that climates can and do influence the motivational behavior of organization members.

Strategies for Change.

Change creates anxiety, uncertainty and stress; even for those managing change, and even if they are fully committed to change. Seldom there are any guarantees that the new approach will work, will deliver the goods? Those who wish the change to be successful often find themselves working long hours, dealing with problems, trying to overcome the doubts of others and doing everything needed to see changes through. In approaching an organizational change situation, managers explicitly or implicitly make strategic choices regarding the speed of the effort, the amount of preplanning, the involvement of others, and the relative emphasis they will give to different approaches. Successful change efforts seem to be those where these choices are both internally consistent and fit some key situational variables.

The strategic options available to managers can be usefully thought of as existing on a continuum (see Table 1), L.E. Greiner 1967. At one end of the continuum, the change strategy calls for a rapid implementation, a clear plan of action, and little involvement of others. This type of strategy mows over any resistance and, at the extreme, would result in a “fait accompli”. At the other end of the continuum, the strategy would call for a much slower change process, a less clear plan, and involvement on the part of many people other than the change initiators. This type of strategy is designed to reduce resistance to a minimum (J.K. Kotter, 1979).

Organizational change efforts that are based on inconsistent strategies tend to run into predictable problems. For example, efforts that are not clearly planned in advance and yet are implemented quickly tend to become bogged down owing to unanticipated

problems. Efforts that involve a large number of people, but are implemented quickly usually become either stalled or less participative.

Table 1 Strategic Continuum	
Fast	Slower
Clearly planned	Not clearly planned at the beginning
Little involvement of others	Lots of involvement of others
Attempt to overcome any resistance	Attempt to minimize any resistance
Key situational variables	
The amount and type of resistance that is anticipated.	
The position of the initiators vis-à-vis the resisters (in term of power, trust, and so forth)	
The focus of relevant data for designing the change, and needed energy for implementing it.	
The stakes involved (e.g. the presence or lack of presence of a crisis, the consequence of resistance and lack of change).	

Situational factors

Exactly where a change effort should be strategically positioned on the continuum depends on four factors;

1. The amount and kind of resistance that is anticipated. All other factors being equal, the greater the anticipated resistance, the more difficult it will be simply to overwhelm it, and the more a manager will need to move forward the right on the continuum to find ways to reduce some of it (J.W.Lorsch, 1976).
2. The position of the initiator vis-à-vis the resisters, especially with regard to power. The less power the initiating manager must move to the right on the continuum. (J.W.Lorsch, 1976). Conversely, the stronger the initiator's position, the more he or she can move to the left.
3. The person who has the relevant data for designing the change and the energy for implementing it. The more the initiators anticipate that they will need information and commitment from others to help design and implement the change; the more they

must move to the right. (J.W.Lorsch, 1976). Gaining useful information and commitment requires time and the involvement of others.

4. The stakes involved. The greater the short run potential of risks to organizational performance and survival if the present situation is not changed, the more one must move to the left.

Organizational change efforts that ignore these factors inevitably run into problems.

A common mistake some managers make, for example, is to move too quickly and involve too few people despite the fact that they do not have all the information they really need to design the change correctly.

A manager can improve his chance of success in an organizational effort by;

1. Conducting an organizational analysis that identifies the current situation, problems, and the forces that are possible causes of those problems. The analysis should specify the actual importance of the problems, the speed with which the problems must be addressed if additional problems are to be avoided, and the kinds of changes that are generally needed.
2. Conducting analysis of factors relevant to producing the needed changes. This analysis should focus on questions of who might resist the change, why, and how much. Who has the information that is needed to design the change, and whose cooperation is essential in implementing it, and what is the position of the initiator vis-à-vis other relevant parties in terms of power, trust, normal modes of interaction, and so forth.
3. Selecting a change strategy based on the previous analysis, that specifies the speed of change, the amount of preplanning, and the degree of involvement of others, that

selects specific tactics for use with various individuals and groups, and that is internally consistent.

4. Monitoring the implementation process. No matter how good a job one does of initially selecting a change strategy and tactics, something unexpected will eventually occur during implementation. Only by carefully monitoring the process can one identify the unexpected in a timely fashion and react to it intelligently.

Interpersonal skills, of course, are the key to using this analysis. But even the most outstanding personal skills will not make up for a poor choice of strategy and tactics. And in the business world that continues to become more and more dynamic, the consequences of poor implementation choices will become increasingly severe.

Diagnosis for Change.

Diagnosis for change is partly a matter of analysis and partly a matter of understanding the human dimension of the organization. While it is important that any diagnosis gives full weighting to the commercial and organizational issues, this is not enough. Attention must be given to the people involved. Can they work more effectively? Could they be managed more appropriately? Can we engage their commitment to change? These questions turn on whether or not we believe that there is potential for improvement within our people. If the expectations that managers have about their people are relatively low, then the response elicited will be low. Achieving higher levels of performance involves believing in the potential of the people involved, equipping them appropriately, and training them where necessary and much more besides. Therefore the assumptions that managers make about people are very important. The wrong assumptions may tend to lower managers' expectations and thus lower performance. The

wrong assumptions may also lead to the use of management styles not conducive to commitment and change. Table 2 illustrates how expectation and hopes are interrelated. In Box A, you feel no shock or horror at all because you already expect constant change. Box B reflects your unconcern about inaccurate information, you feel mildly surprised but otherwise unaffected. Box C is a less healthy frame of mind to be in, because here you expect change, but you are still very shocked. In Box D, the combination of strong expectations and strong hopes sets the stage for severe trauma.

Table 2: Expectations of Continuity Against Hope

B	D
Change is a surprise to you, but you are neutral about it	Here you are totally traumatized
A	C
Where you should be to cope with change most easily	Despite expecting change, you are shocked anyway

Increasing hope of continuity

Both managers and employees have expectations about each other and in particular about what motivate them to work. Schein (1965) has identified four sets of managerial assumptions about employees, and the implications of them for management and job design strategies (see table 3).

Table 3: Managerial Assumption About Employees

Model	Basic Assumption
“Rational-economic man”	People evaluate the outcomes of different courses of action and select the one, which maximizes the benefit they receive; that is, they exercise rational judgement based on economic criteria. Emotions have no place in management-employee relationships, and must be prevented from interfering in the work situation.
“Social man”	The manager should not direct attention solely to task efficiency but should consider employees’ social needs. The manager should accept social interaction as a means of improving motivation.
“Self-actualizing man”	The assumptions lead to a strategy, which requires the provision of opportunities for the employee’s existing motivation.
“Complex man”	Management must be flexible in adapting to a variety of abilities and motives. They must be sensitive in diagnosing the differences, and must have the ability to vary managerial style and behavior.

The Change Equation

The change equation (R,A, Eisenstat 1990) provides a useful way of dealing with questions such as “should I attempt to make change?” and “what more can I do to improve the chances of introducing change effectively?” It can be expressed as follows:

$$EC= A \times B \times D$$

Where EC is the energy for change, A is the felt dissatisfaction with the present situation, B the level of knowledge of the practical steps forwards and D the shared vision. Dissatisfaction with the present will only lead to high energy for change if there are high levels of shared aims and knowledge of what to do next. Without these shared aims and knowledge, dissatisfaction will lead to demotivation, despondency and apathy. There is another equation, however.

For change to occur:

$$EC > Z$$