

Factors Affecting Employee Readiness for Change in ABC Dagang Berhad

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Abstract

Robust management experiences rapid changes as it thrives for better and enhanced organization performance. The objective of the study is to determine the factors affecting employees' readiness towards change management in ABC Dagang Berhad. A cross sectional questionnaire survey is conducted to collect data from a sample of 110 randomly selected employees. The data checked for any outliers, cleaned, coded and entered into the SPSS software for analysis. The study found out that leadership and communication influenced the employees' readiness in the organization to a great extent. This result indicates that leadership and communication have a strong, unique contribution in explaining the employees' readiness. However, organizational commitment and trust have no influence towards employees' readiness towards change management. The top management should take this empirical finding in emphasizing more attention in caring leadership and effective communication as a guide to stay competitive.

Keywords: Communication, Change management, Effective leadership, Employee readiness.

1.0 Introduction

The rapid increase in knowledge, social status, as well as enhanced technology, has resulted in a dynamic and challenging organization environment. Nevertheless, organizations that have thrived in the 21st century are only those whose employees remain ready and supportive to organizational changes. Abrahamson (2000) postulated that in order to maintain company competitive advantages, it is vital for the organization to make changes. According to Rmenakis, Harris and Mossholder (1993), employee readiness for change is required by the organization due to the continuous challenges upcoming in the unstable market condition. However, the main challenge lies in implementing the change strategies effectively mainly because organizational changes often face intense resistance due to lack of organization members' readiness for change (Kotter, 1988). Therefore, due to lack of employees' readiness for change, the organization's strategic change implementation usually goes awry (Halkos & Bousinakis, 2012). Some evidence suggests that organization members are increasingly inclined to embrace and support organizational changes when their interest and belief are significantly aligned with the goals and mission of the organization. Elias (2009) documented that employees need to support and appreciate organizational changes, where such changes must be significantly aligned with the values of the organization's members. Buono and Kerber (2008) and McLagan (2003) agreed that the process of change management process is able to improve the company performance.

A number of researchers have identified employee readiness as an essential prerequisite to the successful implementation of organizational change (Bellou, 2006; Vakola, Tsausis & Nikolaou, 2004; and Yousef, 2000). Change managers tend to rely on the readiness of their employees when implementing organisational change (Visagie & Steyn, 2011) but the levels of employee readiness, may, in fact, decrease in response to the change initiatives (Lau, David & Zhou, 2002; and O'Reilly, & Chatman, 1986).

In case of ABC Dagang Berhad, there are several problems which require them to make a change in order to improve their organization stability and performance. Firstly, ABC Dagang Berhad faced an issue in terms of the excessive number of employees. This problem happens due to needed of expertise from the experienced senior employees which make the organization had to extend their tenure of services. Besides, it will reduce the opportunity for the young employees to showcase their skills that will become a threat for their career path development. Furthermore, some of the employees had a limitation of knowledge, skills, and ability which make them incapable to fulfill their daily task that would lead to an increasing number of unproductive employees.

2.0 Literature Review

Change management is a structured approach for ensuring that changes are thoroughly and smoothly implemented and that the lasting benefits of change are achieved (Potter, 2015). Similarly, Jones, Jimmieson & Griffiths (2005) defined employee readiness by including employees' belief in the benefits gained from the changes. Employee readiness for organizational change at any given time or context is unarguably a positive trait that can reward organizations to prosper in a competitive environment (Samaranayake & Takemura, 2017).

According to Baesu and Bejinaru (2014), the relationship between leadership and change cannot be separated either in practice or theory because both are interdependent. In other words, without the commitment and involvement of the organization leaders the change process will not be successfully implement. Furthermore, a good leader should always be thinking about the new ideas to make a change in order to improve the organization stability and performance. In addition, leader will act as guidance for the employee to help them understand about the change process (Van Dam, Oreg, & Schyns, 2008).

Communication is vital to the effective implementation of organizational change (Lewin & Stephen, 1998). Whereas, Lozano (2013) focuses on the strategies those are employed by managers in communicating the organizational changes. This empirical contribution clearly helps to understand the process of communicating organizational change.

Organizational commitment is described as the nature of the relationship between the individual and organization, where the individual has confidence towards organization's values and mission, and is willing to work vigorously for the best interest of the organization. Commitment reflects the nature and relationship between employees and organization (Morris, & Steers, 1980). According to Weber and Weber (2001), higher employee involvement in planning and implementing changes could help to decrease the employee resistance for change.

Trust in an organizational context has emerged as a critical element of organizational effectiveness (Rousseau, Sitkin, Burt & Camerer, 1998). It has even been referred to as the glue that holds organizations together (Martin, 1999). Without trust, people could or would not work together except under conditions of stringent control. What seem to be missing are studies that focus on trust as it affects the choice of media of information.

Readiness for change is the extent to which an individual is cognitively inclined to accept, embrace, and adopt a particular plan to purposefully alter the status quo (Rafferty, Jimmieson, & Armenakis, 2013). With the dynamic changes in ABC Dagang Berhad, are the employees ready for it and move forward and make a change for the better performance? Hence this study is to investigate the employee readiness of ABC Dagang Berhad in relation to leadership, communication, organisational commitment and trust factors.

3.0 Methodology

The total population for this study is 2257 employees that come from 17 departments at the ABC Dagang Berhad. There are 110 employees chosen as the target respondents in order to collect data regarding which factors that affect the most towards the change management process. A convenience sampling technique is employed. The questionnaire was rated using 5-Likert scale which is 1 = *Not at All (NA)*, 2 = *Little Extend (LE)*, 3 = *Moderate Extend (ME)*, 4 = *Great Extend (GE)*, and 5 = *Very Great Extend (VGE)*.

4.0 Results

Table 1 shows the information about the ABC Dagang Berhad users' demographic profiles. There were 110 of respondents participated in the survey. There were 46 of male (42%) and 64 of female (58%). Most of the participants were married with total 73 (66%) and followed by single with total 37 (34%).

Table 1: Demographic Profiles

Variables	Descriptions	Frequencies	Percentage
Gender	Male	46	42%
	Female	64	58%
Age	20 - 30 years	12	11%
	31 - 40 years	59	54%
	41-50 years	39	36%
Education	SPM	8	7%
	Diploma	51	46%
	Degree	47	43%
	Master	4	4%
Position	Manager	11	10%
	Supervisor	40	36%
	Executive	40	36%
	Clerk	19	17%
Tenure	Less than 5 years	6	6%
	5 - 10 years	46	42%
	11 - 15 years	51	46%
	16 years and above	7	6%

In addition, the result found that, most of the respondents were age between 31 – 40 years old with total 59 (54%), followed by 41 – 50 years old with total 39 (36%) and less than 30 years old with total 12 (11%). Furthermore, most of the participants have higher education background, such as Diploma with total 51 (46%), followed by Degree with total 47 (43%), and Master with total 4 (4%). However, there also staff that only obtain SPM with total 8 (7%). In addition, the result found that Executive and Supervisor with total 40 (36%), followed by Manager with total 19 (10%) and Clerk with total 19 (17%). Furthermore, most respondents with total 51 (46%) have been working for their organization between 11 – 15 years, followed by, 46 respondents have been with their organization between 5 to 10 years, 7 respondents have stayed with the organization for 16 years above and there also 6 respondents which working with that organization below than 5 years. This indicates that the respondents are the right individuals who represent their organization in this research.

Next, the reliability test is run. Table 2 shows results of Cronbach Alpha which indicates that all variables are above 0.700, conforming that the items employed for this study are reliable.

Table 2: Reliability Test

Variables	Cronbach's Alpha	No. of Items after Deleted
Leadership	.879	6
Communication	.834	5
Organizational Commitment	.821	4
Trust	.789	5
Employee Readiness	.877	5

Next, Jarque-Bera test is used to refer to the statistic value of skewness and kurtosis in order to describe the normality assumption. In other words, both skewness and kurtosis value should be within +/- 3 in order to be considered data normally distributed. Based on Table 3, all the variable values for skewness and kurtosis fell within the range of +/- 3. Therefore, the first assumption of multivariate analysis is met.

Table 3: The Skewness and Kurtosis of Each Item

Variables		Statistics	Standard Error
Leadership	Skewness	.064	.230
	Kurtosis	-.919	.457
Communication	Skewness	-.174	.230
	Kurtosis	-.490	.457
Organization Commitment	Skewness	-.344	.230
	Kurtosis	.429	.457
Trust	Skewness	-.428	.230
	Kurtosis	.263	.457
Employee Readiness	Skewness	.053	.471
	Kurtosis	.917	.379

4.1 Multiple Regression Analysis

In order to have a better understanding of the relationship between employee readiness to change and its selected factors, multiple regression method was used to examine further about the relationships. Based on the R Square of this model is 0.990, as shown in Table 4, which means that this model explains 98.9% of the variance says that the employee is willing to accept any changes in the organization and prepared to support the changes. This analysis is significant, as the significant value in Table 4 is zero or $p < 0.0005$.

Table 4: Coefficient Value of the Model^b

R	R Square	Adjusted R Square	Std. Error of the Estimate
.995a	.990	.989	.08749

a. Predictors: (Constant), Trust, Organizational Commitment, Leadership, Communication

b. Dependent Variable: Employee Readiness

Next, regression analysis is then employed to know which independent variables that have associations with the dependent variable and to determine which factors that the researchers are looking for to answer the research objectives. Table 5 shows the full model results. The study found that the largest standardized coefficient beta is 1.167, which is contributed by leadership, followed by the organization commitment which has beta coefficient of 0.29, then trust which has beta coefficient of .016 and the lowest beta coefficient is communication which has -.257. This result indicates that leadership and organization commitment have a strong, unique contribution in explaining the employees' readiness compared to trust and communication. However, leadership and communication make a significant contribution to the employee readiness, with significant value of .000 less than .05 but the other two variable show no significant with employee readiness. The significant value for organization commitment is .069 and trust is .428 which is more than .05. This showed that they are not significantly related to employee readiness.

Table 5: Regression Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	.069	.047		1.468	.145
Leadership	1.221	.019	1.167	64.438	.000
Communication	-.286	.032	-.257	-8.880	.000
Organization Commitment	.035	.019	.029	1.838	.069
Trust	.019	.024	.016	.796	.428

a. Dependent Variable: Employee Readiness

5.0 Discussion

Based on the R Square of this model is 0.990, which means that this model explains 98.9% of the variance says that the leadership and communication strongly related to employee readiness to change in ABC Dagang Berhad. They are willing to accept any

changes in the organization and prepared to support the changes. Surprisingly, organizational commitment and trust showed no significant with the employee readiness even though they have positive relationships, it means that organization needs to play its role for an example; offer promotion at the correct without discrepancy at the correct time, so that it will promote the trust among the employees regarding to organizational commitment.

6.0 Conclusion

This study concluded that most of the top management has played their role as the leader to guide and assist their subordinate during the changes in the organization. They also share about new goals that have been setup by the top management, so that they can achieve the goals with their support staff. Top management also committed to with the new changes that have been made by the organization, so that it will become smooth during the changes. But, at the same time all the leaders and top management need to have the latest update and information, so that it can support 100% the changes that have been made by the organization. The study also concluded that communication also plays an important role during the changes which it will deliver the information directly to the support staff or the employees about the changes in organization because it also will create a mutual relationship among the workers. However, when the changes occur the top management has a lot of communication channel such as training to the workers, so that they can cope with the changes in the organization. From this study also, it emphasizes that communication throughout department was mostly effective due to power of words. If the management fails to communicate with the teams or support staff it will led to failure of implementation of change management.

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