EXAMINATION OF FACTORS AFFECTING THE IMPLEMENTATION OF ORGANIZATIONAL CHANGES

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Abstract

Organizational changes have a major impact on the competitiveness, growth, efficiency, and survival of any organization. This article deals with the issue of an organizational change and its management. The main objective of the research is to verify the existence of a statistically significant relationship between selected factors and the success of organizational changes in Slovak companies. In the short theoretical introduction, the article explains basic aspects of change management. The main part of the article deals with the analysis of variables affecting the outcome of changes taking place in companies. The empirical survey was carried out using the questionnaire method. The questionnaire was distributed to employees from different types of companies where the changes took place. The survey sample consists of 287 respondents. To test the statistical hypotheses, we used the Spearman's correlation coefficient. The test hypotheses were processed through the program Gretl. Based on the tested relationship between the variables, a significant relationship between the variables was found - the time needed to prepare and implement the change and the success of the change. Other variables also showed an impact on the final outcome of the change. It has been shown that the process of planning changes, checking upon changes, and the time needed to implement changes have an important role and a major effect on the ultimate success or failure of change in a company.

Keywords: organizational changes, organization, critical failure factors, success of changes JEL Classification: M10, O30, O39

1. INTRODUCTION

An important prerequisite for a long-term and successful operation of any organization is the ability to predict events and the ability to adapt to market conditions. It is very important to be able to respond to current market needs and keep pace with the market environment (Korauš et al., 2017; Dobrovič, J. et al., 2016; Civelek, et al., 2016; Merkova et al., Musova, 2016; Nadanyiova, 2016; Belás et al., 2015; Dobrovič et al., 2011) Maintaining competitiveness on the market is not easy. Belás & Sopková (2016), Rajnoha & Lesníková (2016), Vojtovic (2016) and Koisova et al. (2017) claim that the business environment in Slovakia and the Czech Republic is characterized by a relatively low level of competitiveness. As a result, it is important to be prepared to respond to market demands and be prepared to receive change. Therefore, successful change management is the key to any organization that wants to survive and succeed in today's highly competitive environment. Organizations are dealing with various kinds of changes, for example changes in market conditions, workforce demographics and diversity, technological innovations, an increased focus on customer and quality, shortage of talent and economical changes (Noe,

2002; Rajnoha & Dobrovič, 2017; Božić & Rajh, 2016; Arsov & Naumoski, 2016; Belás et al., 2016; Misankova, 2016; Rajnoha & Dobrovič, 2011). When managing these changes, organizations face obstacles regarding their smooth implementation. These obstacles may include various management mistakes, such as inadequate planning of changes, absence of training of employees in the field the change takes place, lack of time needed to adapt to implement the change, defending employees against change, an inappropriate culture of the company or not implementing checks and verifications into the process of change.

Many studies have shown that most change processes failed. Beer & Nohria (2000, p. 88) say that: "the brutal fact is that about 70% of all change initiatives fail". According to Decker et al. (2012), failure rates may be as high as 93%. One of the most commonly cited reasons for failure of organizational change is resistance employee to organizational change (Kotter, 1995; Edmons, 2011; Rajnoha et al., 2016; Lines et al., 2015; Aleksic et al., 2015; Androniceanu & Ohanyan, 2016). These authors examine in particular the reasons and ways to overcome the resistance of employees. Edmonds (2011) found out that the resistance of employees to organizational change was mainly due to fear from the unknown. Lines et al. (2015) addressed the ways to overcome resistance to organizational change, and they also looked at change management factors. They identified six change management factors that minimize resistance to changes. These factors include the scope of the change, the size and duration of change, the speed of implementation of changes, the creation of formal change agents and their level of involvement in implementing such changes. Some authors focused on other factors. For example, Decker et al. (2012) created a list of critical failure factors of changes. On the other hand, Kash (2014) describes success factors of changes based on existing models of changes. Many authors describe these factors differently. A previous research shows that it is important to examine the issue further (Decker et al., 2012). Therefore, the submitted article examines the selected factors that affect the final outcome of the change. These factors are, e.g. planning for the change process, the time needed to change, or checking upon change.

2. THEORETICAL ASPECTS OF ORGANIZATIONAL CHANGES

Business as such has a negative image in our country, especially among older generations. This is caused mainly by historical and cultural reasons. However, the entrepreneurial environment and access to entrepreneurship for younger generations is gradually changing to the better (Smékalová et al., 2014). As a result, it is not easy to be competitive on the market nowadays. The dynamics of the environment, a constantly growing competition, and, last but not least, the continuous innovation require organizations to change. The concept of change is very common in business. However, the question is what the organizational change means. Many authors describe this concept from different angles. Kubíčková & Rais (2012) define change as a continuous, ambiguous and partially unpredictable process through which the company copes not only with changes in the market but also with changes within the company. Rocha et al. (2015) understand the change as seeking ways to maintain and develop competitiveness, viability, productivity and innovation in the company. Garg & Singh (2006) argue that an organizational change is associated with a visible change of organization in the areas such as technology, organizational structure, systems, strategies as well as corporate culture.

The decision to change something comes from a variety of reasons. The need for change can be the result of needs of the company itself. In this case, we talk about internal factors that cause the change. Sometimes change is the result of the external environment, such as competitive pressure. Whether the reason for change comes from the inside or the outside environment, the goal of all changes is to bring some improvement and progress in a certain area. Elearn (2007) argues that behind every change, there should be dissatisfaction with how things work. Consequently, companies ought to think it over and consider whether the change is really necessary. Companies should determine their position, where they would like to be, and when they would be when the change really takes place. Figure 1 describes an organizational transformation process (Clarke, 2004, p. 37; In: Bold, 2010). The stimulus for change is the economic environment that is known for its instability. Instability is a driving force behind changes. Factors like "people", "systems", "structure" are like plates that rotate on top of the sticks – there is always the danger that one of the plates will be shacked, threatening to fall and that requires a quick trick to maintain its position (Weiss, 2003, p. 56; In: Bold, 2010).

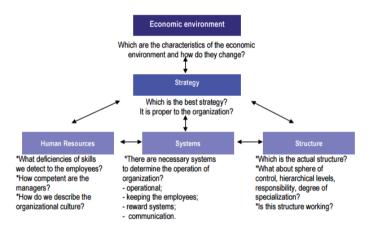


Fig. 1 - How to organize for a change. Source: Clarke (2004, p. 37; In: Bold, 2010)

Change management is a systematic approach that helps organizations and individuals cope with change and its effects. In fact, this is a crucial process that allows companies to use new strategies (Malek & Rashad, 2011). Change management has at least three different aspects, including: adapting to change, controlling change, and effecting a change (Tamilarasu, 2012). The change process goes through a series of phases, and in this process, companies meet with various kinds of obstacles. Critical mistakes in any of the phases can have a devastating impact, slowing momentum and negating hard-won gains (Kotter, 1995). According to existing studies, Decker et al. (2012) created a list of critical failure factors of changes (CFFs). This list shows that there are at least 60 critical failure factors of changes. The authors have grouped the CFFs into four possible categories. The first category is process CFFs, the second category is organizational CFFs, the third category is focus on people CFFs and the last category is communication culture CFFs. The submitted article examines factors that belong to the process category. Therefore, Table 1 shows a list of selected process critical failure factors of changes.

Tab. 1 - List of process critical failure factors. Source: Decker et al. (2012)

PROCESS CRITICAL FAILURE FACTORS								
Goals, Metrics and Rewards	Decision Making & Planning	Bureaucracy & Politics	Knowledge Transfer	Staffing	Process Issues			
No Clear State of Re- quirements/ Goals/ Objectives	Poor decision making	Little Inter- departmental cooperation/ bureaucracy	Lack of Train- ing/poor knowledge transfer	Lack of Competent Staff	Processes not in place			
No Clear Vision & Objectives	Continual changing cus- tomer require- ments	Too much Bureaucracy and Politics	Inappropriate CM process- es/ strategy	Inadequate Staffing	Mechanis- tic proc- esses			
Little Role definition & Presence of conflict	Poor Project Management competence/ plan, schedule			Poor IT/ ERP system misfit	Poor Business Process Reengi- neering			
No Metrics/ Monitoring/ Feedback or not aligned	Little user involvement in DM or planning			Poor consultant performance				
Rewards not aligned to change	Overreliance on customization			Not Com- mercially profitable for the contrac- tor				
	Improper Planning, i.e. cost and time estimate Poor Strategy/							
	Project Fit							

The success of changes affects many attributes. Table 1 is a summary of many of the studies that Decker et al. (2012) carried out based on their review of the implementation and organizational change literature. In their contribution, they state different critical failure factors. As for the Slovak Republic, we have not found any studies focused on critical failure factors of organizational change. Therefore, the presented research deals with the selected variables that act as factors influencing the future success or failure of organizational changes. The selected factors are very important in

the process of change. These variables are factors like planning for the change process, the time needed for the change, or checking upon the change. The following section focuses on verifying the existence of a statistically significant relationship between selected factors and the success of organizational changes in Slovak Republic.

3. AIMS AND METHODS

The main objective of the research is to verify the existence of a statistically significant relationship between selected factors and the success of organizational changes in Slovak companies. The survey sample consists of 287 respondents (N = 287), with the majority of respondents being employees (64%) and managers (22%). This sample was randomly selected, based on specified requirement (respondents had to be employees who took part in the organizational change). The research includes employees working in the Slovak Republic who took part in the organizational change.

The data needed for the analysis were obtained through the questionnaire which was the primary source of data. The data collection was conducted in March 2016. The questionnaire was distributed in an electronic as well as printed form to employees working in different types of companies which had some changes. The questionnaire consisted of two basic parts. The first part contained closed questions that focused on classifying employees according to various attributes such as job position, length of employment, size of the company, the field in which the company operates and the question that examined whether the employee was part of the organizational change or not. The second part of the questionnaire included 20 questions about organizational changes. The questionnaire was created by the authors of this article. The individual items were evaluated by respondents on a 5-point Likert scale, which expresses the degree of consent, where: 1 = strongly agree, 2 = agree, 3 = neither agree nor disagree, 4 = disagree, 5 = strongly disagree.

The data was analyzed using the Gretl program. The individual variables (job position, length of employment, field in which the company operates, size of the company) were subjects to normality tests (Doornik-Hansen test, Shapiro-Wilk test, Lilliefors test and Jarque-Bera test) which showed that none of these variables had a normal distribution. Based on this, we have subsequently selected the test that does not require normal distributions. To test a statistical relationship between the variables, we used Spearman correlation coefficient. For hypothesis visualizations, we used the output of the program Gretl, X-Y chart which shows the existence of possible relationships between the two variables. To meet the objective of the research, three statistical hypotheses were tested, using the significance level of p=0.05. For this article, we have identified three alternative working hypotheses:

H1: We assume that there is a link between the variables "change planning" and the "success of the change".

H2: We assume a significant correlation between the variables "time needed to implement change" and "success of the change".

H3: We assume a relationship between the variables "checking upon the change" and "success of the change".

4. RESULTS AND DISCUSSION

By means of Spearman's rank correlation, the selected factors and the result of an organizational change were analyzed. Spearman's rank correlation coefficient is a nonparametric (distribution-free) rank statistic measure of the strength of an association between two variables (Hauke & Kossowski, 2011). In this research, three basic variables which we assume to be related to the final outcome of the change have been identified. These variables act as factors influencing the change, namely, change planning, and the time needed to implement change and checking upon the change.

According to Bold (2010), the process of change must be controlled and must be planned. It is generally known that planning is one of the dominant activities in management. As has already been mentioned, the process of change is going through some phases, one of which is pure planning. In the process of change, the main problem seems to be ineffective planning process or no planning. Therefore, our first hypothesis aims at verification of relationship between the variables "change planning" and the variable "the final result of the change" (its success or failure to make changes). We expect that between the variables, the correlation exists. that is, in the case of organizational change planning, the result of the change is positive and therefore, the change is successful with the company. Of course, the opposite may happen as well - the change was not scheduled in advance, the change was not successful/ it failed to be successfully implemented in the company.

H1: We assume that there is a link between the variable "change planning" and the "success of the change".

Tab. 2 - Testing results of the first hypothesis. Source: own processing

Correlation is significant on the level $p < 0.05000$				
N = 278				
Results				
p – value	0.0156			
Spearman's rank correlation coefficient rho	0.1449			

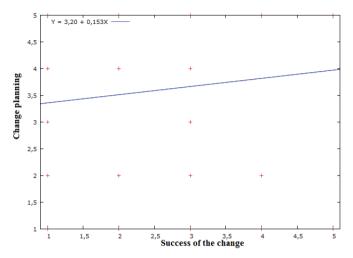


Fig. 2 - X - Y chart: Testing results of the first hypothesis. Source: own processing using Gretl

These results point to the existence of a link between the variables. We can see that the p - value is at the level 0.0156. Fig. 2 shows the relationship between the variables. The results show that if the change was planned properly, it is ultimately successful. The same goes for the other way, that is, if the change is not planned properly, it is not successful. Change planning can be seen as a necessary part of the whole process of introducing changes. In the process of change planning, it is necessary to create a plan for the whole project, incorporating the possible risks, events and situations that may occur during the change. Through the change planning and the plan, we can predict undesirable situations. Every change is different and unique, so there is no ideal procedure or manual that would give perfect instructions on how to handle the situation or how a plan should look like. However, it should be noted that each change is unique and individual; therefore, every change requires special planning.

Errors and management problems often arise due to lack of time. It is generally known that if any task is done in haste, errors occur in the process. Kotter (1995) states that the change process goes through a series of phases which, in total usually require a considerable length of time. But what if the business does not allow enough time for a change? What if the entire change process is very quick? Can it affect the final outcome of the change? In previous studies, there was no attention given to the fact whether the time needed for change is or is not a critical factor of success. Therefore, this research drew attention to the variable of time. We expect this variable to act as a factor influencing the final outcome of the change. We assume the following assumption when testing:

H2: We assume a significant correlation between the variable "time needed to implement change" and "success of the change".

Tab. 3 – Testing results of the second hypothesis. Source: own processing

Correlation is significant on the level $p < 0.05000$				
N = 278				
Results				
p – value	0.0000			
Spearman's rank correlation coefficient rho	0.5728			

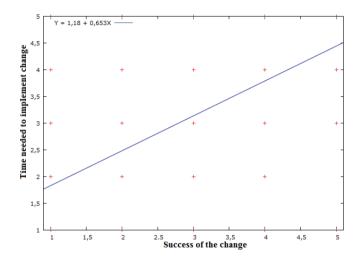


Fig. 3 - X - Y Chart: Testing results of the second hypothesis. Source: own processing using Gretl

The hypothesis H2 was confirmed - there is a statistically significant relationship between the variables. Spearman's correlation coefficient is at the level of 0.5728, indicating a strong correlation between the variables. Given the time needed for the preparation and actual implementation of the change, the impact of the change was positive in the end, so the change was successfully implemented in the company. In the event the time for the implementation of the change would be inadequate, it is possible that the change would not be successfully implemented.

We can say that planning is closely linked to checks. On the basis of the plan, we can check whether the change has been implemented in line with the plan, whether the expected outcome has been achieved and, last but not least, whether the change really works. Westover (2010) states that the critical point of success in the process of change implementation is the ability of the leader to stabilize and maintain the new state, that is, the state of change. The initial enthusiasm for the new state or the situation gradually subsides. There is a risk that employees will return to the old ways. Therefore, after the new state is established, the consolidation phase is important, where the company should strive to stabilize changes and implement them across the company. A common mistake or problem connected with the above-mentioned is an inappropriate number

of checks. It is then possible that employees return to their usual habits and fail to follow the instructions regarding new activities. The last hypothesis assumes that checking upon the change plays an important role in its successful implementation.

H3: We assume a relationship between variables to "checking upon the change" and "success of the change".

Tab. 4 - Testing results of the third hypothesis. Source: Own processing

Correlation is significant on the level $p < 0.05000$				
N = 278				
Results				
p – value	0.0000			
Spearman's rank correlation coefficient rho	0.3955			

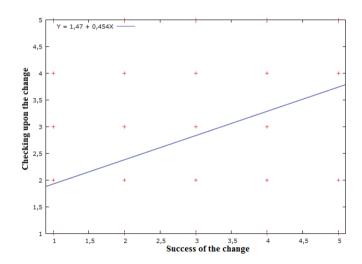


Fig. 4 - X - Y chart: Testing results of the third hypothesis. Source: Own processing using Gretl

Based on the results, we can see a relationship between the variables, which in our case means that if the checks upon the implemented changes are done, changes are likely to be more positive. The Spearman's correlation coefficient is at the level of 0.3955 and points to the moderate correlation between the variables. It is clear from the findings that in the event when the implemented changes are being checked upon, their results are likely to change the company for the better. Conversely, if there was lack of checks in the company, employees returned to their original habits and failed to successfully implement the change. The confirmed hypothesis 3 clearly highlights the importance of checking upon the implemented changes. The risk that the change will not succeed is always present. The biggest mistake a business can make is to ignore

the phase of checking upon the implementation of changes. Every phase of change has its meaning. In our article, we drew attention to two basic and fundamental phases, namely planning and checking upon the change. In our opinion, these phases are fundamental in the process of change, and therefore, we consider them to be critical factors for the success of changes. Based on our research, the factor "time needed for change implementation" is to be ranked among the crucial success factors.

On the basis of the analysis, we can assert that the process of planning the change, its checks and enough time to implement the change are important factors that have an effect on the final result of change implementation. If a change is carefully planned in advance, there is a presumption that we can expect it to be successfully implemented. However, it must be borne in mind that the change process may encounter many unexpected situations in advance. Therefore, it is important for management to have a plan in case of such situations. As has been shown, every change needs sufficient time for its preparation and implementation. In conclusion, we can say that the variables planning, enough time and checks can be considered as factors influencing the success rate of the change implementation in the company.

5. CONCLUSION

Every change should bring something new, better and more efficient. In general, we can say that the change is seldom a one-piece task, mostly it is a process that requires a sequence of steps and activities. Every company is unique and requires an individual approach to changes. Before any change occurs in a company, one has to make sure that the company is ready for the change. The main objective of the article was to verify relationship between the selected factors and the final outcome of the change. These factors are as follows: careful planning, regular checks and enough time for change implementation. The individual variables were tested on the basis of correlation analysis, and it was shown that all three variables were linked to the variable success of the change. The change management process is influenced by several factors that affect its outcome. The article addressed three chosen factors. On the basis of the findings, we can say that if the change is planned carefully, we can expect it to be successful. The same applies if there is sufficient time to implement the change and check its implementation. If businesses pay close attention to the change process, they have successfully introduced the change in the enterprise. Many authors deal with the issue from different perspectives, for example Witting (2012), Perkov et al. (2014), who deal with the problem of employee resistance to changes, Garg & Singh (2006), Kras, Rudes & Taxman (2015), Edmonds (2011), Lines et al. (2015) devote their attention to the change management as such. In any case, the area of change management is a very comprehensive and frequently discussed topic that will offer us further research opportunities in the future.

6. LIMITATIONS AND FUTURE DIRECTIONS

The current study has some limitations. First, this research used the Spearman correlation, which measures the strength of association between two variables without making any assumptions about any other variables. For future studies, it is suggested to use a regression analysis,

which allows determining the strength and direction of the relationship between two or more variables. Furthermore, the regression results show whether this relationship is valid. Second, the article's aim was to research the organizational change in Slovak companies. Slovak market is rather small compared to foreign markets. In future, it is recommended to enlarge a geographical scope of the study. This article provides a number of questions and space for more detailed research into the issue of organizational change management. Our future aim is to clarify as many factors as possible affecting the success of the organizational change.

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