



IMPACT OF CHANGE MANAGEMENT ON ORGANIZATIONAL PERFORMANCE A RESEARCH ARTICLE REVIEW

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ABSTRACT

This paper builds on previous research studies and relevant theories on the impact of change management and organizational performance. Firstly, it reviews the relevant literature focusing on the major change management strategies, and how these strategies linked to and influence organizational performance, Secondly, the review continues on evaluating the change management models and their linkage to organizational performance. Then, we concluded our discussion and finally, we put forward some recommendations for future researches.

1. INTRODUCTION

A context

This work is a *narrative review* of previous research works by different researchers on the impact of change management on organizational performance. Accordingly, it reviews the various prior researches and presents a better understanding of the effects of change management strategies and models on organizational performance.

The Problem

In the reviewed literatures, there are change management strategies and models, developed to be used by organizations for successful implementation of a given change programme. These change management strategies and models may be linked to performance outcomes either positively or negatively; however, what is crucial is, understanding of how the strategies or models causes higher organizational performance and therefore, we have formulated the following questions for our review.



Research Questions

1. Do the existing studies examined the ways the change management strategies and models influence the performance of an organization?
2. Do the studies so far indicate the cause and effect linkage between change management strategies and/or models and organizational performance?

2. REVIEW OF RELATED LITERATURES

According to Burnes, B. (2009), change is an ever present feature of organizational life, both at the operational and strategic level. Change, from management point of view, represents a transformation of the organization's strategy, or a cultural transformation in terms of a company as a result of environmental changes, structure, technology and people (Romanescu, 2016). Change basically means series of events which supports the process of development in organizations (Kassim, et.al. 2010). Change in its simplest form, means to move from the current situation to more efficient and effective future, therefore change is the process that we learn and discover things through on an ongoing basis (Robinson, 2000).

Organizational change

Organizational change generally means rightsizing, new development and change in technologies, rescheduling operations and major partnerships (McNamara, 2011). Organizational change includes Mission changes, Strategic changes, Operational changes (including structural change), Technological changes, Changing the attitudes and behaviors of personnel's, Counter resistance from different employees of companies and align them to strategic directions of the organization (Isern & Pung, 2007). Organizational change is a process by which a large company or organization changes its working methods or aims, for example, in order to develop and deal with new situations or markets (Beer et al., 1990).



Employee performance

Employee performance is a sum of the economic results of activities that an employee undertakes.

Employee performance is vital for the success of every organization and profitability in this dynamic environment (Chien, 2004). Most of the organizations coping with contemporary challenges put more emphasis on employee performance (Gruman & Saks, (2011). Employee Performance refers to the degree of achievement and completion of the task of the individual, it reflects the way to achieve it, or how the individual perform the job requirements, and often there is a confusing and overlapping between performance and effort, effort refers to the used energy, but performance is measured on the basis of the results achieved by the individual (Mohammed, 2001).

Organizational performance

Locke and Latham (2002), defined organizational performance as sum of the economic results of activities that an organization undertakes. Performance for any business is a measure of how effective an entity is achieving its objectives (Cascio, 2006). Organizations set strategic objectives after a careful internal and external environmental analysis as they seek to match those internal capabilities with external opportunities against which performance will be measured. Business performance indicates the actual output or results measured against the intended outputs with organizations seeking performance that advances sustainable competitive advantage (Porter, 2008).

Steven et.al, (2015), noted that organizational performance should be related to factors such as profitability, improved service delivery, customer satisfaction, market share growth, and improved productivity and sales. It is therefore, affected by a multiplicity of individuals, group, and task, technological, structural, managerial and environmental factors.



Change Management

Korir, et.al. (2012), defined change management as the effective management of a business change such that executive leaders, managers and frontline employees work in concert to successfully implement the needed process, technology or organizational changes. According to Armstrong (2009), change management emphasizes the need for the change management plans and strategies to be formulated within the context of overall organizational strategies and objectives and to be responsive to the changing nature of the organization's external environment; that is, the overall themes of change management are the integration of all institutional functions, adherence to broad organization goals and responsiveness to the external environment.

2.1. Change Management Strategies and Performance

Change management strategy is referred to as the techniques adopted to effectively manage change in an environment experiencing change dynamics so as to embrace change and direct it towards positive contribution of a given organization (Warrick, 2009). The practices of change management are concerned with how well changes are managed in organizations so as to achieve competitive advantage through the strategic creation of a highly committed and capable workforce (Thomson, 1998).

The change management strategies reflected in almost all the reviewed literature include: *Communication, Involvement, Training, Structure and leadership, Technology, and Awareness of Environment*. These are briefly reviewed and summarized as follows.

Communication and performance

It is recommended that the vision and objectives for the change be clearly communicated to employees and other stake holders in the change process (Amanda, 2013). Two – way communication with employees is a key enabler to change management and the best tactics to be employed in order to overcome resistance to change (Olajide, 2014; Kotter, 1995; Lewin, 2009; Kotter and Schlesinger, 2008; Amenda, 2013; Omar, 2013; Zeeshan et.al. 2015; and



Marzouk, 2006). Managers within organizations have a responsibility to help employees understand the reasons, goals, and ways to respond positively to change, that is, to interpret, communicate and allow the change (Andone, 2013). In summary, the findings of the studies are emphasizing that, communicating the objectives of the intended change and how to deal with, what is expected from the individual employees will bring about transparency between management and employees, and motivating employees to collaborate, and commit themselves to perform efficiently, which finally leads to overall organizational performance.

Involvement and performance

It is recommended that employees and other stake holders involved in the change process (Amanda, 2013). Employees active involvement in implementation is a key enabler to change management and the best tactics to be employed in order to overcome resistance to change (Olajide, 2013; Kotter, 1995; Lewin, 2009; and Kotter and Schlesinger, 2008). Kotter, (1995), stated that, a change process that incorporates a participative approach with the widest set of stakeholders can be beneficial because it presents the opportunity for a wide range of perspectives from those whom the change will affect, resulting in increased buy-in. The changes that occur within organizations are more successful if they take into account certain simple principles, such as, careful planning and implementing concrete action plan, and involving everyone in the organization that are affected by these changes (Gavrila & Lefter, 2004). Managers within organizations have a responsibility to facilitate and enable change, and everyone involved in it, especially to understand the situation from an objective point of view, (Andone, 2013). Organizations exist with a purpose of seeking performance and growth and effective change management practices systematically organizes and involve all individual to directly influence employee attitude and behavior in a way that leads business to achieve its competitive strategy (Fiedler, 2015). Here, the researchers' findings reflect that, employees involvement/participative style of change management positively affects employees' performance, that they feel sense of ownership of the intended change and become proud of their organizations plan to change, take part with full effort, rather than resisting the change.



Training and performance

Continuous training is an integral part of improving an organizational change initiative and hence, it must be performed objectively, systematically and continuously in the form of a cycle of improvement which is built into the change initiative (Soltani et al. 2007; Gavrilă & Lefter, 2004). When new technology is implemented within an organization, it proves to be effective only if employees are trained according to the new procedures, thus, it is necessary for managers to implement new procedures and systems in such a way that, new technology leads to increase effectiveness of the organization (Panaite, 2011,; (Andone, 2013). Employees should be trained for new work processes or adapt to new jobs (Romanescu, 2016). To summarize the findings of the the above studies, it means; training improves the skill, knowledge and ability of the employees and enable them to perform in the new system, with new process, using the new technology, and hence, produce the intended products or services effectively in such a way that, new technology leads to increased employees performance and finally help the organization to realize superior performance.

Organizational Structure and Technology and performance

Flexible organizational structure, which enables the management to persuade workers to change, will help to exploit opportunities and possibilities and use them to achieve more success (Omar, 2013; Kotter, 1995; Senge, 2006; Mustafa (1989); Zeeshan et.al. (2015). To ensure the success of the change program, it is appropriate to focus on organizational structure, human relations and technology, and there must be a balance between these aspects to improve the performance of employees and this in turn reflects the quality of productivity (Omar, 2013). To improve performance; changes must be made to the organizations' processes and system structures or job roles (Lewin, 2009). This, when interpreted, means, having organic structure (efficient process) and flexible workforce, to adopt to change in the environment including technology, will help to implement organizational change successfully, employees become



motivated with friendly supervision and perform to their level best, which, finally leads to higher organizational performance.

Leadership and performance

Backoff and Nutt (1993), argued that, leader-based approach to change, which focuses on what leaders, should do to encourage and support change will reduce resistance to change. Olajide, (2014), noted that, effective leadership is a key enabler as it provides the vision and rationale for change and organizational development is one approach or intervention used when trying to bring about change oriented to improving organizational effectiveness. Effective change management practices systematically organizes all individuals to directly influence employee attitude and behavior in a way that leads business to achieve its competitive strategy; the firm can thus, achieve superior performance (Pierce et al, 2002,; Robbins, 2003,; Kotter, (1995). Here, the researchers were indicating that there is a positive relationship between leadership and performance, that, leadership paves ways, shows directions to employees, facilitate resources for the change, and become model for other stakeholders which enables the organization to pull all the resources and use them efficiently and this efficiency will contribute to the overall organizational performance.

Awareness of Environment and performance

In change management, internal fit and external fit are the two main research streams. Internal organization characteristics (leadership, capability of work force, equipment) influence firms' performance. External environmental characteristics (customer demands and nature of market competition) also significantly influence firm performance and therefore, organizations need to respond to greater global imperatives and challenges to compete effectively in local and global markets (Steven et.al. 2015).

Organizations need to be aware of the dynamic internal environment in which it operates, and that any change in an organization can have effects that extend beyond the area where change is implemented and the organization of new equipment and technologies is an internal force that



can affect an organization because all the time, new technologies require new processes or structures, (Romanescu, 2016). In summary, this means, knowing internal organization characteristics like, leadership, capability of work force, and equipment and external environmental characteristics, like customer demands and nature of market competition will enable organizations to respond to the change and compete effectively in both local and global markets by exploiting opportunities and possibilities and achieve more success.

2.2. Change Management Models and Performance

Change management models are road maps that offer guidance and cautions along the way; that is they generally demonstrate action and steps that flow from one to another (Lewin, 1947; Kotter, 1995).

Some of the change management models used in the reviewed studies were; Lewin (1947), three step model (unfreezing, change, and refreezing), Kotter's (1995), Eight-Step Model, (Creating a sense of urgency, Building a core coalition, Forming a strategic vision, Getting everyone on board, Removing barriers and reducing friction, Planning and generating short-term wins, Sustaining acceleration, and Setting the changes in stone), Pascale and Athos (1981), 7s model, (Strategy, Structure, Systems, Shared values, Style, Staff and Skills, and it recognizes the interrelationships among all the seven variables). Nadler and Tushman (1989), model (Energizing, Envisioning and Enabling), Burns & Stalker (1961) Contingency model (it all depends, "there is no one best way to manage"), and Burke & Letwin, (1992) 12 box causal model of organizational performance and change. The models and their impact are briefly discussed below.

Kurt Lewin (1947), change management model (unfreezing, change, and refreezing). This model, describes the change management variables, presents which variable precede the other to bring about an intended change. For business requiring in-depth analysis and improvements, Lewin's model is a great way to start (Ben, 2017). Kotter's (1995), Eight-Step Model, (Creating a sense of urgency, Building a core coalition, Forming a strategic vision, Getting everyone on board, Removing barriers and reducing friction, Planning and generating short-



term wins, Sustaining acceleration, *and* Setting the changes in stone), is an expanded form of Lewin's model, meant to deal with change in large organizations. *The 7-S model* developed by Pascale and Athos (1981), describes organizational variables as Strategy, Structure, Systems, Shared values, Style, Staff and Skills), and it recognizes the interrelationships among all the seven variables. The above mentioned models generally provide process guidance demonstrating action and steps that flow from one to another.

Nadler and Tushman (1989), model argues that the various boxes forming their model need to be **congruent** with each other. That organizational effectiveness can be realized if there is congruence among the variables in the box. *Contingency model* of organization (Burns & Stalker (1961), "there is no one best way to manage", indicates causal relationship that organizational effectiveness is dependent on the degree of match between organization's external and internal environment. The causal model of organizational performance and change, (Burke & Letwin, 1992), is modification of previous models so as to indicate causal relationship between model variables and performance. This model tries to complement the 7s model's gap by incorporating the external environment box which represents the input, and the individual and organizational performance box the output. The model also incorporated the feedback loop going in both directions indicating that the organizational performance influences its external environment and the organizational performance itself in turn, influenced by external environment. Motivation as a variable, is considered, that congruence between employee's skill/abilities and job requirements leads to enhanced motivation, which in turn, leads to higher performance.

3. CONCLUSIONS

The findings of the studies discussed above can be concluded in such a way that, application of the change management strategies reduce resistance, increase understanding, realize efficiency, improve capability, build employees morale and motivate them to perform higher, and finally improve organizational performance. For example; Communication during change will increase



employee performance, as it enables to make clear the vision and objectives for the change to all the concerned throughout the change. Participative style of change management positively affects employees' performance through, promoting transparency, and encouraging: collaboration, commitment, efficiency, effectiveness, creativity and innovation, which finally leads to overall organizational performance. Training during the change implementation increases the knowledge, skill and expertise of employees and hence, their capabilities, which enable them to become more productive. Leadership paves ways, shows directions to employees, facilitate resources for the change, and become model for other stakeholders which enables the organization to pull all the resources and use them efficiently and this efficiency will contribute to the overall organizational performance.

With regard to the change management strategies; the strength of the reviewed studies is that, the findings of various studies support each other, and the change management strategies and direction of their influence on organizational performance presented. Hence, the knowledge of change management strategies obviously, enables managers of organizations to handle resistance to change and successfully execute an intended change.

The strength of the change management models in our review work is that, models like Kurt Lewin's, Kotter's and the 7s, describes the variables they incorporated in their models and they do appreciate the relationship among the variables. *Nadler and Tushman's* model argues that the various boxes forming their model need to be congruent with each other so that organizational effectiveness realized. *Contingency model* of Burns' & Stalker's (1961), indicates that organizational effectiveness is dependent/contingent on the degree of match between organization's external and internal environment. The causal model of Burke's & Letwin's, (1992), indicates cause-effect relationship between the model's variables and organizational performance.

Gaps observed

With regard to change management strategies, the observed *gap* is that, almost all the reviewed studies state that, the presence of the strategies reduces resistance to an intended change and



this in turn helps to improve organizational performance. But the question, “*how the application of the strategies helps to bring about superior performance?*” remains unanswered.

Models like Kurt Lewin’s, Kotter’s and the 7s, rather than describing the variables, they fail to indicate causal relationships between the variables and organizational performance. *Nadler and Tushman* argued that the presence of congruence between the variables, for instance, strategy and structure, causes higher performance, the *contingency model* suggest that proper match between the organization’s external environment and its internal structure causes organizational effectiveness. The observed *gap* here is that, the models didn’t provide clearly the means or degree of congruence or match that support organizational effectiveness or what level of match or congruence causes lower performance.

Burke & Letwin’s (1992) model, has incorporated the missing variables such as external environment, in 7s model, and motivational factors, and hence, more comprehensive in indicating the causal-effect of organizational performance and the variables in the boxes. Possibly, the weakness of this model is that it is based on the consulting practices of the authors.

4. RECOMMENDATIONS

We recommend that future researches in the area of change management, better focus on *how* the change management strategies when present and used, contribute to superior organizational performance. Further, rather than describing one or few strategies in a given study, it is recommended to pull a number of change management strategies together, in such a comprehensive framework showing the relationship among the individual strategies, their direction of influence and their possible mediating factor that eventually leads to organizational performance.

Any change management model exists with its own strengths and weaknesses; and still evaluating the existing change management models for their completeness is time taking and



requires huge resources, having a set framework to manage an intended changes will let organizations to reliably realize improvements in all the required directions.

Therefore we recommend a model to come up in such a way that, integrating the strengths of already existing models, incorporating any appropriate meaningful variables with clear description of the variables' relationship with each other and with individual, group and organizational performances. we are recommending change management models like that of Burke & Letwin's (1992) model, which was developed incorporating the missing variables (external environment) in prior model, also, considering and including motivational factors, like job enrichment etc. and so that, it is more comprehensive and clear in presenting the causal-effect relationship between organizational performance and the change management variables considered and described in detail, plus tested with longitudinal research. .

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