Organizational Response to Employee Acceptability to Change

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ABSTRACT

This thesis investigates the effect of Organizational Response to the employees acceptability of change on the employees motivation, and the major focus was based on the hypothesis that Organizational rewards to employee acceptability of change are the influencing factor for the employee motivation. In this research, the Sample size was 300 respondents, including ten organizations and 30 employees from each organization and the technique used for sampling is convenience based sampling. The questionnaire was used for data collection in which respondent were asked the organizational response to employee acceptability of change and does is response affects their level of motivation. Data was collected through personal survey technique. Statistical tool used was to finding revealed that organizational response to employee acceptability of change has an influence on the employee’s motivation.

Keywords: Change, Acceptability, Employee, Response, Organization

1. INTRODUCTION

Overview:
Change is the planned or unplanned response of an organization to some internal or external pressure. The pressures facing an organization in the modern global business environment are numerous and volatile. These pressures may be based on a variety of forces including technology, economy, society, regulatory forces, competition, or a combination of the above (Mintzberg, Henry, Westley, & Frances, 1992).

It is important for the top management to develop strong relationship between the organization and employees to fulfill the continuous changing needs of both parties. Organizations expect employees to follow the rules and regulations, work according to the standards set for them, and the employees expect good working conditions, fair pay, fair treatment, secure career, power and involvement in decisions. These expectations of both parties vary from organization to organization. For organizations to address these expectations an understanding of employees’ motivation is required (Bordia, Hobman, Jones, Elizabeth & Callan, 2004) and (Ashford & Black, 1996).

Achieving organizational change that produces results is not just a managerial challenge; it is a cognitive challenge, too. Managers, like people generally, find it difficult to think about dynamic events like feedback loops and time delays. It is easier to pay attention to immediate effects and visible changes. The outcome is a focus on the short-term and local not the longer-term and global results from change, a problem that organizational incentives amplify (Bertschek & Kaiser, 2006).

Change can take place in an organization from the broadest, most conceptual level to the narrowest and most concrete. Such change can also be considered to happen in two basic spheres: pertaining to organization, or basic state, and pertaining to strategy, or directional thrust (Baron, 1983).

Human resource management's function is to assist the general manager or the top management in keeping the employees satisfied with their jobs. If employees are not satisfied, it was not perform to expected norms. Workplace
dissatisfaction and poor performance may lead to high employee turnover in an organization particularly in less developed countries where little opportunities are available to people to join other organizations, but it may affect employee’s performance adversely. According to Bernerth (2004), effective reward system enhances employee motivation and increases employee productivity all of which contribute to improved organizational performance argues that there is a close relationship between motivation and job performance (Beer, Spector, Lawrence, Mills & Walton, 1984).

**Problem Statement:**
To analyze the effects of Organizational Response to employee acceptability of change on the employee motivation.

**Research Hypotheses:**
H1: Organizational Response to employee acceptability of change has a relationship with the employees’ motivation.

**Outline of Study**
This research paper can be used in order to find the impact of Organizational Response to employee acceptability of change and its impact on employee motivation. The major focus of the thesis is towards the dimensions of the Organizational response of change.

**Conceptual Framework**

![Reward vs. No Reward Diagram](image)

**Definition:**
According to Twyla Dell, motivating employees is, "The heart of motivation is to give people what they really want most from work. The more you are able to provide what they want, the more you should expect what you really want, namely: productivity, quality, and service" Change is defined as an effort that consists of actual physical changes to operations and different emotional stimulation.

**2. LITERATURE REVIEW**
Over the years businesses have been following different organizational structures depending on which sector the business belongs to. As the business reaches the maturity stage, it plans for expansion said by Beer, Spector, Lawrence, Mills, & Walton (1984). A new advancement in technology and increased competition has led businesses to expand their operation cycle and change their organizational structures. Business expansion does not only mean acquiring more capital or expanding the entire existing premises, but the most important factor that current businesses are likely to focus on during expansion is the human resource. Human resource, however, plays an integral role in any business organization by Baron (1983). It refers to the number of people working within the organization. To deal with the employees a human resource department is held responsible which establishes, develops, maintain and communicate office policies throughout the entire company. Not only this but it also represent, help, advice and consult with the employees while simultaneously keeping the overall interest of the company in mind. It ensures that the workforce is utilized in the most productive manner, moreover taking charge of employees motivational levels (Barnett & Brennan, 1995).

Business expansion leads to many changes within the organization, such as a change in structure. A business might have followed a flat organizational structure with a few levels of hierarchy, chain of command and a short span of control Bernerth (2004). Moving towards a tall organizational structure involves a large number of hierarchy which has led to ineffective communication links between the management and the subordinate. Behavioral problems are likely to occur when the organizations are designed in an inappropriate manner leading to decision-making system being undermined. Employees are neglected and the feeling of being committed to work is reduced. Communication breakdowns have led to the distortion of messages that are sent from higher level of management to the lower level of management. Business operating under tall organizational structure is likely to have a narrow span of control Bazerman (1982). This involved greater supervision and control over subordinates. Here the managers do not feel the need to delegate authority. Excess supervision and control of management results in employees being demotivated. At the same time, a change from a narrow to a wider span of control leads to a greater degree of delegation. Workers motivational level
increases as they feel they are being trusted to perform well. Less direct control over each worker means they are now able to take more decisions themselves (Bazerman, 1982).

Large organizations usually follow a centralized system, meaning keeping all the important decisions making powers with head office or the center of the organization. In this situation, workers are less likely to be motivated because they feel they are not consulted in decision making Desveaux (1994). Workers are given responsibility but without authority which might even create a sense of inferiority among workers and it is not important to the organization. However, a decentralized system allows more local decisions to be made with different conditions. The subordinates prepare themselves for more challenging roles. It encourages empowerment. The effective delegation also motivates employees towards work, hence raising their motivational levels. Glick, Huber, Miller, Doty, & Sutcliffe (1990) said that quicker and more flexible the decision-making process is likely to be. However, in many cases, at the initial stage of organizational change workforce is not ready to accept the change, thus resulting in loss of productivity. Workers are highly demotivated, and the expected output is not generated by the firm. It has been argued that the structure of an organization is an indispensable means and an inappropriate structure were definitely affect business performance, and this might even destroy it (Shapiro, 1999).

In today's fast changing world it has become increasingly important for the business to adopt new changes. This involves coming up with new ideas, strategies, schemes, promotional activities, training programs, products and services by Goodman, Rousseau & Church (2004). Investment in new technology is one of the sources through which organization can effectively respond to market changes. New and advanced methods, tools, machinery, and equipment enable the business to produce efficiently i.e. using minimum output and producing maximum output. It has been estimated that firms that are investing in new technology are spending 90% of their resources on technology and investing just 10% in manpower planning that includes recruiting, training and educating the workforce. Investment in technology has never been easier for the business (Desveaux, 1994). Any change in an organization can simultaneously bring about other changes such as a change in business policies, employees motivational level, organizational structure e.t.c.

One of the major problems that management is concerned about when implementing new technology is the attitude and the response of the trade unions. Many companies need to put their entire effort to get this change approved by the employees association, but often despite their tremendous efforts a successful change is not always guaranteed due to this uncertainty employees are discouraged to join a trade union because these unions are not in favor of technological change Hui & Lee (2000). They feel it is against the employee’s welfare as workers fear about job displacement and job security. They want to have their self-esteem needs fulfilled, moreover expecting a fair treatment in issues regarding salaries, wages, benefits and job security. They feel that by adopting new technology, the need for their skills can be reduced or even eliminated. Once a technology is adopted, workers press for higher wages as they feel that changing technology is itself insufficient to justify higher pay said by Jimmieson & Terry (1999). Fail to bargain means demotivate the workforce which might cause industrial actions such as strikes, lockouts e.t.c while looking at the other side of the picture, technology that is helping employees to work faster with minimum effort motivate them towards work and acceptance of this new technology is easier for both business and employees. An expectation of generating high profits in future encourage the workforce to work harder and get more committed to working. Greater profits induce business to pay bonuses, commissions, profit sharing and fringe benefits to its employees, thus motivating them (Glick, Huber, Miller, Doty & Sutcliffe, 1990).

Recognition of trade unions seems to become increasingly important in today's era. In large organizations, employees prefer to establish trade union powers to protect their rights and represent their interest. In modern capitalistic societies trade unions are the principal institution of workers Klein (1996). The need to have a trade union mainly arises in the manufacturing sector which is vulnerable to market changes. Workers need to be flexible to adopt new changes. There might be conflicts between managers and employees. Managers always try to maximize their profits by keeping labor cost low. In the absence of trade union, there can be a clash of interest between workforce and management and collective bargaining was not possible (Goodman, Rousseau & Church, 2004).

Workers are not able to negotiate over pay and working conditions on a large scale and on a national level with the national employer’s association such as
through "engineering employer’s federation. Employees get highly demotivated if their needs and expectations to the organization are not met said by Parry (1999). On the other hand are those researchers who have judged unions as being a negative force in the society. Organizations, where employees are forced to be a part of the Union, are bound to pay an annual fee which is sometimes deducted directly from their incomes. Many prefer to be treated as individuals rather than a member of a representative. This enables personal dealing and sharing problems with the manager. Employees that are motivated and committed to work are much concerned about their productivity. Collective industrial actions result in loss of productivity and sales. Thus, destroying the motivational levels. Employees prefer smooth running of the industry without the intervention of trade unions (Hui & Lee, 2000).

Today, many of the conventional functions are still maintained by the management, but they must also be aware of how to function within the organization (Ashford, 1988). Organizations that have long term planning are less likely to change their policies. Internal policies remain consistent throughout the year Shapiro (1999). Decisions regarding payment systems are one of the major policies that affect employees, whether to offer them piece rate or a time rate. A piece rate system to pay wages to encourage employees to produce high output levels. According to f.w.tylor pay should be linked to the level of output, that means fair days pay for a fair day's work. But at the same time workers may target a particular earning level and may not be motivated above that level as their target for earnings has been achieved. Workers may not be ready to accept changes as it may change the nature of the work resulting in loss of pay (Jimmieson & Terry, 1999).

The introduction of a team working within the organization leads to more flexible working. This may seem more attractive to the workforce as their workload is shared among existing employees. New ideas are generated, and there is a pool of knowledge leading to greater productivity Shapiro (1999). Workers can handle complex situations, but problems of demotivation can still arise. There might be a conflict of interest between workers. They come to rely on each other, and one expects other to do the task for him. Being dependent on one another results in loss of productivity. Workers may not prefer to work closely together and may enjoy individual working (Liden & Graen, 1980).

Large companies usually adopt an autocratic style of leadership which is more likely a centralized system with an authoritarian manager taking all the decision. Workers are under pressure and are threatened and punished Jick (1993). Employees are not trusted in this situation, and the trained and skilled workforce is highly demotivated. This may even lead to low employee morale, high turnover and absenteeism and work stoppage. But on the contrary, new and untrained workers who do not know which task to perform or which procedures to follow finds this style of leadership most effective (Klein, 1996).

A change to a democratic or laissez-faire style of leadership allows the employee to take part in decision making. Everything is agreed by the majority. Employees who have been working under the same organizations highly prefer to choose a democratic style of leadership. At this stage they expect their opinions to be heard. This creates job satisfaction and commitment to work. The conclusion of many theories suggests that leaders who adopt participative or democratic styles are more successful by (Parry, 1999), whereas the presence of paternalistic leaders are a source of demotivation where there is highly experienced staff who prefer delegation and participative authority. These managers were only listening, explain issues and consult with the workforce and not allowing them to take the decisions (Klein, 1996).

Changes in the organizations are continuously taking place, but the way in which human resource responds to it varies from businesses to businesses. When circumstances change, organizations are able to respond and adapt by (Nelson, Cooper & Jackson, 1995). This is followed by an assumption that organizations are relatively malleable. The degree of failure or success is never guaranteed. Hence, a change in an organization can be both adaptive as well as disruptive (Miller, Johnson & Grau, 1994).

3. METHODS

In this research, the sample size was 300 respondents, including ten organizations and 30 employees from each organization and the technique used for sampling is convenience based sampling. A Questionnaire was used as an instrument of data collection, and the instrument is in the form of the closed-ended questionnaire was filled by the employees of different organizations who are currently at the position for a year or more. A general linear model has been used for
the analysis of data and the interpretation of the results findings.

The instrument was pre-tested where 4 to 5 sample questionnaires were filled to the different respondents just to identify whether it was easy to understand. Through pre-testing, it was found that all respondents felt comfortable in responding and found the instrument interesting as well. Reliability test results are shown in Table 1.

**Table (1) Reliability Statistics**

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.643</td>
<td>18</td>
</tr>
</tbody>
</table>

**4. RESULTS**

Table 2 explains the validation of the model as well as the variables that are significant in the study that has an impact on the dependent variable (Employee Motivation). The Adjusted R square value of the above model is 0.264 or 26.4% means that one unit change in the independent variable was brought out the 26.4% change in the dependent variable. The shift from one response to other in predictors that are different organizational Response to employee acceptability of change categories brings out the 26.4% variation in the agree on the level of the employee motivation. As it observed from the above table that sig value of the corrected model is 0.007 that is less than 0.05 means that the applied model is suitable to apply to the data set. The intercept, as well as independent variables, are also found significant in the study.

**Table (2) Tests of Between-Subjects Effects**

<table>
<thead>
<tr>
<th>Dependent Variable: Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
</tr>
<tr>
<td>Corrected Model</td>
</tr>
<tr>
<td>Intercept</td>
</tr>
<tr>
<td>OR2</td>
</tr>
<tr>
<td>OR4</td>
</tr>
<tr>
<td>Error</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Corrected Total</td>
</tr>
</tbody>
</table>

a. R Squared = 0.384 (Adjusted R Squared = 0.264)

Table 3 explains the relationship between the dependent and independent variables. As we can observe that the beta value of the intercept is 2.781, it means that the respondents were neutral on the motivation level. In the non-presence of any independent variable, the minimum value for the employee motivation is 2.781 means that the employees are neutral regarding motivation if no motivational factor is available to them. The Organizational response to employee acceptability of change factors like "I am among those who accept any change in benefits to keep working for the organization" and "I am not in support of the changes in ownership/management because it affects my working" have a significant impact on the employee motivation. The significant values of these both factors are less than 0.05 therefore; the null hypothesis is not rejected. Based on statistical analysis it is concluded that organizational rewards to employee acceptability of change are the influencing factor for the employee motivation.
Table (3) Parameters Estimates

Dependent Variable: Motivation

<table>
<thead>
<tr>
<th>Parameter</th>
<th>B</th>
<th>Std. Error</th>
<th>T</th>
<th>Sig.</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>Intercept</td>
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<td>.322</td>
<td>8.647</td>
<td>.000</td>
<td>2.131</td>
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<tr>
<td>[OR2=1.00]</td>
<td>.303</td>
<td>.281</td>
<td>1.081</td>
<td>.286</td>
<td>-.263</td>
</tr>
<tr>
<td>[OR2=2.00]</td>
<td>.205</td>
<td>.268</td>
<td>.766</td>
<td>.448</td>
<td>-.336</td>
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<tr>
<td>[OR2=3.00]</td>
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<td>.272</td>
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<td>.005</td>
<td>.252</td>
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<tr>
<td>[OR2=4.00]</td>
<td>.244</td>
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<td>.530</td>
<td>.599</td>
<td>-.685</td>
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<tr>
<td>[OR2=5.00]</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[OR4=1.00]</td>
<td>-.959</td>
<td>.403</td>
<td>-2.382</td>
<td>.022</td>
<td>-1.772</td>
</tr>
<tr>
<td>[OR4=2.00]</td>
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<td>.364</td>
<td>-1.281</td>
<td>.207</td>
<td>-1.202</td>
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<tr>
<td>[OR4=3.00]</td>
<td>-.376</td>
<td>.383</td>
<td>-0.981</td>
<td>.332</td>
<td>-1.150</td>
</tr>
<tr>
<td>[OR4=4.00]</td>
<td>-.107</td>
<td>.375</td>
<td>-.285</td>
<td>.777</td>
<td>-.863</td>
</tr>
<tr>
<td>[OR4=5.00]</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. This parameter is set to zero because it is redundant.

**Empirical Conclusion**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Beta</th>
<th>Sig Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational rewards to employee acceptability of change are the influencing factor for the employee motivation</td>
<td>.303</td>
<td>.005</td>
<td>Accepted</td>
</tr>
<tr>
<td>-.959</td>
<td>.022</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. **DISCUSSION**

It is likely that firms with organizational changes not only differ from other firms on their organizational form, but also in various others respects such as skill mix or investment strategies. By motivating employees and by increasing their identification with their firms intend to increase productivity. In today's continually changing business environment, often organizations have to change strategic direction, structure and staffing levels to stay competitive. These changes lead to a great deal of uncertainty and stress among employees. Top managers are preoccupied by change, both the changes that they must react to, such as new and important threats and opportunities, and the changes that they initiate as a result of their values and aspirations.

Situational variables such as communication patterns, timing, and perceived need for change alter the level of participative decision making required for employee acceptance. Organizational change management strategies that include clear communication plans and training meet with higher levels of employee satisfaction and acceptance. Employees who have been working under the same organizations highly prefer to choose a democratic style of leadership. Change management requires careful planning and communication for effective implementation. On some levels an acceptance of risk may provide an advantage to the organization. The organization may actually increase its flexibility if it is willing to incorporate "lessons learned" as part of the change management process.
6. RECOMMENDATIONS

Today's corporate world has become extremely complex, and any business that is operating in this competitive environment should be flexible enough to adopt changes. For any business to succeed nowadays, it is imperative that organization's employees play a key role. Hence, it is recommended that interest of human resource should be given the priority before organization act upon any decisions and most importantly keep their motivational levels in consideration. To increase effectiveness, improve efficiency, gain market share, or simplify the organizational design, managers are constantly creating new programs, streamlining procedures, evaluating proposed courses of action, and encountering new opportunities in their organizations' environments.

REFERENCES


7. FUTURE RESEARCH

Future research can be conducted in the area of strategic success for the organization lies in focusing attention at all levels on key business activities, which can be achieved through effective performance management.

8. CONCLUSION

The organizational response to change is seldom easily determined. Change frequently means different things to different people. Employee motivation and morale in the face of major change initiatives can be impacted by leadership style. The research concluded that the organizational rewards to employee acceptability of change are the influencing factor for the employee motivation.

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