Factors Affecting Commitment to Organizational Change and its Outcomes

A Presentation by

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Organizational Change

- Organizational change is a process which involves alterations or modifications to an organization's structure, goals, technology or work tasks (Carnall, 1986).

Privatization and organizational change

- Privatization refers to the production of goods and services for profit generation rather than for public benefit (Forster & Mouly, 2006).

- Privatization leads to a sharp change in strategy, power structures and control of the organization (Tushman, Newman & Romanelli, 1986)

Privatization in Pakistan

- PIDC established in 1952
- Nationalization in early 1970's
- Denationalization 1977
- SOEs privatization late 1980's
- Privatization Commission established in 1991

Reasons for Privatization of SOE's in Pakistan

- Mismanagement and overstaffing
- Inappropriate and costly investments
- Poor quality and coverage of services
- High debt and fiscal losses
- Production and profits well below their potential

Impact of privatization on labor (Kemal, 1993)

- Reduction in staff
- Reduced demand for labor due to reduced production by oligopolists
- Reduced demand for labor due to capital intensive methods of production
- Contractual employment

Commitment

- An employee's attachment to the entire organization, an organizational subunit, a supervisor or even a change program (Ford, Weissbein & Plamondon, 2003; Herscovitch & Meyer, 2002).

Commitment to Change

- "a mindset that binds an individual to a course of action deemed necessary for the successful implementation of a change initiative" (Herscovitch & Meyer, 2002, p.475)

Previous Literature on Organizational Change

- Organizational change a vast topic
- Previous studies focus mostly on resistance

Why Study Commitment to Change?

○ One of the most important factors involved in employee support for the change initiatives (Herscovitch & Meyer, 2002)

○ It connects the employees with organizational goals for change (Conner, 1992)

Models of Commitment to Change

- Conner (1992)
- Coatsee (1999)
- Herscovitch-Meyer (2002)
- Conner(1992) and Coatsee(1999) presented theoretical models which were not tested empirically.
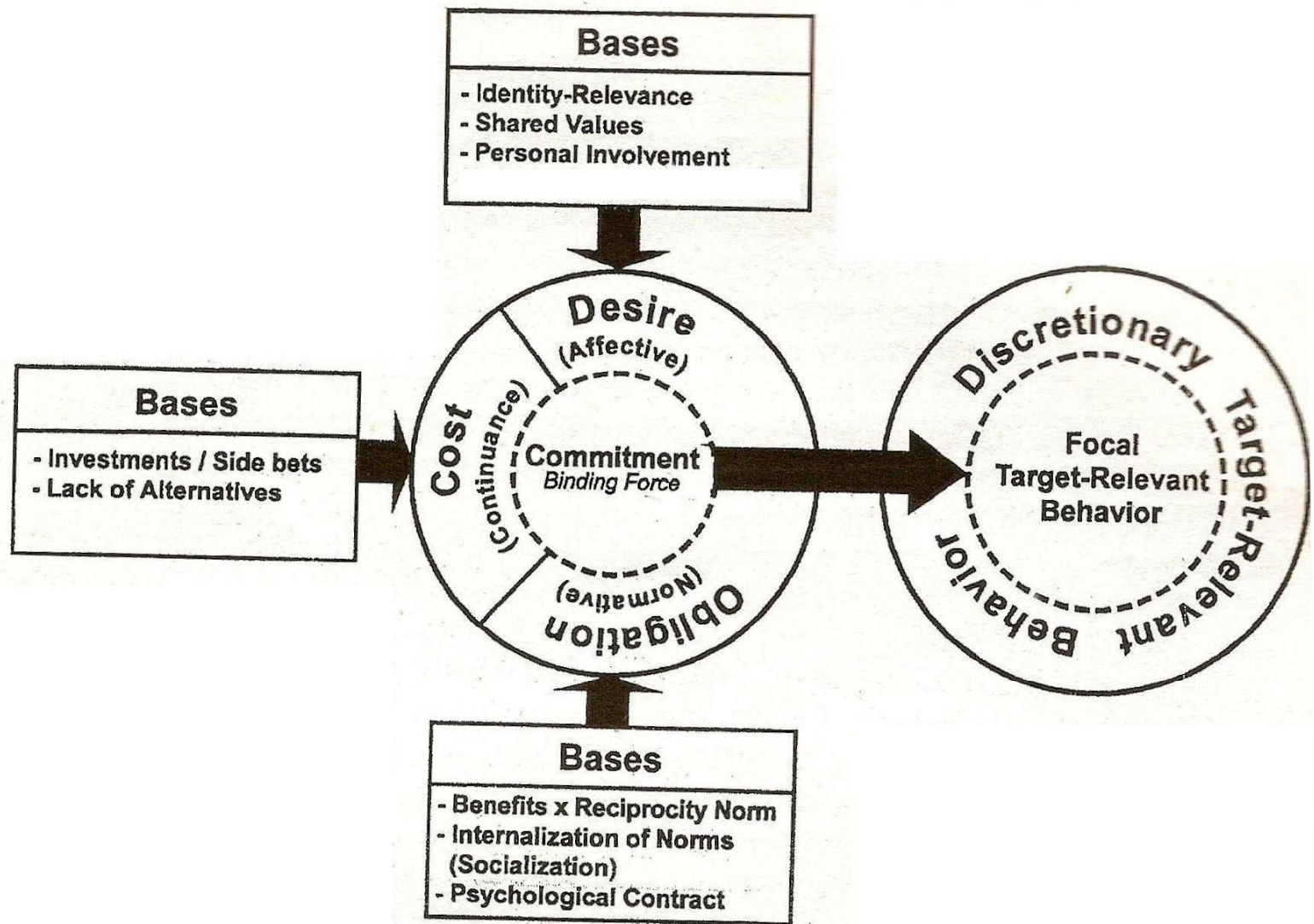
Connor (1992)

- Three stage process:
- Preparation- awareness of change
- Acceptance- understanding of change
- Commitment- internalization of change

Coatsee(1999)

- Commitment to change a product of:
- Knowledge- employee abilities regarding change
- Information- what is communicated about change
- Empowerment- employee decision making authority
- Rewards and recognition- for participating in the change effort
- Shared visions- employee understanding of the future

A general model of workplace commitment
(Meyer & Herscovitch, 2001)

Suggestion for Research

- Research pertaining to commitment to be organized according to their relevance to underlying mechanisms i.e.,
- Identification- affective commitment
- Investment- continuance commitment
- Reciprocity- normative commitment

Herscovitch-Meyer Model (2002)

- First to empirically test commitment to change.
- Multidimensional model based on Herscovitch-Meyer model (2001)
- Three forms of commitment to change
- **Affective commitment (AC)**; "a desire to provide support for the change based on its inherent benefits" (Herscovitch & Meyer, 2002, p.475)

Herscovitch-Meyer Model (2002)

- **Normative commitment (NC)**; "a sense of obligation to provide support for the change" (Herscovitch & Meyer, 2002, p.475)

- **Continuance commitment (CC);** "a recognition that there are costs associated with failure to provide support for the change" (Herscovitch & Meyer, 2002, p.475).

Herscovitch-Meyer Model (2002)

- Model hypothesis based on relation between commitment components and change-related behavior i.e., **compliance**; willingness to do what is required, **cooperation**; willingness to make extra effort for change success and **championing**; willingness to accept change and getting others to accept it as well.

Herscovitch-Meyer Model (2002) Findings

- Positive correlation between the three commitment to change components and compliance.
- AC and NC correlated positively with cooperation and championing while CC correlated negatively with both.
- Commitment to change affected change related behavior more than organizational commitment

Herscovitch-Meyer Model (2002) Findings

○ The relation between AC, CC and compliance was greater when the other component of commitment was weak as opposed to strong.

Variables affecting commitment to change and its outcomes

Proposed model

Meyer and Allen (1997)
Commitment in the Workplace

- perception is more important than reality
- employees react to situations as they perceive them

Job Insecurity and Commitment to Change

- "perceived powerlessness to maintain desired continuity in a threatened job situation" (Greenhalgh & Rosenblatt,1984, p. 438)

Types of Job Insecurity

○ Fear of job loss

○ Fear of loss of job features i.e., working conditions, salary, status, career advancement (Ashford, Lee & Bobko, 1989)

Causes of Job Insecurity

- Major organizational changes viewed as a threat to working relationships and routines (Nadler, 1987)
- Resulting uncertainty leads to job insecurity.
- Resistance to organizational change increases (Noer, 1993) and job satisfaction and organizational commitment decreases (Ashford et al., 1989; Davy et al.,1997)

Research Question

- **Research Question # 1. After privatization, does the fear of job loss affect commitment to organizational change and change-related behavior, more than the fear of loss of job features?**

Role-stressors and Commitment to Change

- Three basic types of job or role stressors:

- Role ambiguity; a situation where an individual does not have clear direction about the expectations of his or her role in the job or organization (Rizzo, House & Lirtzman, 1970).

Role-stressors and Commitment to Change

- Role conflict; incompatibility in communicated expectations that interfere with perceived role performance (Rizzo, House, & Lirtzman, 1970)
- Role overload; the extent to which the job performance required in a job is excessive.

Role-stressors and Commitment to Change

- Major organizational changes cause stress due to increased work targets, threats of job losses, changes in job holders' responsibilities and authority and shifts in the balance of power (McHugh & Brennan, 1994)
- These role stressors may affect employee commitment to change

Research Question

- **Research Question # 2. Do role stressors i.e. role conflict, role ambiguity and role overload adversely affect employee commitment to organizational change?**

The Problem

◦ Expecting commitment for the change initiative from individuals experiencing job insecurity and job stress!!!

The Solution

- Change related communication
- Perceived employability

Change-related Communication

- Key factor in influencing the phenomenon of perceived job insecurity (Johnson, Bernhagen, Miller & Allen, 1996)
- Ineffective internal communication is a major contributor to the failure of change initiatives (Coulson-Thomas, 1997)

Change-related Communication

- Communication can be used to:
- reduce resistance
- minimize uncertainty and
- gain involvement and commitment as the change progresses
- This in turn improves morale and retention rates (Klein, 1996)

Change-related Communication

○ Role conflict and role ambiguity can also be reduced by providing timely feed back to employees regarding the changes.

Employability

- Perceived employability refers to a person's perception of his or her ability to secure a new job (Bernston, Sverke & Marklund, 2006, p.225).

Employability

- Two forms of employability (van der Vliet, C. & Hellgren, J., 2002)
- Internal employability- perceived ability of an employee to secure employment within the same organization
- External employability- perceived ability of the employee to secure employment outside the organization

Employability

○ Individuals with high levels of perceived employability are:

○ more adaptable

○ benefit more from changing work situations by identifying personal benefits in the change process

○ able to make the best of all situations by altering their attitudes and responses accordingly

○ proactive attitude

Research Question

- **Research Question # 3. How far are employee commitment to organizational change and change-related behavior determined by the level of change-related communication and employability?**

Outcomes of Commitment to Change

- Job Satisfaction
- Organizational Commitment

Outcomes of Commitment to Change

- Organizational commitment refers to the degree of loyalty shown by employees towards their organization

- Job satisfaction refers to "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (Locke, 1976, p. 1300)

Outcomes of Commitment to Change

- Job satisfaction and organizational commitment have been found to be the outcomes of general attitudes towards change, change acceptance and positive views about change (Judge, Thoresen, Pucik & Welbourne (1999; Wanberg & Banas, 2000)

- Negative attitudes toward change have been related with lower job satisfaction and commitment (Schweiger & DeNisi,1991).
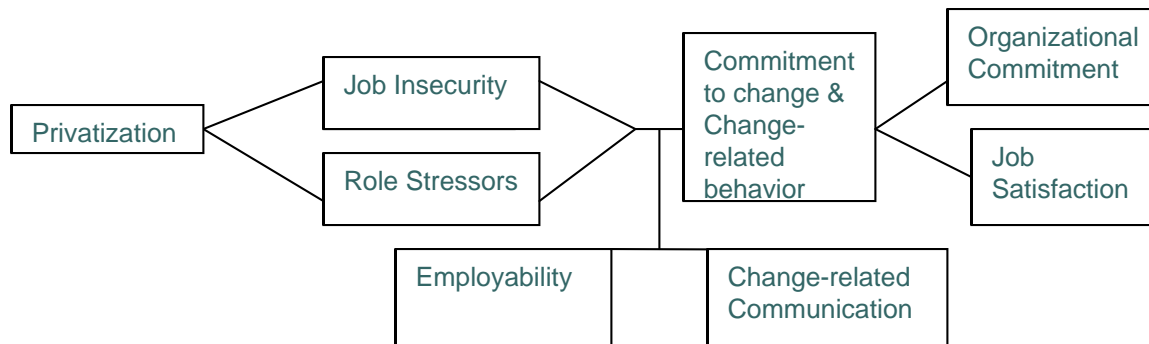
Research Question

- **Research Question # 4. Will commitment to organizational change lead to job satisfaction and organizational commitment?**

Conceptual Framework

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                    ┌──────────────┐
                    │ Job Insecurity│
                    └──────────────┘
┌─────────────┐    ┌──────────────┐    ┌──────────────┐    ┌──────────────┐
│Privatization│    │              │    │ Commitment   │    │ Organizational│
└─────────────┘    └──────────────┘    │ to change &  │    │ Commitment   │
                    ┌──────────────┐    │ Change-      │    └──────────────┘
                    │ Role Stressors│   │ related      │    ┌──────────────┐
                    └──────────────┘    │ behavior     │    │ Job          │
                                        └──────────────┘    │ Satisfaction │
       ┌──────────────┐   ┌──────────────┐                  └──────────────┘
       │ Employability│   │ Change-related│
       └──────────────┘   │ Communication │
                          └──────────────┘
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Privatization → Job Insecurity / Role Stressors → Commitment to change & Change-related behavior → Organizational Commitment / Job Satisfaction

Employability   Change-related Communication

Measurement Scales

- *(i) Commitment to change scale* (Herscovitch & Meyer, 2002)

- *(ii) Behavioral support for change scale* (Herscovitch & Meyer,2002)

- *(iii) Job Insecurity Scale* (Hellgren, Sverke & Isakson, 1999; Ashford, Lee & Bobko, 1989)

Measurement Scales

- *(iv) Change-related Communication Scale* **(Topolnytsky, 2001).**
- *(v) Role Stressors Scale* (Beehr, Walsh & Taber, 1976; Sverke, Hellgren & Ohrming, 1997 ; Rizzo, House and Lirtzman, 1970); Caplan, 1971)
- *(vi) Employability* **Scale** (van der Vliet & Hellgren, 2002)

Measurement Scales

- *(vii) Job satisfaction Scale* (Hellgren, Sjoberg & Sverke,1997)
- *(viii) Organizational Commitment Scale* (Meyer, Allen and Smith, 1993)

Research Objectives:

- To investigate the relationship between job insecurity and commitment to organizational change

- To investigate the effect of role stressors on commitment to organizational change

- To explore the role of employability as a moderator between role stressors, job insecurity and commitment to change
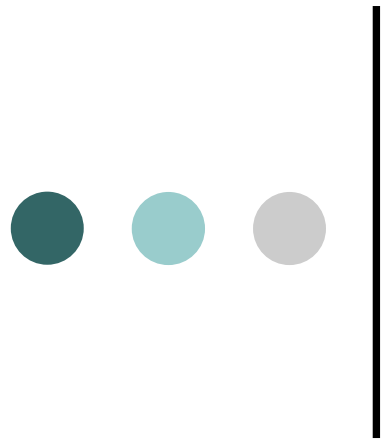
Research Objectives:

- To investigate the role of organizational communication to mitigate the negative effects of job insecurity
- To investigate the role of organizational communication and employability in fostering compliance and championing behavior for the change.
- To study the effects of commitment to change on job satisfaction and organizational commitment.

Limitations of Study

- Use of self-report measures
- Cross-sectional research design which does not allow the establishment of causal relationships

Conclusion

Significance of study

Significance of Study

- Extension of Meyer-Herscovitch (2002) three-component model of commitment to change outside North-America.

- Contributing to international literature on commitment to change by testing the model with a different set of variables.

- Empirically studying the process of commitment to organizational change in Pakistan for the first time.

- Providing empirical support for the development of HR policies during organizational change.