Organizational Revitalization in the Management of Change: A Comparative Study in Malaysian Public and Private Financial Institutions

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Abstract

This study investigates revitalization as a concept in the literature on organizational change. Most traditional concepts of change focus on a temporary transition from current conditions to new conditions and paused. In reality, change will never be over thus, revitalization regards change as a continuous process of renewing the capacity of an organization to adapt to its internal and external pressure. An existing scale was used to operationalize the four components of the proposed change management model. Data was collected through mail surveys of respondents in a public and a private financial institution in Malaysia. Regression analysis was then utilized to assess the relationship between the model components and revitalization. The results of the study disclosed that for both organizations, the model components positively correlated with revitalization and were statistically significant; thus, the outcomes of the study agree that revitalization is a viable concept for future research.

Keywords: Organizational revitalization, Organizational change, Motivating change, Change vision, Continuous innovation, Sustaining momentum.

1. Introduction

The Asian financial and economic crises in the last few years acted as a catalyst for change in Malaysian financial institutions (Chew & Choo, 2008; Zeti, 2007). Thus, to jump start the change initiatives, managers must have the motivation, vision and courage to transform their businesses and accelerate the change process in their organization so that the organization can easily adapt to continuous changes in its internal and external conditions (Parish, Cadwallader, & Busch, 2008). In order to succeed managers must choose an effective change management strategy (change models) and effectively implement them (Parish, Cadwallader, & Busch, 2008).

Typically, most traditional planned change models focus on a temporary transition of organizational components from one "steady state" to a different (new) "steady state" and then stops. Thus, change is viewed as a discrete event with definable beginning and end, not as a continuous process (Lawler & Worley, 2006). As evidence, according to Stanleigh (2007), in recent surveys (Canada), for example the Chief Executive officers (CEOs') reports it was discovered that up to 75 per cent of their organizational change efforts did not produce the expected results. Even though they have developed clear strategies around redesigning, restructuring and more often than not, they ended up fighting with fires and crises. Therefore, this has led to the need to view change differently and to fill-in the gaps, this study proposes to examine revitalization as another type of planned change effort that brings new purpose, vitality, and strength to an organization. Revitalization views change as a process of continuously renewing the capacity of an organization to adapt to its internal and external pressure. The capacity to handle change becomes part of the daily practice of the managers who routinely shape the organization both in anticipation of and in response to its internal and external environment conditions (Coram & Burnes, 2001; Beer & Nohria, 2000; Beer, Eisenstat, & Spector, 1990).

2. Methodology

The literature review suggested that revitalization can be well defined or understood in terms of four dimensions: (a) inter-functional coordination, (b) organizational decision making (c) work organization, and (d) concern for people. The conceptualization of revitalization is based on research by Beer, Eisenstat and Spector (1990) and the "Survey of Organization" developed at the University of Michigan (Taylor & Bowers, 1972). At the same time, given the collective strength and volume of research related to the activities delineated in the Cummings and Worley (1993) model (motivating change; creating a vision; developing political support; managing the transition; and sustaining momentum), it appears that the model is well conceptualized, and well-supported, particularly those proposed by Lewin (1952), Kotter (1995), and Kanter (1983).

However, not all of Cummings and Worley's variables are suitable predictors. Therefore, the idea of "creating a vision for change" without the process of disseminating the vision to the people (employees) is not a complete process, thus, this variable will be replaced by developing and disseminating a vision of the change. This variable is imperative for establishing an organization's picture as a consequence of a successful change process (Sharma, 2007; Kotter, 1996; Cummings and Worley 1993). In addition, since revitalization does not target a specific organizational change, the ideas of "political support" and "managing the transition" demand some modification. Political support suggests a process of identifying and accommodating particular opponents to a single idiosyncratic change. Similarly, managing the transition relates to the idea of a single change from one condition to another condition. Here, the scope of revitalization is broader conceptually than what is intended in either of these ideas. The corresponding issue of concern in predicting revitalization is the creation of an environment that fosters change or adaptation. Thus, these variables are combined into a single variable (predictor variable) called - setting an environment for continuous innovation (Strauss & Frost, 2009; Hayden, 1998; Kotter, 1996/1995).

Therefore, this study propose a new change management model, correlates of revitalization consisting of four major variables suggesting an organization's ability to change (revitalize) should be predicted by these four components which represent a manager's abilities relative to: (1) motivating change, (2) developing and disseminating a vision of the change, (3) setting an environment for continuous innovation, (4) sustaining momentum. This newly proposed change management model is also well supported and has many features in common with other change management models such as Judson's (1991), Kanter, Stein and Jick's, (1992), Galpin's (1996), Nadler's (1998), Kotter's (1996/1995), Kanter's (1983) and Cummings and Worley's (1993), which also make use of readily understandable terms (definitions) and concept as well. Figure 1 summarizes the variables correlate of revitalization. Both the independent variables (proposed change model) and dependent variables (revitalization) are measured using a series of Likert-type scale items adapted from the "Survey of Organizations" (Taylor & Bowers, 1972).

2.1 Research Question and Hypotheses

The main issue in this study is to measure the extent of revitalization and to determine if there are differences in employees' perceptions of revitalization and the elements that explain those differences. Therefore, the following research question and hypotheses are formulated:

1. Can the proposed change management model (motivating change, developing and disseminating a vision of the change, setting an environment for continuous innovation, and sustaining momentum) be adopted to effectively predict the extent of revitalization in a public and a private financial institution in Malaysia?

Thus, the eight research hypotheses that have been formulated from the research question above are as follows:

Ha1: There is a positive relationship between perceptions of managers' ability to motivating for change and revitalization in a public financial institution in Malaysia.
Ha2: There is a positive relationship between perceptions of managers' ability to motivating for change and revitalization in a private financial institution in Malaysia.
Ha3: There is a positive relationship between perceptions of managers' ability to developing and disseminating a vision of the change and revitalization in a public financial institution in Malaysia.
Ha4: There is a positive relationship between perceptions of managers' ability to developing and disseminating a vision of the change and revitalization in a private financial institution in Malaysia.
Ha5: There is a positive relationship between perceptions of managers' ability to setting an environment for continuous innovation and revitalization in a public financial institution in Malaysia.

Ha6: There is a positive relationship between perceptions of managers' ability to setting an environment for continuous innovation and revitalization in a private financial institution in Malaysia.
Ha7: There is a positive relationship between perceptions of managers' ability to sustaining the momentum of change and revitalization in a public financial institution in Malaysia.
Ha8: There is a positive relationship between perceptions of managers' ability to sustaining the momentum of change and revitalization in a private financial institution in Malaysia.

2.2 Research Design

The unit of analysis was all the managers in the head office and branches in both studied organizations. Here, managers were defined more broadly and included positions such as president/general manager, deputy president/deputy general manager, vice president, senior manager, state manager, branch manager and manager. Due to legal issues and also to safeguard the interest of all parties involved in this study, the public and private financial institution involved were referred to as Bank A and Bank B. Whereby, Bank A refers to a public financial institution and Bank B refers to a private financial institution. The following each independent variables in the newly proposed model is described in terms of its relationship to change as revitalization.

Motivating Change Scale

This dimension concentrates on the activities managers utilize to create a "felt" need for change and assist employees to overcome their natural resistance to making things differently. In order to motivate employees, managers should provide them with adequate and regularly disseminated information that assists them to understand why they should support and cooperate with any change without having to ask "what's in it for me?" Further, managers must also make clear the possibility of catastrophic outcomes resulting from not changing (Hayden, 1998; Cummings and Worley 1993).

Developing and Disseminating a Vision of the Change Scale

Managers are required to develop and disseminate the change vision in order to set the path for change, stimulate employees to act in the right direction, and efficiently organize various employees' actions and activities. This stage is important for establishing the organization's future picture as a result of a successful change process activity. Employees at this stage demand a clear vision of where the organization seeks to go and therefore the vision must be expressed in a way that permits all organizational members to understand and associate to it and see their roles in achieving it (Sharma, 2007; Cummings and Worley 1993; Galpin, 1996).

Setting an Environment for Continuous Innovation Scale

Managers must provide a setting that fosters continuous change or adaptation by setting an environment that value and supports continuous (product) innovation (Strauss & Frost, 2009). Developing the capacity to change involves introducing new ideas and methods of doing things by taking risks. Within an organization there are both structural and cultural obstacles that discourage risk-taking. Managers should act as facilitators and guides, while they promote and empower employees to participate in planning and implementing changes. Managers must make employees feel secure by permitting them to make mistakes while testing out new methods and learning new aspects of the organization. (Hayden, 1998; Kanter, 1983).

Sustaining Momentum Scale

This dimension revolves around the need to sustaining the momentum of change in order to prevent or discourage or stop employees from falling back on old methods or old habits if the new forms and methods become difficult. Again, given the conceptualization of revitalization as the "daily practice" of changing the organization in concert with or ahead of internal and external conditions, sustaining momentum becomes a key variable for continuously building-in the capacity to adapt to change (Kotter, 1996 &1995; Cummings & Worley, 1995; Kanter, 1983).

Revitalization – is defined much in the same way as it was defined by Beer, Eisenstat and Spector (1990); for these authors, those factors are: inter-functional coordination, organizational decision making, work organization, and concern for people.

2.3 Data Collection Techniques

Data for this study was collected through the distribution of questionnaires by using mail survey to 435 managers (head offices and branches throughout Malaysia) from two financial institutions (Bank A and Bank B).

Mail survey was used as it is a more economical and efficient method of data collection and it reaches all the respondents involved nationwide at a certain time. A grand total of 156 responses were received (74 questionnaires from Bank A and 82 questionnaires from Bank B) and this was considered sufficient on the basis that this is a normal rate of response in Malaysia, where questionnaires distributed tend to obtain a response rate of between 15 to 25 percent, for example, in the studies conducted by Rozhan, Rohayu and Rasidah (2001), and Hazman (1998). This study utilized statistical techniques – correlation, to analyze the data and test the proposed hypotheses (Weiers, 2008).

3. Result

This section presents the results of the data analysis. Data collected for the research has to be interpreted and analyzed for it to be meaningful. The analysis includes a section for each of the two organizations studied, Bank A (a public financial institution) and Bank B (a private financial institution).

3.1 Bank A (a Public Financial Institution)

Bank A (a public financial institution) is a fairly large, publicly held organization that offers banking services to its individual and corporate customers. The target respondents for this study were all the managers including its president/ general manager, deputy presidents/deputy general managers, vice presidents/ senior managers, branch managers/state manager, and manager.

Correlates of Revitalization

The aim of this study is to search for the answers to the four research hypotheses formulated from the following question.

1. Can the proposed change management model (motivating change, developing and disseminating a vision of the change, setting an environment for continuous innovation, and sustaining the momentum) be adopted to effectively predict the extent of revitalization in a public financial institution in Malaysia?

The following are the four research hypotheses formulated from the above research question:

Ha1: There is a positive relationship between perceptions of managers' ability to motivating for change and revitalization in a public financial institution in Malaysia.

The mean score for motivating change is 3.58 (SD = 0.49) and statistically significant to indicate that the respondents are positive that motivating change is present; thus, reject the null hypothesis (Ho).

Ha3: There is a positive relationship between perceptions of managers' ability to developing and disseminating a vision of the change and revitalization in a public financial institution in Malaysia.

The mean score for developing and disseminating a vision of the change is 3.40 (SD = 0.67) and statistically significant to indicate that the respondents are positive that developing and disseminating a vision of the change is present; thus, reject the null hypothesis (Ho).

Ha5: There is a positive relationship between perceptions of managers' ability to setting an environment for continuous innovation and revitalization in a public financial institution in Malaysia.

The mean score for setting an environment for continuous innovation is 3.36 (SD = 0.61) and statistically significant to indicate that the respondents are positive that setting an environment for continuous innovation is present; thus, reject the null hypothesis (Ho).

Ha7: There is a positive relationship between perceptions of managers' ability to sustaining the momentum of change and revitalization in a public financial institution in Malaysia.

The mean score for sustaining momentum is 3.52 (SD = 0.66) and statistically significant to indicate that the respondents are positive that sustaining momentum is present; therefore, reject the null hypothesis (Ho). In conclusion, Table 1 presents these bivariate correlations. Whereby, all correlations are in a positive direction as predicted by the hypotheses and correlated with revitalization at quite similar magnitudes (explaining between 23 to 39 percent of the variance) meanwhile, sustaining momentum explains about 65 percent of the variance in revitalization. In addition, all coefficients are statistically significant at the 1 percent alpha level or lower. Thus, taken individually each independent variable (predictor) is positively correlated with revitalization.

3.2 Bank B (a Private Financial Institution)

Collecting and analyzing data on managers' perceptions in Bank B (a private financial institution) to examine the issue of revitalization formed the basis of a public-private financial institutions' comparison. Bank B (a private financial institution) is also described as a fairly large, privately held organization that offers banking services to its individual and corporate customers. The target respondents for this study were all the managers including its president/ general manager, deputy presidents/deputy general managers, vice presidents/ senior managers, branch managers/state manager, and manager level.

Correlates of Revitalization

The process of examining correlates of revitalization in Bank B will follow the same steps as been used in the Bank A study. Therefore, this section aims to search for the answers to the four research hypotheses formulated from the following research question.

1. Can the proposed change management model (motivating change, developing and disseminating a vision of the change, setting an environment for continuous innovation, and sustaining the momentum) be adopted to effectively predict the extent of revitalization in a private financial institution in Malaysia?

Ha2: There is a positive relationship between perceptions of managers' ability to motivating for change and revitalization in a private financial institution in Malaysia.

The mean score for motivating change is 3.59 (SD = 0.46) and statistically significant to indicate that the respondents are positive that motivating change is present; thus, reject the null hypothesis (Ho).

Ha4: There is a positive relationship between perceptions of managers' ability to developing and disseminating a vision of the change and revitalization in a private financial institution in Malaysia.

The mean score for developing and disseminating a vision of the change is 3.36 (SD = 0.66) and statistically significant to indicate that the respondents are positive that developing and disseminating a vision of the change is present; thus, reject the null hypothesis (Ho).

Ha6: There is a positive relationship between perceptions of managers' ability to setting an environment for continuous innovation and revitalization in a private financial institution in Malaysia.

The mean score for setting an environment for continuous innovation was 3.52 (SD = 0.60) and statistically significant to indicate that the respondents are positive that setting an environment for continuous innovation is present; thus, reject the null hypothesis (Ho).

Ha8: There is a positive relationship between perceptions of managers' ability to sustaining the momentum of change and revitalization in a private financial institution in Malaysia.

The mean score for sustaining momentum was 3.47 (SD = 0.62) and statistically significant to indicate that the respondents are positive that sustaining momentum is present; thus, reject the null hypothesis (Ho).

In summary, Table 2 presents these bivariate correlations. Whereby, all correlations are in a positive direction as predicted by the hypotheses and correlated with revitalization at quite similar magnitudes (explaining between 16 to 30 percent of the variance) meanwhile, sustaining momentum explains about 65 percent of the variance in revitalization. In addition, all coefficients are statistically significant at the 1 percent alpha level or lower. Thus, taken individually each predictor is positively correlated with revitalization; and these results are also consistent with the relationships found in the Bank A.

4. Discussion

Three outcomes can be drawn from the study: Firstly, the mean ratings indicate that the respondents are positive that each of the activities represented by each independent variable occurred in both studied organizations.

Secondly, the correlations for both studied organizations were in a positive direction and were statistically significant as predicted by the hypothesis. Finally, the sustaining momentum variable for both studied organizations explained the highest amount of variance in revitalization and in contrast to the stated hypothesis. In addition, there are almost no differences between Bank A and Bank B in the ability of the adopted model to predict revitalization. Thus, the proposed change management model clearly fits both organizations.

5. Conclusion

There are three issues that could be addressed to further improve the conceptualization of the proposed model: Firstly, by defining the unit of analysis by department, section, or unit within an organization, then it is possible that there would be more variation in the independent variables and dependent variable. Secondly, by increasing the number of organizations studied would have increased the potential of producing more variation and richer information. Finally, the future research should examine the constructs of revitalization by taking into consideration the importance of technology resources as an indicator of organizational ability to adapt to continuous change.

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Appendix

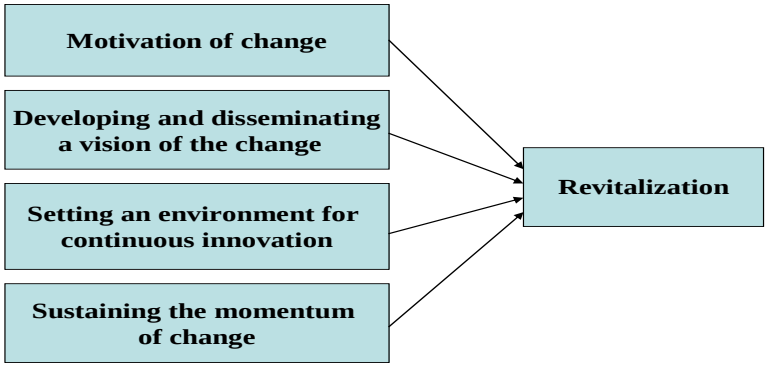

Figure 1 The Proposed Framework of Change Management Model

Table 1 Correlates (r^2) of Revitalization – Bank A

Scale	r^2 with Revitalization	M	SD	p
Motivating change	0.39	3.58	0.49	<0.00**
Developing and disseminating a vision of the change	0.27	3.40	0.67	<0.00**
Setting an environment for continuous innovation	0.23	3.36	0.61	<0.00**
Sustaining momentum	0.65	3.52	0.66	<0.00**

Note: **Significant level at 0.01; *Significant level at 0.05

Table 2 Correlates (r^2) of Revitalization – Bank B

Scale	r^2 with Revitalization	M	SD	p
Motivating change	0.30	3.59	0.46	<0.00**
Developing and disseminating a vision of the change	0.25	3.36	0.66	<0.00**
Setting an environment for continuous innovation	0.16	3.52	0.60	<0.00**
Sustaining momentum	0.65	3.47	0.62	<0.00**

Note: **Significant level at 0.01; *Significant level at 0.05