The Importance of Readiness for Change, a Leadership Perspective Based on a Case Study in Macau, SAR China

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Abstract—Organizational environments are constantly facing changes in different magnitudes, especially in recent times with various internal and external forces pushing changes stronger than before, many related to digital economy, information systems and the adoption of new technologies. The concept of readiness for change comes from the analysis of a maturity level framework evaluation that can be analyzed from the personal level to the team level. Although leaders understand the need of getting ready for the changes and the need to design strategies which demands significant effort for the success of the whole movement around the change, there is still a significant level of failure, dissatisfaction and frustration in companies. This may lead to lack of motivation caused by several different aspects such as bad communication, and poor leadership. But what is the perception of team leaders on the importance of readiness for change? This paper presents the partial results of a wider research about readiness for change in the Hotel and Hospitality Industry, focused on the experiences of two team leaders from Macau, SAR China, one of the largest tourism and entertainment spots in the world. In-depth interviews were conducted while the teams were facing significant changes in the company structure and the results are focused on two dimensions: Discrepancy and Efficacy. The preliminary analysis indicate that leaders are aware of their role and the need of implementing innovative strategies, but struggle with budget and team limitations.

Index Terms—Change management; readiness for change; leadership.

I. INTRODUCTION

The Organizational Change Management area has been established as a field of study itself many decades ago in parallel to the development of modern managerial concepts. From there, relevant researches on organizational change management have been conducted, many based on the Institutionalizing Change Interventions model [1], and the 8-Step Process for Leading Change model [2]. These two models emphasize the development of human interaction and communication between change agents and change recipients, the relevance of assessments in designing change initiatives, and the leader’s role as a key facilitator of the change process [3].

Although Kotter’s change model has been acknowledged as relatively efficient in promoting successful organizational change initiatives, readiness for change is considered an important contributor to the effectiveness of the change efforts [4].

To create readiness, the change agent should influence change recipients’ cognitions to transform beliefs, attitudes, and ultimately behaviors in order to successfully implement and institutionalize change [5, 6]. Leadership is often regarded as one of the key elements for the success of change initiatives; however, studies examining the influence of managers’ perception of the organizational change in the levels of readiness for change of the teams are scarce.

This paper will present partial results of a wider study about readiness for change in the Hotel and Hospitality Industry in Macau, SAR China, based on data collected in a real corporate environment that is subject to constant changes.

The main contribution of this paper is to present and analyze the perception of team leaders on readiness for change based on two key beliefs: Discrepancy and Efficacy.

The paper is organized with the following structure: Section 2 provides a theoretical basis for readiness for change managerial concept, its application and the introduction for some modeling proposals. Section 3 describes the methodology design for the qualitative interviews performed. Section 4 presents the results and discussion about the interviews. Finally, Section 5 concludes the present work.

II. READINESS FOR CHANGE THEORETICAL BASIS

Based on the models Creating Readiness for Organizational Change and Institutionalizing Change Interventions [1], which are key references for this research, several components involved in the creation of readiness for change are identified. Namely, the alignment of the change message with the contextual factors, the interpersonal and social dynamics, the influence strategies, the change agent’s and change target’s attributes, and the assessment of the system’s
readiness. Supporting the three stages of Armenakis’ et al., model are the five change beliefs – discrepancy, appropriateness, efficacy, principal support, and valence [1].

For this work, the focus will be on two of these beliefs. First, discrepancy will be analyzed from the perspective of which main challenges can be stated about the implementation of organizational changes. The second is efficacy, which will focus on the team leader and his/her team’s capacity for performing the necessary steps for the changes demanded by the organization.

The literature also presents works which focus on the study that organizations tend to find challenging to respond effectively to major changes [7]. Indeed, studies conducted demonstrate that change initiatives in organizations tend to have a 25% to 30% success rate [8].

Numerous authors presented different perspectives on the reasons that caused change efforts to fail. According to Lewin’s studies, the lack of involvement of individuals in the change process caused change efforts to fail. Organizations tend to implement change prior to psychologically preparing the individuals or the groups [9]. Moreover, the recent study by Ates et. al., sustained that when strategic alignment is not created before the change efforts execution begin, visionary leadership can become a negative force, with the managers’ vision diverging from the one advocated by senior management [10].

In Kotter’s 8-Step Process for Leading Change model, he identified the causes that lead to failure of the change initiatives at each stage as shown in Table I.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Establish a sense of urgency</td>
</tr>
<tr>
<td>2</td>
<td>Form a powerful guiding coalition</td>
</tr>
<tr>
<td>3</td>
<td>Create a vision</td>
</tr>
<tr>
<td>4</td>
<td>Communicate the vision</td>
</tr>
<tr>
<td>5</td>
<td>Empower others to act on the vision</td>
</tr>
<tr>
<td>6</td>
<td>Plan for and create</td>
</tr>
<tr>
<td>7</td>
<td>Consolidate improvements and produce more change</td>
</tr>
<tr>
<td>8</td>
<td>Institutionalize new approaches</td>
</tr>
</tbody>
</table>

Kotter [2] considers that managers often view change as an event and not as a process, skipping stages and making mistakes during the different stages of the change process. This may be due to the pressure managers feel to accelerate and produce results. In the first Stage of Kotter’s model, top management often underestimates the difficulties in driving individuals out of the comfort zone. Executive may paralyze due to the fear of negative consequences of the change efforts, such as the decrease in the moral of organizational members or an eventual attribution of blame for creating a crisis [5].

The reference also suggests that a common error in the second stage of the change process is that managers tend to underestimate the challenges in producing change and, therefore, the importance of creating a powerful guiding coalition to implement change. While the lack of a sensible vision and under-communicating this vision of change, are considered the most common errors in the third and fourth stages [5].

The organizational change agents’ lack of action to remove obstacles in the organization structure or to minimize the individuals’ resistance to change is the main error in stage five of the change process, which may lead to the failure of change initiatives. There is also a specification that the biggest mistake of the change process in the sixth stage is the failure to systematically planning for, and creating, short-term wins, and leaving small successes to chance. The last two stages in the change process may also encompass pitfalls, namely, declaring victory too soon at the seventh stage, and not anchoring changes in the organizations’ culture, thus sustaining change, at the eight-stage of the change model.

With the continuous increasing pace of change demands in organizations, change recipients often perceive the change efforts as quick-fixes, becoming skeptical in regards to the long-term commitment of the management towards the change success [1]. This response to planned change, combined with the failure to escort the entire process of change from diagnosis to institutionalization, hampers the chances of change to becoming accepted and permanent, that is, frozen or institutionalized. The change agents’ impatience leads them to assume that the successful introduction and implementation of change assure institutionalization [3]. The accelerated rate of organizational change, and the haste to execute change in organizations caused managers to end up losing focus, with the many available recommendations on how companies should implement and accomplish change creating further confusion.

In a survey conducted by Mckinsey & Company [11] the main factors impacting the outcome of change efforts, the degree of ownership and commitment throughout the organization was identified as the most critical element for both successful and unsuccessful change efforts (cf. Table II). To the failure of change implementation and institutionalization also contribute unclear accountability, as well as the inadequate allocation of resources and skills, as shown in Table II.

In terms of implementation practices, several companies neglect the relevance of conducting effective meetings, of having processes in place that allow problems identification, and of providing effective feedback [7].

Another frequently mentioned factor that may lead to the failure of change initiatives is resistance to change. On this topic, unconscious, invisible and passive inner resistance caused by individual insecurities is one of the causes for the elusive success of change efforts [11].
TABLE II. KEY ELEMENTS IMPACTING THE SUCCESS OF CHANGE EFFORTS. [7]

<table>
<thead>
<tr>
<th>% of respondents, n=2,070</th>
<th>Successful change efforts</th>
<th>Unsuccessful change efforts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear, organization-wide ownership of and commitment to change across all levels of organization</td>
<td>67</td>
<td>65</td>
</tr>
<tr>
<td>Ability to focus organization on prioritized sets of changes</td>
<td>53</td>
<td>44</td>
</tr>
<tr>
<td>Sufficient resources and capabilities to execute changes</td>
<td>48</td>
<td>46</td>
</tr>
<tr>
<td>Clear accountability for specific actions during implementation and rapid action to devise alternate plans, if needed</td>
<td>47</td>
<td>50</td>
</tr>
<tr>
<td>Continuous improvements during implementation and rapid action to devise alternate plans, if needed</td>
<td>39</td>
<td>29</td>
</tr>
<tr>
<td>Planning from day 1 for long-term sustainability of changes</td>
<td>32</td>
<td>36</td>
</tr>
<tr>
<td>Effective program management and use of standard change processes</td>
<td>30</td>
<td>31</td>
</tr>
</tbody>
</table>

III. METHODOLOGY

For the purpose of this study, two managers in the process of leading organizational change were contacted personally and provided with a brief explanation of the interview and the study’s objective.

The interviews were conducted face-to-face, in English, in 2019. With the authorization of each respondent, the interviews were audio-recorded and notes were taken manually for posterior transcript and content analysis.

For the present work, the answers provided by the interviewees were categorized into two key beliefs of change – discrepancy, and efficacy, according to the definitions’ criteria provided by Armenakis et al. [3], which is a study on the reactions of a top management team to change, through the diagnostic of the key change sentiments.

The interview questions followed eight basic questions organized from general to specific. Demographic questions were made informally before the interview, to assess whether the interviewees’ selection was appropriate to the purpose of the study, namely, working years in the industry, working years in the company, age, and nationality.

IV. RESULTS AND DISCUSSION

Following the proposed methodology, the results are presented in terms of the two key beliefs covered in this paper, which are Discrepancy and Efficacy.

A. Discrepancy

For the managers interviewed, the main challenge was related to team formation and man power issues. The two interviewees referred to contextual factors related to local policies for hiring foreign employees and the challenges in capturing and retaining team members with higher level of quality.

Internally, the organization’s bureaucratic and lengthy procedures to backfill the job positions, the distance of the higher management from the operations’ needs, and the compensation and benefits policies, were named as some of the areas that need to be changed. Also mentioned, was the need of the senior management to show more care for the teams, and local Team Member’s role and perception in regards to work protection.

In terms of elements to change inside the team, Interviewee #1 also mentioned the Team Members lack of knowledge of Macau context, for example in the perspective of a luxury traveller.

Some relevant parts from the interviews are presented on the Discrepancy for change readiness belief:

Interviewee #1

“To attract talent, you need money. Full stop. And paying peanuts does not give you the rocket scientist. (...) and opportunities to move upwards. (...) Retention of good staff is hard.”

(...) We do provide training, we do make them go and do things. Right? (...) how much is being retained? How much is being utilized? How much of it is interest? A lot of them, in the beginning, are here for the money, but after a while when they grow and fully understand the role, yes. But not everyone grows into it.”

Interviewee #2

(...) For managers and heads (assistant manager/duty managers) the main challenge is, I mentioned before, manning issues.

“(…) now we are experiencing manpower shortage. Because the process is taking too long to hire non locals.”

(...) And the Human Resources have a different department to follow the same things and then step by step the people start to call each other to ensure they are completing the job in the timeline. Otherwise, it will be delayed, and the following part will have to extend. A lot of bureaucracy."

(...) “Another aspect to highlight is people retention.... for those high performing Team Members, you have to give them a chance to go up. To give them a career path.”

(...) “In terms of changes in the teams, I believe that we have to change how we deal with the teams. By showing more concern for the Team Members.”

A lack of interest of the team members was also highlighted by both interviewees. On the local context, this could be a result of the strong market demands for high qualified professionals and the higher salaries of public servants.

These aspects are important topics based on policies and culture that should be addressed in companies to improve the organizational capacity and maturity level to implement changes.

B. Efficacy

About the Efficacy key belief, it is important to notice that this is almost considered a self-evaluation by the interviewees and this may lead to a bias on self-promotion on their answers.
The two interviewees believed that they have the capabilities to execute the changes proposed by the senior management and that the Team Members will have the skills necessary to implement the changes once they receive training.

Some relevant parts from the interviews are presented on the Efficacy for change readiness belief:

Interviewee #1

"(...) I deal with ordinary and complex changes very well. Because of being exposed to a lot of stuff, maybe because of my age, I tend not to cry."

Interviewee #2

"(...) always following the train to the next level.... I just followed standards and make sure that my performance achieved the standards and maybe beyond the standard.

(...) how are you going to overcome the changes and ensure good performance and a good working environment for the Team Member? Because, if they don’t feel comfortable they won’t perform well.

(...) So, I believe that I am successful in the way that I am training the Team Members in their positions to become skilled and successful, I think that I am not as ambitious as the higher management, but I am the person who follows the steps. You have to complete the learning of the base before you go up to the next level."

One relevant aspect to highlight here would be that both interviewees consider their own capacity as sufficient and providing training to the teams as a key area to develop team’s capacity to handle the changes and create readiness for change.

V. CONCLUSION

The Discrepancy and Efficacy key beliefs of readiness for change are key aspects that must be considered by organizational structures to assess maturity level and team commitment or capacity to implement changes.

This work focused on the qualitative analysis of these two key beliefs interviewing team leaders to analyze and discuss their perception on the readiness for change of themselves and their teams.

The results showed, on the Discrepancy key belief, that the leaders are facing challenges to hire qualified team members and also to keep their teams, not only because of organizational challenges, such as the implementation of a consistent career plan, but also because of the local (Macau) job market characteristics. This is a strong threat to readiness for change.

On the other key belief, Efficacy, the perception of the interviewees is that they already have the skills to implement the changes and they believe that training programs for different levels, may lead the team to the necessary capacity level to deal with the constant changes. No comments were highlighted about limited knowledge or lack of capacity.

Future works will focus on the other 3 key beliefs proposed in the literature and deeper analysis of leader’s perception about readiness for change.

CONFICT OF INTEREST

The authors declare no conflict of interest.

AUTHOR CONTRIBUTIONS

João Alexandre Lobo Marques and Joana M. Reis contributed equally to the research modeling, data collection, data analysis, and elaboration of this paper. Jenny Lao Phillips and Ansoumane Douly Diakite conducted a research review and provided relevant suggestions to this work.

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