

PSYCHOLOGICAL CHANGE CLIMATE AS A CRUCIAL CATALYST OF READINESS FOR CHANGE

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INTRODUCTION

Several studies observed that management usually focuses on technical elements of change with a tendency to neglect the equally important human element (George & Jones, 2001). From this observation, researchers in the area of organizational change have begun to direct their observation to a range of variables that may foster readiness for change (e.g., Armenakis, Harris & Mossholder, 1993; Eby, Adams, Russell, & Gaby, 2000; Oreg, 2006), a phenomenon that reflects people's beliefs and intentions regarding the extent to which changes are needed and their perception of individual and organizational capacity to successfully make those changes (Armenakis et al., 1993).

In their review study on readiness for change Holt and colleagues (2007) distinguished four important drivers, namely, the process of change, the context of change, the content of change, and individual attributes. To our knowledge, very few studies actually considered the combined effect of these four enablers, and those that did are rather limited in their scope (Eby et al., 2000; Oreg, 2006). The outcomes of those studies are often based on data restricted to a single organization or sector, leading to very specific conclusions about the impact of change context and change process factors. Another observation was that the majority of studies measured readiness for change as a cognitive unifacted construct, whereas a multidimensional view of readiness for change (i.e. emotional, cognitive and intentional) would be more appropriate to capture the complexity of readiness for change and provide a better understanding of the relationships between readiness for change and its antecedents (Piderit, 2000).

Based upon these gaps in the literature, this contribution explored the effect that change climate exerts on readiness for change in a heterogeneous sample of 53 public and private sector companies. Special attention is drawn to the context and process factors of the change climate because a better understanding of how employees perceive the context and the process of change, will advance our knowledge of the central role change climate plays in the management of change.

PSYCHOLOGICAL CLIMATE

In this study psychological climate is a set of summary or global perceptions held by individuals about their organization's internal environment – a feeling about actual events based upon the interaction between actual events and the perception of those events (James, & Jones, 1974). Psychological climate has been measured along a myriad of dimensions. Not all those dimensions, however, are potent in the degree to which they determine change attitudes and therefore this inquiry selected the climate dimensions as a function of readiness for change.

Based upon a literature search (for an elaborate description see full paper) four climate dimensions were identified as crucial drivers of readiness for change: (1)

participation in decision making, (2) quality of change communication, (3) trust in top management, and (4) history of change.

HYPOTHESES

Context factors

Trust in top management. The social accounts theory helps to explain why trust in management is a crucial determinant of people's readiness for change (Sitkin & Bies, 1993). Management tries to justify the actions undertaken by citing different reasons to motivate change (i.e., social accounts). The perceived legitimacy of these social accounts and the influence they have on employee reactions is a function of the credibility and sincerity of the account giver (Rousseau & Tijoriwala, 1999). It is frequently believed that followers are willing to engage in desired behaviour (i.e. readiness for change) if they feel that the leader demonstrates care, consideration and fairness, as a form of social exchange. Thus, high trust in management (against low trust) should be accompanied by higher readiness for change.

History of change. The effects of organizational change history as a driver of readiness for change can be explained by joining the expectancy theory (Vroom, 1964) and the schema theory (Lau & Woodman, 1995). According to Vroom (1964) and George and Jones (2001) schemas are accompanied by sentiments that generate positive or negative expectancies, which in turn are prompts to the efforts people invest in change. Thus, when a change recipient goes into organizational change, a schema of previous change experiences is triggered and the sentiment (i.e. positive or negative) that ensues from this processing will thereupon determine the effort put into change. If the experience is positive, people will increase their effort, when the experience is negative they will limit their investments. In short, a positive experience with previous change projects will activate employees' readiness; a negative will inhibit their readiness.

Process factors

Participation in decision making. When employees' commitment towards change needs to be established, it all comes to creating a sense of perceived control over the change process. McNabb and Sepic (1995), for instance, noted that lack of participation was a major cause of disappointing results with organizational renewal. Employees must believe that their opinions have been heard and given respect and careful consideration (Reichers, Wanous, & Austin, 1997). Self-discovery through active participation in decision making, combined with the symbolic meaning of organizational leaders demonstrating their confidence in the wisdom of employees, can produce a genuine sense of control over the organizational change and therefore engender increased readiness for change. In short the basic notion is that people will think, feel and act in ways that produce effective change if they can be made to feel part of the decision, rather than depending on the decisions made by others

Quality of change communication. The role of management and change agents during change is one of managing language and dialogue. Therefore one of the most powerful change interventions occurs at the level of everyday conversation and communication. According to Weick (1995) communication helps people make sense of changes already under way, makes changes more salient, and helps reframe them. So, what is said matters, and the rigor and consciousness in the communication of change are what differentiates a successful change from one derailed by resistance and uncertainty (Armenakis & Harris, 2002). In short, the quality of communication contributes to the justification of the reasons why change is necessary, reduces the

change related uncertainty and is essential in shaping employees' readiness for change.

The mediating role of trust in top management

The assumptions made above all denote direct effects of the four psychological climate variables on readiness for change. However, complex change processes suggest that these relationships incorporate more intricate dynamics than main effects only. We concur with this picture of a more sophisticated change reality and assume that the total effects of history of change, participation in decision making, and quality of change communication on readiness for change can only be fully comprehended when the mediating effect of trust in management is also taken into account. On the basis of the discussion above we formulated following hypotheses:

H1: Trust in top management is positively related to readiness for change.

H2: A positive perceived history of change is positively related to readiness for change.

H3: Participation in decision making is positively related to readiness for change.

H4: Good quality of change communication is positively related to readiness for change.

H5: The effects of history of change, quality of change communication and participation in decision making on readiness for change are mediated through the role of trust in top management.

METHOD

Data & Sample

In this study a self-administered survey was carried out in 53 Belgian companies that were undergoing salient change. In each company a contact person selected a sample of employees that were affected by the change. A total of 1,559 individuals participated in this inquiry, including responses of 930 people holding a managerial position and 629 people holding a non-managerial position (for a detailed overview and description of the sample we refer to the full paper). To increase the content validity of the research instrument, questionnaires were first pretested on a sample of ten people.

Measures

All scales in this questionnaire were measured along a five-point Likert type scale (for an overview of all items per scale we refer to the full paper).

Dependent variables (DV's). The readiness for change variables were gauged by scales adapted from Metselaar (1997) and Oreg (2006). The emotional dimension (EMORFC), the cognitive dimension (COGRFC), and the intentional dimension (INTRFC) consist of three items and demonstrated good internal consistency ($\alpha = .85$; $\alpha = .70$; $\alpha = .88$).

Independent variables (IV's). Trust in top management (TRUST) was assessed with a three-item scale (see Table 2) based on an instrument developed by Kim and Mauborgne (1993). The internal consistency of this scale was good ($\alpha = .72$). The measurement of the second context variable 'history of change' (HISTORY) was adapted from Metselaar (1997) and is comprised of four items ($\alpha = .73$).

The process variable 'participation in decision making' (PARTD) was measured with a six-item scale. Items were borrowed from Lines (2004). The

reliability of this scale was found to be more than adequate ($\alpha = .78$). Finally, to measure 'quality of change communication' (QUALCOM) we used six items from Miller and colleagues (1994). This scale also yielded good internal reliability ($\alpha = .83$).

RESULTS

Measurement model

To assess the dimensional structure of readiness for change and the psychological change climate constructs all items were subjected to a confirmatory factor analysis. The aim of this procedure was to establish the factorial validity of the items. The measurement model, consisting of seven correlated latent factors (three dimensions of readiness for change and four psychological change climate dimensions), fitted the data very well ($\chi^2/df = 3.93$, GFI = .94, RMSEA = .05, NFI = .92, TLI = .93, CFI = .94). The standardized factor loadings ranged from .44 to .88 and the equivalent unconstrained regression weight estimates were statistically significant.

Hypotheses

Although the goodness-of-fit indices indicate that the hypothesized model (M1) fits the data well ($\chi^2/df = 4.44$, GFI = .93, RMSEA = .05, NFI = .91, TLI = .92, CFI = .93), good fitting models may suffer from misspecification, suggesting that alternative models should be considered. Therefore we compared our hypothesized model against five alternative models (M0, M2, M3, M4 and M5).

 Figure 1 about here

An assessment of the six models (M0 through M5) demonstrated that M5 ($\chi^2/df = 3.97$, GFI = .94, RMSEA = .05, NFI = .92, TLI = .93, CFI = .94) had the best fit compared to the other models. This model was used to test our hypotheses (see Figure 1). The results partially supported hypothesis 2 and 4. Statistically significant ($p < .001$) and positive relationships were found between HISTORY and EMORFC ($\gamma = .23$), HISTORY and COGRFC ($\gamma = .63$), QUALCOM and EMORFC ($\gamma = .42$), and QUALCOM and COGRFC ($\gamma = .12$). Hypothesis 3 could not be supported because PARTD had no significant relationship with any of the three readiness for change dimensions. Finally, the hypothesized relationship between TRUST and readiness for change was not confirmed by the results in this inquiry (Hypothesis 1). In consequence, no empirical evidence was found that confirmed our mediation hypothesis (hypothesis 5). In addition to the hypothesized relationships we found mediating effects of EMORFC for HISTORY and QUALCOM in the prediction of COGRFC and INTRFC. For COGRFC it involved a partial mediation, whereas it concerned a full mediation in the case of INTRFC.

DISCUSSION

The aim of this paper was to explore the role and relationships of psychological change climate in understanding the way organizational members feel, think and act when confronted with organizational change. More specifically, this inquiry examined the potential effects of trust in top management, history of change, participation in decision making and quality of change communication on employees' readiness for change.

The findings from the SEM analyses in combination with dominance analysis (see full paper) teach us that ‘history of change’ is a very important context variable in explaining cognitive readiness for change. On the other hand, the process factor ‘quality of change communication’ is an essential predictor that contributes to a better understanding of emotional readiness for change. The role of both variables, however, is limited in shaping employees’ intentional readiness for change. These observations suggest that in future studies, readiness for change should be measured as a multifaceted construct (Holt et al., 2007; Piderit, 2000).

Limitations, suggestions for future research directions and concluding remarks

Although this inquiry yields some interesting findings, it suffers a number of flaws and therefore requires some additional research. Data for both predictor and criterion variables were collected in one survey, raising the concern for mono-method bias. Several tests indicated that common method variance was not such a large validity threat in this inquiry. A second limitation is the cross sectional character of the study. Survey data were collected only once, making it very difficult to draw causal inferences. However, it must be said that recent literature supports the causal reasoning of readiness for change being affected by psychological climate variables (Devos, Buelens, & Bouckenooghe, 2007). Another remark is that more theoretical and empirical work is needed to further validate our measure of readiness for change.

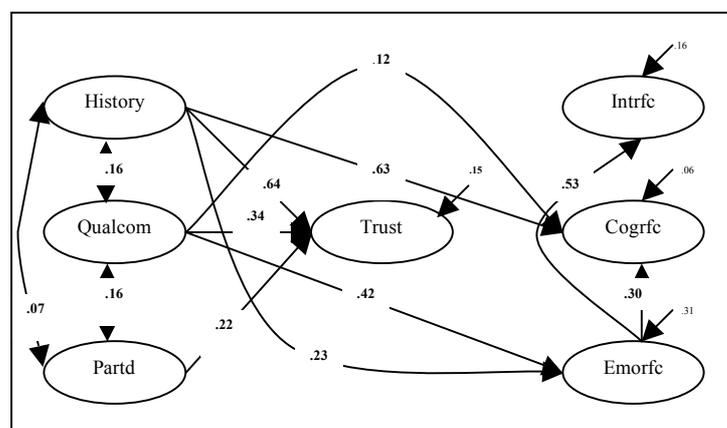
Despite its limitations one of the crucial contributions of this inquiry is the positive psychology approach. We believe that an organizational change research perspective that emphasizes on the strengths rather than malfunctioning will provide some new fascinating insights that expand our knowledge of the pertinent role of human functioning in the organizational change process. Another contribution is that this is one of the few studies that acquired data on the context of change, the process of change, and the readiness for change in a large and heterogeneous sample of companies. Finally, this inquiry provides a significant contribution to the stream of literature that highlights the relevance of the human dimension in change (George & Jones, 2001).

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FIGURE 1 Best Fitting Model (M5)



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