



World Scientific News

An International Scientific Journal

WSN 110 (2018) 108-118

EISSN 2392-2192

Organization's ability to manage change - research review

Joanna Jasińska

Faculty of Medical Sciences, Masovian Medical School, Warsaw, Poland

E-mail address: joanna@epoczta.pl

ABSTRACT

The article presents the concept of organizational capacity for change. For this purpose the resource-based view of firm was mainly used. In addition, the review of research in the area of the organizational capacity for change and its influence on the process of change management was presented. Based on the empirical model proposed by Berr and Soparnot, the contextual and the process factors that should be taken into account in the analysis of the organizational capacity for change were described.

Keywords: change, process of change, change management, organizational capacity for change

1. INTRODUCTION

Organizational change is a natural way of development for any organization. The environment in which modern enterprises operate, however, imposes difficult conditions for running a business and achieving a competitive advantage. Hyper-competition, virtualization and technological development make it challenging for an organization to introduce changes in such a way that the organization will be able to maintain organizational efficiency in the short-term, while in the long-term development possibilities. According to McGuiness, Morgan (McGuiness T., Morgan R.E. 2015, p. 98), one of the management paradoxes is that the organization, in order to achieve its natural end goal, must make changes that somehow

become the price that the company pays for the opportunity to continue its activity in the conditions of a dynamic and difficult to predictable environment. The relatively low success rate of changes implemented by organizations means that the problem of implementing changes, factors affecting their course, conditions of changes is still valid and attractive for theoreticians and practitioners.

The low effectiveness of the implemented projects suggests that there is a lack of framework for implementing and managing change, and one of the reasons may be the traditional balance-based approach (Beer, Nohira 2000, Pelletiere 2016). The three-stage process of Lewin's changes assumes that organizations exist in some form of balance before a disruption or change occurs. The organization then goes through a period of rapid change, after which it achieves a period of stability. From this approach, it appears that change is a rare undertaking in the life of the organization. The complexity of the processes taking place in the environment, their unpredictability, make organizations look for a new perspective of their presence and development in a global and rapidly changing world. Traditionally, change is an event in an organization that violates its balance, undermining existing patterns and ways of understanding and functioning.

The new perspective of perceiving the phenomenon of change integrates different approaches and dimensions of change, gives the change the meaning of continuity, the importance necessary to understand the process of organization development and effective management. According to Judge and Blocker (Judge, Blocker 2008), it is possible to stay in a state of continuity and change at the same time, provided that the organization maintains an appropriate ability to change. The organization's ability to change includes effective management of single change enterprises as well as changes implemented in parallel or sequentially. It also refers to different types and forms of changes taking place in the organization. The aim of the article is therefore to review selected concepts of the organization's ability to change and research on factors influencing this dynamic resource of the organization, as well as looking for the relationship between the organization's ability to change and the change management process.

2. ORGANIZATION'S ABILITY TO CHANGE

Generally, skills can be defined as skill sets in the field of collection, integration and use of resources to achieve the intended market and economic results and gain a competitive advantage (Beer M., Nohria N. 2014, p. 67). According to the resource approach, the ability to change is classified as dynamic intangible assets. Dynamic capabilities are the ability of an organization to intentionally create, increase or modify base capabilities. According to Teece (Teece 2017, p. 1395) dynamic abilities are high level competencies that determine the company's skills in integrating, building and reconfiguring internal and external resources and competences in response to the changing business environment.

The essence of these abilities is not only the possession and use of resources, but also their development and renewal, which are possible thanks to the processes of organizational learning (McGuiness T., Morgan R.E. 2015, p. 69). In turn, Zollo and Winter emphasize that dynamic skills are learned and permanent patterns of collective action through which the organization systematically creates and modifies operational routines in order to improve efficiency (McGuiness T., Morgan R.E. 2015, p. 71).

Dynamic abilities thus reflect the possibilities of changing or reconfiguring existing substantial capacities, which relate to the resources and capabilities used in operational activities, and serve to achieve efficiency within the current activity (McGuiness T., Morgan R.E. 2015, p. 75). According to McGuiness (McGuiness T., Morgan R.E. 2015, p. 76), the basic component of the organization's dynamic capabilities is the organization's ability to change. This means that organizations have a specific configuration of resources, structures, processes, and procedures that enable efficient design and implementation of not only a single change, but the whole bundle of changes.

Table 1. Organization's ability to change - selected definitions

Author	Definition
Auster	the ability to adapt and implement successive change initiatives with success, initiatives that may vary in scope, depth and complexity
Judge, Elenkov	wide and dynamic organizational capacity, which allows you to adjust your company's abilities to new opportunities and threats, and also allows you to create new abilities
McGuiness, Morgan	the ability to manage and manage a number of related change initiatives
Judge, Douglas	a combination of management and organizational functions that allow the company to adapt to the changing situation (operating conditions) faster and more effectively than its competitors
Buono, Kerber	the organization's ability to make changes that does not apply to an individual the project; change is understood as a normal enterprise response for changes taking place in the environment

Source: Heckmann, Steger, Dowling 2016, p. 778.

Despite the differences in defining the organization's ability to change, one can notice some of the characteristics of this construct. The concept of the organization's ability to change is based on the concept of continuous change and includes effective management of individual change enterprises with a clearly defined beginning and end, as well as management of a stream of changes related to each other or running side by side (McGuinness T., Morgan R.E. 2015, p. 81). Secondly, this ability refers to the various forms, sizes and types of changes introduced in the organization (Auster, Wylie, Valente 2005). Effective implementation of change is a critical factor for all organizations that want to survive and succeed in a competitive and changing business environment (Lawler, Worley 2006; Arend, Bromely 2009). In addition, "seeing" changes from the perspective of the organization's ability to change is of particular importance in a dynamic environment in which quick and effective changes are crucial to survival and development. Therefore, the organization's ability is understood as a "meta-opportunity" that enables the company to remain competitive in a very unstable and unpredictable business environment (Judge, Douglas 2009, Kok, Driessen 2012).

Finally, the organization's ability to change is a construct that resolves the conflict between change and stabilization, between exploitation and exploration, because it implies making changes and effectively keeping everyday activities at the same time (Meyer, Stensaker 2006, p. 217-231).

3. DIMENSIONS OF THE ORGANIZATION'S ABILITY TO CHANGE

Introducing changes in the organization requires combining opposites, resolving many dilemmas concerning, among others, the scope, pace of changes, the moment of launching changes, etc., as well as the creative use of the tension resulting from diversity, uncertainty, or the conflict of values and goals. McGuinness (McGuinness T., Morgan R.E. 2015, p. 83), embedding the organization's ability to change the resourceful concept of the company, emphasizes the necessity of multi-dimensional perception of the organization's ability to change, distinguishing the following dimensions of the OCC:

- maintaining continuous readiness to make changes within a wide range, including changes that are a response to specific impulses from the environment and from inside the organization;
- ability to carry out various changes in a coordinated manner (without collisions, disturbances) allowing to achieve the desired results;
- the ability to allocate changes, ie to decide on their essence, scope, direction, area in which they will be located, as well as about connections with already made changes or planned to be introduced in a sufficiently long time perspective;
- building a balance between the need to change and maintain current operations;
- predispositions of the organization resulting from a specific configuration of resources, ways of operation that allow the organization to prepare projects and implement continuous changes;
- ability to manage a stream of interdependent changes, related to each other, conditioning each other or running independently of each other.

In turn, Judge and Elenkov (Judge, Elenkov 2005, p. 895), focusing on the internal potential of the organization, distinguish the following components of the ability to change:

- credible leadership - the ability of the management to gain the trust of other employees and to indicate to members of the organization the path to achieve common goals;
- supporters 'confidence - employees' ability to objectively obey and follow a new path recommended by leaders;
- talented masters - the organization's ability to attract, retain and empower change leaders;
- involvement of mid-level managers - the ability of mid-level managers to create a bridge between the top management and other employees;
- innovative culture - the organization's ability to set innovation standards and encourage innovative activities;
- culture of responsibility - the organization's ability to carefully manage resources and accomplish tasks on set dates;
- effective communication - the organization's ability to communicate vertically, horizontally, as well as with the client;
- "way of thinking" - the organization's ability to focus on the causes of phenomena and achieved results, and to recognize such interdependencies inside and outside the organization.

As part of the research carried out in the area of introducing organizational changes (Arend R.J., Bromiley P. (2009), whose aim was to develop a methodology for planning and implementing changes, the organization's ability to change was defined as the internal organizational potential resulting from the configuration of resources, structures, ways of acting, experiences related to the implementation of change projects, enabling it to efficiently and effectively identify, plan and implement changes. Taking into account the phases of introducing changes in the organization, three components of the organization's ability to change were distinguished: - ability to recognize the need for changes, - ability to build a change process, - ability to implement changes.

The ability to recognize the need for change takes into account the developed ways of operating the organization in the field of market research and cooperation with clients, monitoring the activities of competitors, as well as monitoring the results of the organization's objectives. The knowledge of the need for changes in the company is also influenced by the knowledge of the organization's strong and weaknesses, knowledge of the company's objectives and their acceptance by employees, as well as the creation of conditions for bottom-up employee initiative in the area of improving and improving the processes and tasks. Therefore, recognizing the need for change assumes the functioning of an early warning system in the organization, aimed at capturing the stimuli flowing from the external and internal environment and their proper interpretation regarding the causes and objectives of changes.

In turn, building the change process takes into account the ability to plan changes and prepare the organization for their implementation. This dimension of the organization's ability to change is influenced by such activities undertaken in the organization as (Arend R.J., Bromiley P. 2009):

- creating change leaders at various levels of the organization,
- promotion of change vision by management,
- applying various forms of teamwork and sharing knowledge in the organization, - taking into account the opinions and suggestions of employees during planning and preparing changes,
- taking into account the influence of organizational values on the change process,
- using different ways of communicating the need and goals of changes tailored to the requirements of recipients of information,
- using modern instruments in managing change in the organization.

The organization's ability to change can therefore be seen as some kind of derivative of the organization's management patterns, which is closely related to the way changes are made. On the one hand, it influences organizational behavior during the change process, on the other hand its level may increase as a result of effective and efficient implementation of new solutions. This ability can also be shaped in everyday management practice by developing values and practicing behaviors resulting from the subjective treatment of employees that releases entrepreneurship and bottom-up initiative of the organization's participants.

4. CHANGE MANAGEMENT

Empirical studies on determinants, effects or relationships of the organization's ability to change with other constructs are few. Most studies are theoretical and concern the very concept of the organization's ability to change, dimensions of ability and recommendations on how to develop it (Heckmann, Steger, Dowling 2016, p. 778). The question about why some organizations are more "capable" of change and whether this ability translates into effective implementation of change projects is still valid.

Led by Judge and Douglas (Judge and Douglas 2009, pp. 635-649), the research confirmed the positive relationship between the organization's ability to change and the company's results. In addition, it was also confirmed that the level of perceived environmental uncertainty in which the organization functions has an impact on the extent to which OCC occurs in the organization. According to Judge and Douglas (2009), the uncertainty of the environment strengthens the relationship between the OCC and the company's results. The positive impact of the high level of technological turbulence on the organization's ability to change has also been confirmed by research conducted by Heckmann, Steger and Dowling (Heckmann, Steger, Dowling 2016). In highly competitive industries, where the advantage can be quickly violated due to imitation, the importance of the organization's ability to change is growing. Therefore, according to Cummings and Worley (Cummings, Worley 2009), the dynamic functions built into the organization are needed, which allow it to renew forms of competitive advantage and constantly adapt to the changing environment.

Meyer and Stensaker (Meyer, Stensaker 2016) emphasize the importance of so-called "routing changes". It means developing or using structures, processes and procedures during the implementation of various types of changes in different environmental conditions. Organizational routines allow to achieve a balance between stability and change, they also serve to connect employees and exchange information between them. It is particularly important to develop a common understanding of change initiatives, information transfer and

the creation of social support and a shared view of change (Bechky 2013). Organizations must therefore learn to manage change through the development of procedures for the initiation, management and implementation of change. Organizations then cope better with any type of change and thus develop the ability to change through gaining experience as a result of applying these procedures (Lawler, Worley 2006). Also, according to McGuinness and Morgan (McGuinness and Morgan 2015), the organization's ability to change is positively correlated with the implementation of change projects as well as with previous experience related to the implementation of changes in the organization. However, Heckmann, Steger and Dowling (Heckmann, Steger, Dowling 2016) did not confirm the positive correlation between the number of conversion projects carried out and the organization's ability to change.

Organizations with a positive orientation for change are more effective in implementing change than organizations that perceive changes as a negative, risky phenomenon; they also achieve a lower level of organization's ability to change (Werkman 2009, p. 664-684). According to Pagliarelly (quoted in Heckmann, Steger, Dowling 2016, p. 780), organizations that have developed a certain level of organization's ability to change are able to reduce the time and effort required to initiate and implement a change project. It also results from the acquired skills of conducting the process of changes being the effect of the learning process taking place in the organization not only at the individual level but also in the team and organization. On the other hand, the research conducted by Judge, Douglas (Judge W.Q., Douglas T. 2009, p. 25-30) showed a positive relationship between the organization's ability to change and the average effectiveness of the implemented change projects. Research has shown that organizations with a higher level of organization's ability to change achieved a higher rate of successful projects. This was also confirmed by research conducted by Heckmann, Steger and Dowling (Heckmann, Steger, Dowling 2016). Respondents assessed the degree to which the assumed change objectives were achieved, project implementation time, costs, as well as additional results not taken into account in the original change project. The results of the research carried out in the group of large industrial enterprises showed that the organization's ability to change positively influenced the achieved results of the implemented change projects.

The level of the organization's ability to implement changes and their impact on the implementation of the change process was also the subject of research conducted in the group of Polish enterprises (Arend R.J., Bromiley P. (2009)¹. Taking into account the stages of the change process, three dimensions of the organization's ability to introduce changes were distinguished, ie: the ability to recognize the need for change, the ability to build the change process and the ability to implement changes. The respondents on a five-point scale assessed the activities undertaken in the enterprise within each of the mentioned areas shaping the enterprise's ability to introduce changes. The ability to recognize the need for changes (average rating 3.72) was rated the highest, including activities in the area of monitoring the environment and recognizing the needs of clients, monitoring the level of objectives. To a lesser extent, the management systems of the surveyed enterprises favored employees' participation in discussions about the company's situation, its competitiveness, current problems and possible directions of improvement. The need for constant self-assessment of actions taken and their improvement in the majority of surveyed enterprises was not one of the pillars of organizational culture, and not always these values were reflected in the motivational system or applied style of management. In the case of the ability to build a

¹ The study was conducted in a group of companies with 500 List in 2016.

change process (average mark 3.62), low levels were achieved by: creating leaders at different levels of the organization, the level of employee participation in planning and preparing changes, as well as taking into account in the preparatory work the influence of culture on the course of change. On the other hand, the management's involvement in the transmission of change vision and the use of different methods of communicating change information were better evaluated. The lowest was the ability to implement changes (average grade 3.51), which was adversely affected by the lack of proper adjustment of the incentive system to new requirements for employees and the lack of clearly defined reward principles for activity and results, as well as a very transparent structure in terms of goals, tasks and responsibilities for their implementation. The conducted research confirmed the impact of the organization's ability to change the course of changes in the surveyed enterprises.

5. FACTORS AFFECTING THE ORGANIZATION'S ABILITY TO CHANGE

The multidimensionality and complexity of the organization's ability to change is emphasized by theoretical work and empirical studies conducted by Beer M., Nohria N. (2014). In their opinion, the change may take place through adaptation related to adaptation to changes taking place in the environment, as well as proactive actions related to strategic choices and the organization's influence on the environment in which it operates. In conditions of high uncertainty and competition it is necessary not to analyze the change management process in the organization itself, but to go a step further towards managing the organization's ability to change Beer M., Nohria N. (Beer M., Nohria N. (2014)), referring to the works of Gravenhorst, Werkman and Boonstra (Gravenhorst, Werkman, Boonstra 2013, p. 83-105), and McGuinness and Morgan (McGuinness, Morgan 2015, p. 136 - 145), as well as the results of empirical research, suggest including in the analysis the ability of the organization to change contextual factors (organizational conditions), process (related to the course of change), and structural aspects of the learning process and knowledge transfer, giving this expression in the developed by them an empirical model of the organization's ability to change. Contextual factors create certain organizational conditions that affect the course of change, ie: perception of change as a value, flexible structure, cultural cohesion, trust, common problem solving, individual employee learning opportunities.

If the change is a value in the organization, it translates into the employees' conviction that the changes are important for the duration and development of the organization, that they constitute an immanent part of the organization. This belief affects employees' support for changes as well as their behavior during the initiation and implementation of changes. In turn, a flexible organizational structure enables a discussion about change that leads to better solutions and a better understanding of the change process. Cultural cohesion is also important, meaning a common and strong organizational culture. It binds employees with the organization, strengthens their identification with it, as well as increases employees' commitment to changes and continuous improvement. Another factor is trust, the relational resource of the organization necessary in the relations between promoters, initiators and entities involved in the change. Relations based on trust contribute to cooperation and creative action (Beer M., Nohria N. 2014 p. 99). In turn, joint problem solving motivates employees to actively participate in the change process and strengthens their acceptance. Providing opportunities for employee learning and competence building creates the conditions for

changing the way of thinking and acting and for dealing more effectively with the difficulties resulting from the course of change.

Organizational change can be implemented through negotiations and discussions with members of the organization, as well as through joint problem solving and learning. However, the process must be built together to obtain sufficient participation, support and effective implementation. The way of moving away from the existing solutions is also important. Implementing changes in an evolutionary way, step by step allows the organization to change gradually, and gives employees enough time to acquire the required knowledge and skills. It also helps to maintain some form of stability during the shift, which makes the employees better cope with the transformation. Transparency of the process regarding open and continuous communication in the process of changes regarding goals, tasks, achieved results, problems, etc. allows employees to better understand the change process and adjust their behavior accordingly.

The concept of the organization's ability to change Klarner, Probst and Soparnot (Klarner, Probst, Soparnot 2017) assumes that the organization's ability to change should be analyzed taking into account the factors that make up each of the dimensions listed (Figure 1). Contextual factors can be defined as a certain infrastructure for changes, which results from the organization's potential and influences the course of various initiatives of changes in the organization. It evolves as a result of implementing new solutions and acquiring experience related to change management in various projects, which is possible due to the ongoing processes of learning and knowledge transfer. The organization's ability to change should therefore be analyzed as a combination of factors in each of the dimensions highlighted

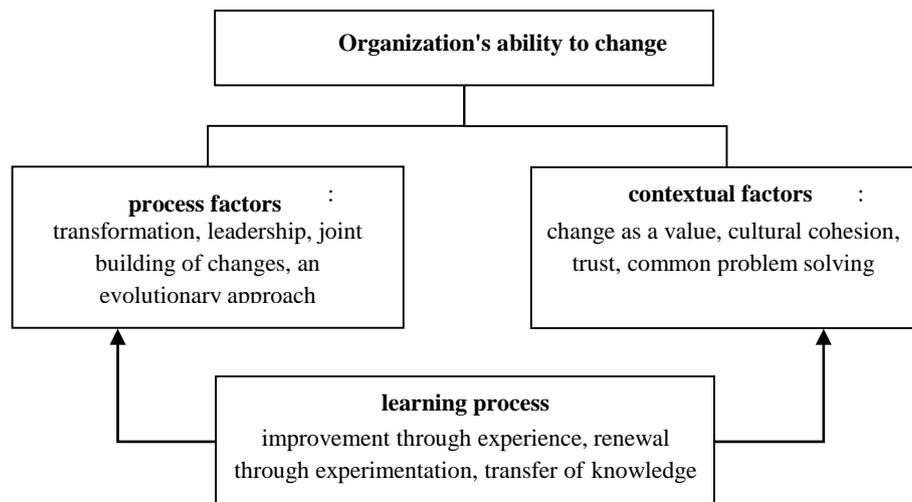


Figure 1. Levels of considering and affecting the organization's ability to change

Source: Klarner, Probst, Soparnot 2017.

Cummings, Worley (Cummings T.G., Worley C.G 2009) in the proposed model also distinguished the structural dimension, which refers to the learning process and includes improvement through experience, renewal through experimentation and knowledge transfer. Improvement through experience allows learning during changes, improvement of achieved

results and better understanding of the context of the next change, as well as strengthening the perception of change as a value in the organization.

6. CONCLUSIONS

Introducing changes in contemporary organizations - due to the variety of changes, their scope, type or ambient conditions - requires verification of the approaches applied so far and methods of change management. The method of implementation of changes can be a source of valuable experience enriching the competences of employees and organizations, as well as a factor blocking subsequent transformation processes. Therefore, it is necessary to extend the perspective of perceiving the phenomenon of change and to include in the field of analysis a dynamic resource, which is the organization's ability to change. The effect of this is shifting the focus from focus to managing individual change projects towards managing the organization's ability to change, which in the long run will enable the organization not only to survive, but also to develop. The functioning of the organization in conditions of high uncertainty of the environment and the implementation of various change projects, often at the same time, requires proper management of the organization's volatility potential. The variety of implemented projects without proper coordination of activities may lead to the waste of resources and consolidate negative patterns and experiences related to the implementation of changes. The subject of further research in the area of managing the ability and the process of change can therefore be to determine the relationship between the organization's ability to change and the level of its organizational maturity. Because it is the managers, through their activity and decisions, that shape the organizational reality of the enterprise, it also seems relevant to examine the impact of managers' competences - including skills to deal with variability and uncertainty - on the course of changes, achieved effects and the level of organization's ability to change.

Bibliography

- [1] Arend R.J., Bromiley P. (2009), Assessing the Dynamic Capabilities View: Spare Change, Everyone? *Strategic Organization*, Vol. 7.
- [2] Auster E.R., Wylie K.K., Valente M.S. (2015), *Strategic Organizational Change: Building Change Capabilities in Your Organization*, Palgrave Macmillan, New York.
- [3] Bechky B.A. (2013), Sharing Meaning across Occupational Communities: The Transformation of Understanding on a Production Floor, *Organization Science*, Vol. 14.
- [4] Beer M., Nohria N. (2014), Cracking the Code of Change, *Harvard Business Review*, Vol. 78 (May-June).
- [5] Cummings T.G., Worley C.G. (2009), *Organization Development and Change*, SouthWestern Cengage Learning, Mason.
- [6] Gravenhorst K.M.B., Werkman R.A., Boonstra J.J. (2003), The Change Capacity of Organizations: General Assessment and Five Configurations, *Applied Psychology: An International Review*, Vol. 52(1).

- [7] Heckmann N., Steger T., Dowling M. (2016), Organizational Capacity for Change, Change Experience, and Change Project Performance, *Journal of Business Research*, Vol. 69.
- [8] Judge W.Q., Blocker Ch.D. (2008), Organizational Capacity for Change and Strategic Ambidexterity. Flying the Plane While Rewiring It, *European Journal of Marketing*, Vol. 25, No. 9/10.
- [9] Judge W.Q., Douglas T. (2009), Organizational Change Capacity: The Systematic Development of a Scale, *Journal of Organizational Change Management*, Vol. 22.
- [10] Judge W.Q., Elenkov D. (2015), Organizational Capacity for Change and Environmental Performance: An Empirical Assessment of Bulgarian Firm, *Journal of Business Research*, Vol. 58.
- [11] Kok R.A.W., Driessen P.H. (2014), Antecedents of Market Orientation in Semi-Public Service Organizations: A Study of Dutch Housing Associations, *Service Industries Journal*, Vol. 32.
- [12] Lawler E.E., Worley C.G. (2016), *Built to Change: How to Achieve Sustained Organizational Effectiveness*, Jossey-Bass, San Francisco.
- [13] McGuinness T., Morgan R.E. (2015), The Effect of Market and Learning Orientation on Strategy Dynamics: The Contributing Effect of Organisational Change Capability, *European Journal of Marketing*, Vol. 39.
- [14] Meyer C.B., Stensaker I.G. (2016), Developing Capacity for Change, *Journal of Change Management*, Vol. 6.
- [15] Pellettiere V. (2016), Organization Self-Assessment to Determine the Readiness and Risk for a Planned Change, *Organization Development Journal*, Vol. 24(4).
- [16] Teece D.J. (2017), Explicating Dynamic Capabilities: The Nature and Microfoundations of (Sustainable) Enterprise Performance, *Strategic Management Journal*, Vol. 28.
- [17] Werkman R.A. (2009), Understanding Failure to Change: A Pluralistic Approach and Five Patterns, *Leadership and Organization Development Journal*, Vol. 30.