

Implementing and Institutionalizing Organizational Change: Key Steps in Change Management – An Empirical Study in a Multinational IT&C Company

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Abstract

Numerous specialists argue that the current rate of organizational transformation is unparalleled, with businesses evolving more rapidly than at any point in history. Major organizational change is challenging, as the stakes involved are generally very high and the time available for implementation is still limited.

Simultaneously, the success rates of significant organizational change initiatives remain surprisingly low, even when considerable effort is invested, which is driving change management to become increasingly comprehensive and systematic, flexible and adaptive.

In this study, we aim to identify and analyze the key factors that influence the effectiveness of initiating, planning and implementing change in business environment companies, along with the change management practices that facilitate the institutionalization of change, as exemplified steps in an IT&C company.

Key words: organizational change, change management, implementation, institutionalizing change

J.E.L. classification: M10, M15

1. Introduction

Organizations and their leaders are also changing as a natural response to strategically important shifts, from effective management of markets to innovation to knowledge and human resource management (Burnes, 2015). Many change management approaches and methods have emerged as a result of significant changes in their structure, systems, strategies and human resources. Organizations increasingly need an integrated approach to implement systematic and constructive change.

Successfully implementing organizational change necessitates a structured approach, designed to enhance the effectiveness of change execution within a complex and ever-evolving business environment (King *et al*, 2020).

In the last decade organizational change is experiencing increasing frequencies and increasing complexity, which is why companies in the business environment need to take into account the following trends (Harrington, 2018):

- increasing the importance of knowledge management;
- the development of increasingly sophisticated information and communication technologies;
- increased cognitive skills requirements;
- developing new, increasingly flexible structures, virtual organizations, networks and alliances;
- Increasing the number of mergers, acquisitions, sectoral consolidation;
- increasing changes in organizational culture (Harrington, 2018)

Organizational change encompasses a wide range of phenomena and processes very different in scope and specificity, among which the most common are: restructuring; reengineering; reorganization; performance management; redesign of supply chains; mergers and acquisitions; changes in organizational culture to ensure the transformation of employee mindset, etc (Kotter, 2007).

Organizations, irrespective of size, type of organization and field of activity, face two broad categories of factors/forces that determine the need for change, namely external and internal factors. Company managers, in order to facilitate the effective implementation of change to achieve the expected tangible results must ensure realism and clarity in:

- setting objectives to be achieved;
- the strategies needed to achieve them;
- organizational planning, structures and systems (Hackman, *et al*, 2010).

2. Literature review

To be successful, companies operating in an increasingly dynamic business environment with frequent states of uncertainty need to change more and more than companies operating in a less dynamic business environment with a higher degree of stability (Kim & Scott, 2019).

In order to implement change at the organizational level, the specifics of the interventions required for organizational change must be understood. At this stage the change coordinating committee implements the planned change initiative.

Company management implements change by:

- implementing change processes that ensure the delivery of the results expected by the company;
- preparing the organization for change by identifying and implementing supporting activities;
- involving and informing relevant stakeholders about the ultimate objectives of the change,
- assessing the active involvement of relevant stakeholders in decisions about change;
- delivery of the products/services and results of change initiatives (Glew, *et al*, 1995).

If changes, however small, are not implemented effectively, based on a precise timetable, it will be difficult to gain the acceptance of key stakeholders. For this reason the process of change should be monitored, and relevant participants and stakeholders should be informed of the results achieved. It is also important to encourage the promotion of an organizational climate where issues are discussed openly (Stacey & Mowles, 2016).

Regardless of the scale and speed of organizational change, businesses must establish clear goals and standards for the change process while fostering motivation among all stakeholders—both those directly involved in the process, those indirectly engaged, and those impacted by the changes. Simultaneously, organizations must ensure that all participants exhibit attitudes and behaviors that support the effective planning and execution of change initiatives (Kotter, 2007).

Based on the challenges and circumstances faced by an organization to which we can add those caused by the implementation of organizational change, which can provide significant benefits, Kim and Scott (2019) highlight three key factors that determine the effectiveness of implementing organizational change, namely:

- *Stakeholders* with specific roles and responsibilities throughout the organizational change process: top-managers; middle and junior managers; change manager; training/performance analysts; human resources; employees; management information services; other stakeholders (change steering committee, financial expert; communication specialist; organizational development expert, etc.).
- *The change process for change initiatives at the organizational level*, comprises: assessment; implementation; development; design; analysis; evaluation; planning.
- *Communication*: gathering information; disseminating information.

Company leadership implements change by:

- operationalizing the change processes that ensure the delivery of expected company results;
- preparing the organization for change by identifying and implementing supporting activities;

- Mobilizing and informing stakeholders about the (ultimate) objectives of change and ensuring their active participation in decisions affecting change;
- Delivering the products/services and results of change initiatives.

According to many authors and practitioners, the human dimension of the change process is the most important of the critical success factors in effective implementation of organizational change, and that must be manifested in employee feedback on the change (King *et al*, 2020).

3. Research methodology

This study aims to explore the critical success factors that significantly influence the success of the implementation and institutionalization of planned change in the investigated company, along with ensuring the effectiveness of change management practices, methods and techniques, in a multinational company from the IT&C industry in Romania.

Regarding the typology of the research used in this study, we mention that it is based on a quantitative research, with the questionnaire as an instrument that was used to assess the respondents' perceptions of the factors that determine the effectiveness of implementing change in the company analyzed.

For this purpose, the items that compose the questionnaire were evaluated on a Likert-type scale from 1 to 5 (1 - strongly disagree; 2 - disagree; 3 - undecided; 4 - agree; 5 - strongly agree).

The research was based on a sample of 187 managers and non-executive employees. The most relevant statistical variables we considered for the analysis are:

- Factors determining the effectiveness of change implementation - summarized by the statistical variable "*ECI*"
- Effectiveness of institutionalizing change - summarized by the statistical variable "*EIC*"

4. Results

Effectiveness of change implementation represented by the aggregate variable *ECI*, which expresses how well the change processes are operationalized, stakeholders are mobilized and informed about the objectives of the change and the delivery of the results achieved.

The *ECI* variable is composed of 19 primary variables which, in terms of reliability, present a good degree of internal consistency, with an Alpha Cronbach's Cronbach's coefficient of 0.9144, which demonstrates the correctness and relevance of its construct.

The analysis of the *ECI* variable, based on descriptive statistics indicators, shows that it registers a mean of 4.0521, and a standard deviation (sd) of .4155, considered good.

Table no. 1 *CIS, statistics(count mean sd semean cv) columns(statistics)*

Variable	N	Mean	SD	if(mean)	CV
ECI	187	4.052193	.415515	.0303855	.1025408

Source: Own research

The standard error se(mean) of .03038 indicates a good closeness of the mean of the *ECI* variable to its true value.

The coefficient of variation (cv) of 0.1025 expresses that the statistical population has a good degree of homogeneity.

Based on the structure of the *ECI* variable construct, we can identify the main factors and practices that contributed to the effectiveness of organizational change implementation, based on the information provided by the respondents through the questionnaire.

Among the most important primary variables composing the *ECI* aggregate variable construct, we mention the following:

- diagnosing change-related problems, 3.80745;
- developing the skills needed to make and effectively implement organizational change, 3.82887;
- leadership and change management skills, 3.88235;

- aligning action plans or interventions for change with organizational strategies, 4.16577;
- involving stakeholders in implementing change, 4.032086;
- ensuring the effectiveness of organizational change policies and practices, 4.08556;
- adopting the most appropriate strategies for maintaining control over company members' resistance to change 4.02673;
- data collection and analysis and feedback processes for implementing organizational change, 3.89304;
- delivering company results from change implementation processes, 3.91978;
- identification and implementation of support activities, 4.10695;
- active participation of relevant stakeholders in decisions affecting change, 4.02130.

The variables with the highest scores, which significantly influenced the aggregate *ECI* variable, refer to:

- align change objectives and policies with the company's strategic objectives;
- strengthening organizational cultures for successful implementation of change within the company;
- take prompt and effective decisions when the situation requires it;
- align action plans or interventions for change with organizational strategies;
- effective organization of change on the basis of an appropriate structure;
- making the employees of the organization aware of the need for change;
- adopting the most effective methods of support.

Knowledge of these factors is important for both managers and non-managerial employees, as they play an important role in ensuring trust in the leaders and in the results of the changes that are implemented in the company.

Based on an understanding of the key aspects of general practices in effecting organizational change, change management based on a systematic and effective approach involves not only planning, preparing and implementing change within the company, but also institutionalizing it.

At the same time, reinforcing the results of organizational change within the organization is a motivating factor that gives confidence to employees (Singh & Ramdeo, 2020).

The effectiveness of institutionalization of organizational change, represented by the aggregate variable *EIC*, expresses the need to consolidate the results of change implementation at the organizational level, within the company, through integration, recognition and review.

The *EIC* variable is composed of 16 primary variables which, in terms of reliability, present a good degree of internal consistency, with an Alpha Cronbach's Cronbach's coefficient of 0.8986, which demonstrates the correctness and relevance of its construct.

The analysis of the *EIC* variable, based on descriptive statistics indicators, shows that it registers a mean of 4.1024 and a standard deviation (sd) of .4543, considered good, in terms of the variation of the responses from the mean.

Table no. 2 *EIC*, statistics(count mean sd semean cv) columns(statistics)

Variable	N	Mean	SD	se(mean)	CV
EIC	186	4.102419	.4543805	.0333168	.1107592

Source: Own research

Starting from the structure of the *EIC* variable construct we can identify the main factors and practices that contributed to ensuring the effectiveness of institutionalizing organizational change, based on the information provided by the respondents, of which we mention the following items:

- embedding and integrating change in the organization, 4.36021;
- recognizing and rewarding achievements, 3.93048;
- reviewing the change by making adjustments where necessary, 4.07951;
- providing appropriate training and practices to prepare company members to reinforce the changes implemented, 3.85026;
- recognizing the continuous and evolutionary nature of change, 4.26203;

- ensuring an appropriate motivation system for involvement and commitment to enhance change, 4.04812;
- focus on how to manage and adapt to the new conditions after implementing change, 4.01069;
- advocacy and support, through activities that go beyond the traditional scope of change projects and programs to be implemented, 4.02003;
- effective communication and consultation with relevant stakeholders, 4.08021;
- raising awareness and sensitizing employees to understand change processes and the need to implement change, 4.03743;
- benefits of change, 4.21925;

The variables with the most important contribution to ensuring the effectiveness of the institutionalization of implemented changes, which by the size of the average scores given by the respondents to the questionnaire, exceeds the average score of the aggregate variable, are as follows:

- embedding and integrating change in the organization;
- recognizing the continuous and evolutionary nature of change;
- identifying and communicating the benefits of change;
- providing feedback during the planning, development and implementation of changes within the company, which allows the identification of areas of activity where corrections/adjustments need to be made;
- taking corrective action if the review identifies gaps between the objectives achieved by implementing the change and the standards set in the plan for change;
- motivation and commitment to institutionalizing change that creates a sense of achievement and satisfaction;
- recognizing change initiatives and employees' contributions to reinforcing change.

In order to identify statistical relationships between the independent variable *ECI*, which express the factors influencing the effectiveness of organizational change within the company, and the dependent variable *EIC*, expressing the effectiveness of institutionalizing change, a simple linear regression statistical analysis was performed. Therefore, in Table 3 we aim to analyze the magnitude of influence that the independent variable *ECI* has on the dependent variable *EIC*.

Table no. 3 Regress *ECI EIC*, *vce(robust)*

Independent variable	N	Prob > F	Coefficient	Robust std. err	R-squared	t	P> t
ECI	186	0.0000	.8442421	.0511829	0.5959	16.49	0.000

Source: Own research

The *ECI* variable has a statistically significant impact on the *EIC* variable because the F-test has a p-value of 0.0000. The variation in the *ECI* variable explains 59.59% ($R^2 = 0.5959$) of the variation in the *EIC* variable. The coefficient of the *ECI* variable equals 0.8442 and is estimated with p-value = 0.000 ($P>|t| < 0.05$). The sign of the coefficient is positive, this means that for a one unit increase in the *ECI* variable, the *EIC* variable will increase by 0.8442 units.

In other words, we can say that for a one unit increase in the factors that determine the effectiveness of implementing change (*ECI*), the effectiveness of institutionalizing change (*EIC*) will increase by 0.8442 units.

We observe that the factors influencing the effectiveness of change implementation have a significant impact on the successful institutionalization of change within the organization.

5. Conclusions

Many experts believe that the level of organizational change is unprecedented, with organizations changing at a faster pace than ever before. Major organizational change is challenging, as the stakes involved are generally very high and the time available for implementation is still limited.

In this context the research uncovers and analyses the critical success factors that determine the effectiveness of organizational change, together with the practices, methods and techniques that ensure that the expected results are achieved (Burnes, 2015).

Additionally, it examines the impact of the factors affecting change implementation on the institutionalization of change within a multinational company operating in Romania's IT&C sector.

Organizations and their leaders are also changing as a natural response to strategically important shifts, from effective management of markets to innovation to knowledge and human resource management. Many approaches, methods and techniques of change management have emerged as a result of adapting HR structures, systems, strategies and practices to new requirements. The company increasingly needs an integrated approach to implement the envisaged changes effectively (Kim & Scott, 2019).

The successful implementation of organizational change demands a strategic and well-structured approach to enhance the effectiveness of change processes in a complex and ever-changing business environment.

To be successful, companies operating in an increasingly dynamic business environment with frequent states of uncertainty need to change more and more than companies operating in a less dynamic business environment with a higher degree of stability.

Regardless of the scope and speed of organizational change, companies must establish clear goals and standards for the change process while ensuring appropriate motivation for all stakeholders—those directly engaged in the process, those indirectly involved, and those impacted by the resulting changes. At the same time, it must ensure that all participants in the change process will have attitudes and behaviors that facilitate the effective making and implementation of change (Kotter, 2007).

The findings of our study reveal that, within the analyzed company, the factors influencing the effectiveness of organizational change implementation have a significant impact on the factors and practices driving the institutionalization of organizational change. This indicates that the effectiveness of the implementation process largely determines the success of institutionalizing organizational change, ultimately shaping the overall success of the organizational change process.

6. References

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