Oct 26th, 1:30 PM - 3:00 PM

The Impact of Organizational Changes on Human Capital Performance and Motivation

Kaltrina Bunjaku Pasuli
University for Business and Technology, kaltrina.bunjaku@ubt-uni.net

Leonita Braha Vokshi
University for Business and Technology, leonita.braha@ubt-uni.net

The impact of organizational changes on human capital performance and motivation

Kaltrina Bunjaku Pasuli, Leonita Braha Vokshi

UBT – Higher Education Institution, Lagjja Kalabria, 10000 p.n.,
Pristina, Kosovo

Abstract. In the recent years telecommunication industry in Kosovo has experienced a great development. To be more competitive organization must have a competitive advantage to be able to serve customers more effectively and efficiently than other competitors. Change is very important in any organization because it helps them compete with other organizations and leads them to realize their goals.

The main aim of this paper is to assess the impact of organizational change on employee's motivation and performance. The research is executed with description research based on quantitative and qualitative methods based on statistical analysis, correlation and OLS regression.

The results of this paper shows that numerous organizational changes have a significant impact on motivation and performance of employees, more precisely organizational change has negative impact in employees motivation and frequency of organizational change has negative impact on employees performance.

Keywords: Change management, Human capital, Motivation, Performance

Introduction

Today, the world faces major developments in all areas, which directly or indirectly affect the business environment. This environment has become highly variable, so organizations need to identify appropriate ways to cope with and adapt to these changes in order to reduce the impact of environmental changes. Therefore, organizations need to set a clear strategic vision to understand these changes. In such an environment, organizations need persistent change to sustain their existence.

Organizations that resist or fail to adapt to changes, face the risk of extinction in the conditions of intense competition. Therefore, extending the life span of the organization will be possible through the cooperation of workers and managers. This can be achieved through good change management.

Also, organizations should use all available funds and human capital to respond immediately to the changes. Changing management is a very difficult and expensive task, and the ability to deal with compelling requests and technology development has now become a critical element for the lifespan of an organization. So adapting to change is mandatory in order for the organization to survive and stay competitive. Bringing big changes in a large and complex organization is a difficult task. Policies, procedures and structures need to be changed. Individuals and groups should be motivated to continue to perform their tasks regardless of the high turbulence. Workers face the fact that old ways, including familiar tasks, jobs, procedures, and structures are no longer applicable. Political behaviors often become more active and intense.

For an organization that knows how to manage change, any change that occurs in the external environment it is an opportunity for the organization. Organizations either manage change, or change makes the organization unmanageable. Therefore, those who cannot manage change in competitive environments find themselves changed.

In this paper to analyze the impact of organizational changes in motivation and performance of employees in the telecommunication industry in Kosovo, will be examined books, reports, scientific papers, and primary data will be collected through questionnaires.

Literature Review

In this paper to understand the impact of numerous organizational changes on employee motivation and performance, literature with different views of authors has been researched.

The meaning of change

The term "change" means the change of a situation, process, content, way of working, behavior, procedure, etc. While not every change brings positive results, any positive result requires changes to occur. A unique and specific change is usually required to achieve results under certain conditions (Zeqiri, 2006).

We live in a constantly growing global business environment today, where change has become the norm for organizations to sustain their success and existence. Perhaps the only common factor for all organizations is change (Burnes, 2009). Organizations and their leaders are also changing as a natural response to change that has strategic importance, from effective management of markets and tangible assets to innovation, knowledge management and human resources (Al-Haddad, 2014).

Another definition of organizational change is a planned process of change in the organizations culture through the use of behavioral science technology, research and theory (Burke, 1982). Kotler & Schlesinger (2008) clearly state that organizational change means organizational transformation. From a global perspective, the concept of organizational change can be a wide organizational transformation, which can include aspects like change in organizations missions, culture, partnership agreements, union decisions and much more.

The steps of the organizational change process

The steps of the organizational change process are: assessing the need for changes; deciding what changes should be made; implementing change and evaluating change (Zeqiri, 2006).

Types of changes

In changing management, it must first determine what kind of change should be implemented in the organization. In recent years, organizations are facing a rapidly changing and increasingly complex environment. Therefore, even the types of change required to be realized in these organizations have become more complex (Lingham et al., 2005). Changes can be categorized as gradual and radical changes. Radical changes can occur at the same time and in parallel with gradual changes (Zeqiri, 2006).

Resistance to change

People usually tend to resist change. Any of the changes can be associated with stress, conflict, sabotage, dismissal, obstruction that are symptoms of resistance to change in the organization. Causes of resistance to change include: self-interest, lack of information, fear of the unknown, misunderstandings and lack of confidence, fear of failure and lack of ambition (Zeqiri, 2006).

Some techniques and methods for overcoming resistance to change include: Education and communication; participation and involvement; facilitation and support; negotiation; manipulation and co-option, and obligation (Kotter & Schlesinger, 2008; Zeqiri, 2006).

Research Questions and Hypotheses

The research questions of this research paper are as follows:
1. Are employees aware of the changes occurring within the organization in the telecommunication industry?
2. Is there employee resistance to change?
3. How are changes made in the organization?
4. What is the main goal to be achieved through change?
5. How do changes affect the overall performance of the organization?

The research hypotheses are:

H_1: *Organizational changes negatively affects employees' motivation in the telecommunications industry.*

H_2: *Frequent organizational changes negatively affect the performance of employees in the telecommunications industry.*

Methodology

Primary and secondary data were used in this paper. Secondary data were obtained from books, various scientific papers published in various journals and other data in the form of reports and articles. Whereas the primary data were collected through the quantitative method, more specifically the questionnaire technique.

The questionnaire begins with demographic questions, followed by questions about organizational change. The questionnaire includes questions in the form of closed questions. The first part of the questionnaire included questions such as gender, age, occupation, duration of employment, etc. The second part of the questionnaire was composed of questions about change and how it affected employee motivation and performance, where the questions were Likert scale questions. Questionnaires were distributed electronically to employees working in the telecommunications industry at all levels. Considering the confidence interval of 95% and margin of error of 10%, it was calculated that the sample size should be 83. Statistical methods as coefficient of correlation and OLS regression were used to analyze the results through SPSS Statistical Analysis.

Results

The first questions in the questionnaire were demographic questions, where 53% of the respondents were female and 47% male. 52% of respondents were aged between 25 and 35, 31% aged between 35 and 50, 15% aged under 25 and 2% aged over 50. 48% of respondents were engineers by profession, 28% economists, 11% jurist, 1% of architects and 12% of other professions.

The employment period in the telecommunications industry was: between 5 and 10 years 30% of respondents, between 1 and 3 years 25%, more than 10 years 24%, and between 3 and 5 years 21 % of respondents. Desire to continue working in the organization: 31% of respondents

wanted to continue working between the next 2 and 5 years, 28% between 5 and 10 years, 23% whole life and 18% less than 2 years.

71.1% of respondents' state that they are aware of the reasons for the changes that have occurred within the organization; 69.9% of respondents claim to have had resistance to change; 75.9% of the changes are gradual, with small and slow steps, while only 24.1% are radical changes, in large and consistent steps. 66% stated that they see the changes as negative, while 34% are more open to the changes and stated that they see them as positive. 72.3% think that the main purpose of an organization making changes is to generate higher profits. Only 27.7% think that the main purpose is to provide better incentives for workers. 65% of respondents think that organizational change causes increasing of fear, while the rest (35%) think that change can cause increasing of confidence.

Management communicated the vision for change to most employees, with 65% of respondents stating that they had this type of communication, and 35% denying it. 69% of the respondents stated that the frequent organizational changes that occurred have had a negative impact on employee motivation, while 31% denied having such an impact. If employees were given an opportunity to switch jobs and move to another organization, then 60.02% of the respondents would have changed the workplace, while 39.8% would continue to be loyal to the organization and would not have changed the workplace.

55.4% of the respondents claim that they work only what the job requires, neither more nor less. 74.7% would continue to work in the organization even if they did not need the money, only 9.6% deny it. 73.5% of the respondents think that the work environment really inspires them for better work performance, while only 6% disagree. Employees have a neutral opinion about lack of job security due to fear of losing their job with 47%, 24.1% agree that they do not feel safe and 28.9% disagree.

After analyzing the results obtained from the survey, hypotheses were tested using statistical analyzes such as correlation and regression through SPSS. After calculating the correlation coefficient between organizational change and performance, we find that there is a strong negative correlation of -0.876, whereas between organizational change and motivation there is a moderate negative correlation of -0.722.

Table 5.1 Correlation between change, performance and motivation

Correlations

		Change	Performance	Motivation
Change	Pearson Correlation	1	-.876**	-.722**
	Sig. (2-tailed)		.000	.000
	N	83	83	83
Performance	Pearson Correlation	-.876**	1	.589**
	Sig. (2-tailed)	.000		.000
	N	83	83	83
Motivation	Pearson Correlation	-.722**	.589**	1

		Sig. (2-tailed)	.000	.000	
		N	83	83	83

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Authors calculations through SPSS

Regression calculation for motivation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.722a	.521	.515	1.0934

a. Predictors: (Constant), Motivation

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	105.244	1	105.244	88.039	.000b
	Residual	96.829	81	1.195		
	Total	202.072	82			

a. Dependent Variable: Change
b. Predictors: (Constant), Motivation

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.779	.360		18.810	.000
	Motivation	-2.428	.259	-.722	-9.383	.000

a. Dependent Variable: Change

Source: Authors calculations through SPSS

Based on calculations the regression equation for motivation is:
$y = 6.779 - 24.428x$
From the data obtained we can conclude that according to the correlation coefficient -0.722, the coefficient of determination 0.521, $\alpha = 0.01$ and the signification level of 0.000 then *the first hypothesis is accepted*, thus organizational changes have a negative impact on employee motivation.

Regression calculation for performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.876a	.768	.765	.7615

a. Predictors: (Constant), Performance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	155.107	1	155.107	267.510	.000b
	Residual	46.965	81	.580		
	Total	202.072	82			

a. Dependent Variable: Change
b. Predictors: (Constant), Performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	5.986	.169		35.494	.000
	Performance	-.943	.058	-.876	-16.356	.000

a. Dependent Variable: Change

Source: Authors calculations through SPSS

Based on calculations the regression equation for performance is:

$$y = 5.986 - 0.943x$$

From the data obtained we can conclude that according to the correlation coefficient -0.867, the coefficient of determination 0.768, $\alpha = 0.01$ and the signification level 0.000 then *the second hypothesis is accepted*, so frequent organizational changes have a negative impact on employee performance.

Conclusions

From the obtained results we can see that the telecommunications industry has had numerous organizational changes over the last five years. Employees are aware of the reasons for the changes that have occurred within the organization and during the change process most employees have resisted change. Respondents stated that they see the changes as negative, that cause increasing of fear and the goal the organization wants to achieve through change is to generate higher profits. Management communicated the vision for change to most employees and involved them in the change process. Respondents state that they work only what the job

requires, neither more nor less. They would continue to work in the organization even if they didn't need the money. Employees have a neutral opinion about the lack of job security for fear of losing their jobs.

Finally, we can say that based on statistical analysis, correlation, regression and hypothesis testing we conclude that numerous organizational changes have a significant impact on motivation and performance of employees in the telecommunication industry in Kosovo.

Limitations of this paper mainly concern the sample which is not at a desirable level to measure well such a phenomenon, because the questionnaire was distributed electronically and part of the staff (especially those working in branches in different cities and dealing with clients) due to system constraints were unable to complete the questionnaire and consequently the questionnaire was completed mainly by employees working in head offices. The data were collected in a moment and the time span would be of interest to better understand the difference.

References

1. Al-Haddad, S. (2014). Successful Organizational Change: Aligning Change Type with Methods.
2. Burke, W. W. (1982). Organization development: Principles and practices. Little, Brown.
3. Burnes, B. (2009). Management Change: A Strategic Approach to Organisational Dynamics. Prentice Hall-Financial Times.
4. Fernandez, S., & Rainey, H. G. (2006). Managing successful organizational change in the public sector. Public administration review, 66(2), 168-176.
5. Hilb, M., & Dubs, R. Organizational Change: Formulating, Implementing, and Sustaining a Fundamental Organizational Change in South American Central Banks Pilot Study Colombia.
6. Jones, G. R. (2013). Organizational theory, design, and change. Upper Saddle River, NJ: Pearson.
7. Kotter, J. P., & Schlesinger, L. A. (2008). Choosing strategies for change. Harvard business review, 86(7/8), 130.
8. Lingham, T., Richley, B., & Soler, C. (2005). Experiencing Organizational Change: Types of Change Across Levels and Its Critical Context. ESADE.
9. Nadler, D., Tushman, M., & Hatvany, N. (1982). Managing organizations. Organizational Dynamics, 35-47.
10. Orth, P. B. (2016). Organizational change in the United States Forest Service: the role of community collaboration (Doctoral dissertation, Colorado State University. Libraries.
11. Pieterse, J. H., Caniëls, M. C., & Homan, T. (2012). Professional discourses and resistance to change. Journal of Organizational Change Management, 25(6).
12. Thomas, J. M., & Bennis, W. G. (1972). Management of change and conflict: selected readings. Penguin Books Ltd.
13. Zeqiri, I. (2006). Management-Koncepte, praktika, zhvillim aftësish. Tringa Design, Tetovo.