

Responding to Organizational Change as a Result of New IT

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The global, knowledge-based economy requires innovative approaches, smart logistics, and constant adaptability to both competition and customer demands. Organizations must be able to make quick decisions as challenges arise. Additionally, organizations must expect change and deal with it accordingly. The company that chooses the status quo without any external focus is typically the one that falls behind the competition. As the free market continues to evolve, businesses must stay ahead of their competitors. While many long-term employees resist what is often considered just another bright idea, some of the newer and potentially younger employees may welcome the change. Warrilow (2004) states that management is often too disconnected from its employees and most of the company's natural leaders are not leaders within the formal hierarchy. This is the primary reason for animosity between workers and management during times of change. However, it seems that the one constant in the free market is change (Kettinger, Teng, & Guha, 1997). Leaders should anticipate

change, recognizing that new ideas, approaches, and strategies are what keep their business afloat. No longer can only a good product carry the burden of profitability. It is more about the logistics of transforming products from raw materials to finished products in the hands of the customer. To do this effectively and efficiently requires constant change.

This kind of change requires smart implementation approaches, and rather than swiftly altering employees' world of work, there has to be a strategy in place so workers are not surprised. This kind of surprise is typically not well-received. Leaders must be trained on the implementation of major changes in the workplace. Zaccaro and Banks (2004) suggest that change management skills must be developed into core competencies. Many managers may dismiss this topic as unimportant. Considering that employee turnover has an adverse effect on profitability, perhaps introducing major workplace changes with a well-developed strategy is in the best interest of the company, at large. Managers must embrace change, know that it is coming, and train

personnel on how to effectively implement change within the organization.

Prior to implementing change, management must be able to make timely, effective decisions that serve the best interest of the organization. Quite frequently, there is not enough time, or there is missing information. These are the obvious challenges to making decisions. Sayegh, Anthony, and Perrewe (2004) claim that improved decision-making skills can be developed if leaders understand an individual's emotions while making a decision. How people view a problem provides some insight into why certain choices are selected. Understanding these different emotions can help teach decision-making skills by re-creating problems requiring an immediate decision. However, in the real world, many critics believe that decision-makers should be those with experience. Experienced leaders often make decisions based on their instinct. Because they may have seen and dealt with many difficult situations previously, it typically makes the next problem that much more reasonable to resolve. Heskett (2010) asks what is the right mix between intuition and analysis? It would be great to conduct a thorough

analysis, but typically due to time constraints, this is not feasible.

Teaching decision-making skills has potential if a realistic environment can be re-created to simulate the workplace and its unique stressors. If the environment cannot be replicated, a high state of emotions is unlikely to be achieved. Change management must be wisely implemented to avoid any unnecessary animosity among employees. Decision-making skills can be developed through experience, which results in intuition. They can be taught to individuals if the stressors of the workplace environment can be replicated. If not, emotions will not tell us how we will react, because they are not the same as they would be in reality.

In a study conducted by Chiara and Vincenzo (2008), researchers attempted to identify if new IT increased productivity. While previous research indicates that performance may be increased if IT training is incorporated, organizational change measures may have a greater effect than training, alone. In this study, 466 small to medium Italian companies were surveyed to determine if absorptive capacity has an effect on productivity. Cohen and Levinthal (1990) define absorptive

capacity as an organization's ability to identify, assimilate, and exploit external knowledge to increase profitability. The researchers determined that absorptive capacity does have a positive effect on increased productivity regarding new IT. Companies that were able to use the new IT to change processes or develop new approaches to solving problems demonstrated higher results. This study indicates that successful implementation of IT involved much more than merely the technology, itself. Where training was provided on the new software, and where change management strategies were introduced, better results were found through survey data.

According to a study by Kettinger et al. (1997) business process re-engineering has taken off due to several factors; one of which is the rapid development of new IT. Through interviews with 25 different companies, they found that there were several different methods, techniques, and tools used when implementing business process re-engineering initiatives, but there were some common themes identified when selecting new IT. The companies that addressed these common themes showed greater success when implementing new IT, and IT-

based business process re-engineering initiatives within their organization. The first issue addressed the dimension of the entity, which included whether the IT would be used internally, cross-departmentally, or to communicate with external organizations. Next, different objects were addressed, highlighting if the object was physical or informational. Lastly, desired activities were introduced, which addressed what the organization hoped to achieve through the use of the new IT. These three, together, were cited as common issues addressed when implementing IT-based business process re-engineering initiatives.

These three areas enable the organization to best-determine what will meet their needs prior to making a purchase decision. When implementing new IT within an organization, there are often challenges presented beyond the technical difficulty of the new application. To overcome these challenges, organizations must be prepared to manage the organizational change requirements well before a new information system is presented. Bellamy (2007) states “The rapid speed of technological development and its effect on organizational strategy, structure, and processes has created a critical need for a systematic

approach to managing technology” (p. 32). Beyond the technology, users must be properly trained on how to use a system prior to its implementation. Chiara and Vincenzo (2008) refer to this aspect of organizational change as managing the learning process. Organizations that have the ability to manage their learning processes are more inclined to integrate business processes within an IT strategy.

According to a study conducted by Kee-Young and Hee-Woong (2008), the failure rate of enterprise system implementation is typically due to reasons other than technical problems. This leads one to believe that the technology may be ready, but the organization may not be ready, resulting in challenges. One of the key components of the study conducted by Kee-Young and Hee-Woong was to assess the willingness of employees to use a new enterprise system. The results of the study indicated that the employees’ readiness for change was a significant contributor to the success of a new enterprise system. This so-called readiness for change was a direct result of user training.

Kettinger et al. (1997) further state that while IT professionals should be involved in business process re-engineering efforts, they may lack

awareness of strategic goals and objectives of the organization. IT personnel must be read into the daily activities and broader organizational objectives to gain a true understanding of where the organization is going. With this knowledge, they may be able to see room for process improvement that other leaders cannot see or understand. Chung-Jen (2007) conducted a study to determine the effects of cross-functional teams on new product development. The results suggest that the influence of cross-functional teams was significant on the successful development of new products. Pulling in team members from across functional domains can have a positive effect on developing and forwarding new initiatives. Martinsons, Davison, and Martinsons (2009) claim that a key contributor to an IT-enabled organizational change is the culture in which the change is taking place. Considering the cultural style of the organization should be addressed during the planning stages of change implementation. If not, it is unlikely the change initiative will be well-received by those most affected. Introducing IT applications without considering cultural norms introduces unnecessary risk. To mitigate this risk, Martinsons, Davison,

and Martinsons suggest getting the support of the primary stakeholders prior to introducing the new IT application (2009). While this seems like an obvious element in a successful IT implementation, this is often overlooked. Within many organizations, IT professionals attempt to determine what is best for the users without getting critical input prior to implementation. This causes resistance to change and often puts leadership at odds with the user community. Determining return-on-investment (ROI) of IT systems has been difficult for many organizations for quite some time. Leaders want to know the true value of their IT investments (Serafeimidis & Smithson, 2000). Most IT evaluation has looked at technological aspects without considering the human and organizational components, collectively (Serafeimidis & Smithson, 2000). Without considering all contributors in an evaluation of IT, the true ROI can be difficult to determine. Bellamy (2007) states that effective planning directly impacts a new technology's success during implementation. Before an organization can place value on an information system, they must ask themselves if the users were part of the planning process. If they were not, conducting an IT evaluation may

be somewhat premature. For these reasons, an implementation strategy, to include user input and training must be built into the process prior to implementation. Following a period of time after the initial implementation, evaluation can begin to take place.