EMPLOYEE OWNERSHIP AS DRIVER OF THE NEED FOR CHANGE IN ORGANIZATIONS

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Abstract

Management of change in an organization is interested in the employment of strategies that will be prompt and effective in overcoming resistance to change. Change relies on the level of commitment from the members of an organization. Therefore, this article is an evaluation of the influence that employee ownership has on the change process of an organization. In particular, this article explores how employee ownership of an organization influences the change process by determining the level of commitment that the employees will demonstrate when they realize the need for change inevitably affects them. Thisarticle employs a qualitative analysis of relevant literature from past studies that haveexplored the many dimensions of commitment that correlate with change. The article found out that allowing employees to be part owners of a company that is strategizing a turnaround reinforces the employees' internalization of commitment, which speeds up the process of organizational change. Notably, the employees' goals synchronize with the organization's goals to create a mutual benefits relationship. However, this article does not explain the reasons that made some employees leave their organizations after even owning organizations as indicated by several studies. Nonetheless, this article's topic is insightful by uncovering the underlying motivations that drive employees in embracing or resisting organizational change. Practically, findings from this article help stakeholders in incorporating employee ownership or related concepts in making employees realize the need for change. Employees who are part owners of an organization realize that their welfare is dependent on the performance of their organization.

Keywords: Need of change, commitment, ownership, commitment internalization, employee stock ownership plans (ESOPs)

Introduction

The inevitability of change in human affairs is undisputable. However, change in the business world is evidently a perpetual and unpredictable process that organizations need to respond promptly to if they are to survive and remain competitive. Imperatively, the dynamic nature of the business world requires a change strategy that is eternal in order to minimize the operational inefficiencies inherent in organizations that use superficial change strategies. For instance, downsizing and retrenchment are very effective change strategies but are not repeatable every time an organization wants change. Similarly, the transformation of an organization's structure cannot be done every time the organization is in need of change.

Therefore, a change strategy that incorporates employees into the ownership of an organization in need of change provides a sustainable approach. However, many researchers have not explored the effectiveness of employee ownership as a change strategy. In particular, the underlying factors that make the ownership bait a suitable motivator have not been explored. The propensity of employees to accept or resist change is tied to their level of commitment to their organization, which is dependent on many factors that include morale, motivation, and job satisfaction. Therefore, sustainable changes depend on exploiting the levels of commitment of an organization's employees.

Factors influencing change

Organizations react to the dynamics in their sectors by undertaking strategic changes in many areas of their operations. Strategic changes include downsizing, retrenchment, process re-engineering, re-orientation of niches, and employee education among others (Enos; Cornell, 1996). Consequently, employees can either resist or embrace changes in their organization depending on the several factors that include trust, communication, participation, prospects, and procedural justice (Kelloway, 2004). Notably,Harung (1996)asserts that the readiness of an organization's employees to change will depend on the whether the change is orchestrated by an outsider or themselves. A pyramidal model of the change process can be conceived in which the process of change is subject to an individual's dimension, one's organization, and wider influences (Cornell, 1996). In this case, an employee will react to any change proposal by evaluating particular factors such as one's salary, family, health and safety, education, continuing education, and job satisfaction (de Korte & van der Pijl, 2009). Moreover, the employee will evaluate the change proposal in the context of the working environment in regards to its effect on efficiency, time pressures, constraints, working conditions, and goals of the organization. Wider influences include all those factors are beyond the jurisdiction of the employee or the

organization. In any case, the wider influences initiate the process of change in an organization (Soparnot, 2011). The evaluation of all the three aspects of the pyramidal model of change will lead to either withdrawal, resistance, acceptance, or embrace from the employees (Chreim, 2006). The employees' commitment to an organization will determine their response to change proposals.

The Concept of commitment

According to Bennett (2002), commitment is a moderating factor in the process of change in an organization. An employee's commitment to change is tied to an individual's commitment to the organization, which is synonymous with morale, job satisfaction, and motivation. A review of literature reveals over 25 concepts that measure the level of commitment exhibited by employees to their organizations (Al-Esmael, 2014; Favilla, 1996). Describing commitment in the context of change remains elusive because many researchers ascribe their understanding to the process. For instance, different researchers use words such as attachment, loyalty, allegiance, or engagement as being synonymous with commitment.

Nevertheless, many scholars of organizational change agree that commitment encompasses three distinctions. First, commitment can be based on compliance. Here, the employee adopts specific behavioral patterns in exchange of rewards in addition to avoiding the punishment of not adopting these patterns. Secondly, commitment can be based on identification. Here, the employee adopts behaviors and patterns that associate with a particular party that is intrinsically valuable. Third, an employee internalizes commitment. In this case, the employee synchronizes an organization's values with one's own values system.Al-Esmael (2014), Beukhof, (1998) Shum, Bove, & Auh, (2008) and Rowold (2014)agree that these three aspects provide a sufficient framework for analyzing the influence of commitment on the employee receptiveness of change.

It is a fair argument to claim that imminent changes in organizations threaten these three themes of commitment because they alter the things that make an individual to comply with a particular organization. For instance, changes in the terms and conditions of employment or changes in the duties and responsibilities of an employee will alter the compliance commitment. Literature is consistent in concluding that compliance commitment negatively relates to an individual's intention to remain in an organization (Savolainen, 2000). On the contrary, commitment based on internalization and identification positively relate to extra-role behavior(actions of an employee not part of an organization's policy but complement the employee's duty in the organization) and tenure intention (willingness to stay after changes).

The need of change

Factors influencing change and the concept of commitment interact to determine the receptiveness of employees to change. This receptiveness is the outcome of the need of change. Typically, employees will commit to change if the need of change fits their commitment. In other words, compliance commitment is likely to have an initial resistance followed by acceptance. Notably, this kind of receptiveness to change is unlikely to be effectiveas it has been imposed on an unwilling party. A study conducted by Yu, Zhang, Gong, and Zhang (2013) and Kirkendall, Goldenhar, Simon, Wheeler, and Spooner(2013) found out that the surprise introduction of new technologies in healthcare facilities were met with hostility from the employees because the employees saw no need for changing into the new system. The findings of these researchers agree with the assertion byNing (2014) that over 40 percent of change strategies introduced by companies in China failed terribly because the employees were not convinced of the need of change.

On the contrary, a study by KPMG (2011)concluded that commitment based on identification and internalization spur effective changes in organizations because the receptiveness of the employees is embracing. Ownership entails the incorporation of employees into the shareholding and partial decision-making of an organization (Bartkus, 1997). Although compliance commitment facilitates change, the blind loyalty of the employees is fear driven. Consequently, most of the changes are not sustainable because the organization will have to formulate another need of change if the current strategies are outdated. A study by Chreim (2006)on the experiences of employees who survived the job restructuring of their organization revealed that their acceptance of change was involuntary. Therefore, the employees do not have the motivation and job satisfaction that can lead to a positive working environment. This observation contrasts sharply with organizations where employees identified the need of change.

However, the need of change is dependent in the things that appeal to the employees' motivations, job satisfaction, and values. Though conceptualized in the 1970s, employee stock ownership plans (ESOPs) have become the most reliable means of effecting meaningful changes in organizations that are sustainable (Guy & Beaman, 2005). The ESOPs are just one of the many approaches used by companies to incorporate lower level employees into the running and decision making of organizations. Imperatively, the incorporation of employees into the running of an organization's operation through initiatives such as ESOPs does not guarantee an automatic change. However, the inclusion of the employees is a catalyst since the employees own the change process. In this case, their commitment is driven by either identification or internalization. Guy and

Beaman (2005), postulate that including employees into an organization's management allows the employees to see the perspectives of the management team in calling for a change.Harung'sstudy (1996) identified several factors of management that isolate lower level employees as stakeholders in an organization. These factors included lack of autonomy, poor communications, and inadequate or the absence of employee development. Consequently, the employees perceived themselves as inconsequential in the change process of a company because they are replaceable. Downsizing and forced retrenchments reinforced these false perceptions that led employees to adopting non-cooperative attitudes and behaviors towards organizational change (NextGen, 2011). Meanwhile, a study byRowold (2014) concluded that the attitudes of middle-level managers towards lower level employees were biased. In this case, the members of the human resources department of an organization and supervisors hold the view that the commitment of rank-and-file workers is based on compliance that anticipates extrinsic rewards. Consequently, the communication between the two groups regarding the need of change has underlying denigration that results to a hesitant acceptance of change by the lower level employees.

Employee ownership, on the other hand, results to a situation where shared values predicate the change process of an organization. Lower level employees are no longer replaceable outsiders, but valuable stakeholders in the organization's survival and ability to remain competitive. Consequently, the employees become active participants in identifying their weaknesses and taking remedial action in the change process because doing otherwise would harm their interests. Notably, the incorporation of employees into an organization's decision making and running does not negate the role of middle and top management level teams.Al-Esmael (2014) claims that ESOPs are structured topassively participate without interfering with the discretion of an organization's top management. Instead, the lower-level employees are given the chance to be shareholders so that they can witness why the inability of embracing change eventually damages the interests of everyone associated with the organization. Organizations, just like individuals, cherish the opportunity to excel in all their endeavors. Therefore, the employees incorporated into an organization as owners will adopt the change strategies that organizations propose to secure their shareholding interests. In this case, the employees identify the need for change, which motivates them to embrace the change needed in their organization.

Conclusion

Change in an organization is inevitable. However, employees receive change according to the type of their commitment to an organization.

Employees not committed to their organization will exhibit compliance commitment, which makes them to withdraw, resist or accept change. However, this type of change is not effective and sustainable. On the contrary, strategies such as ESOPs that facilitate the employees to realize the need for change endow them with identification and internalization commitment that make them embrace change. Although this article has not explored the complexities inherent in incorporating employees as shareholders into organizations, the revelation about the need for change in enabling change forms a good platform for further research.

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