The Role of Change Management in Improving Organizational Performance

Muhammad Mukhlis
Faculty of economics and business, Esa Unggul University, Bekasi, Indonesia
E-Mail: muhammadmukhlis447@esaunggul.ac.id

Ari Anggarani Winadi Prasetyoning Tyas
Faculty of economics and business, Esa Unggul University, Bekasi, Indonesia
E-Mail: ari.anggarani@esaunggul.ac.id

ABSTRACT
An organization’s achievement of operational efficiency goals and objectives. The ability of an organization to meet its targets effectively and efficiently is organizational performance. Communication and management technology innovations have revolutionized the way we do almost everything. As the pace of change accelerates, the demand for professionals who can help organizations implement and manage these changes and realize organizational benefits also increases. This research aims to determine the concept of the role of change management in improving organizational performance. This research uses a literature review method with data obtained through searching for books, articles, journals, and previous research results on similar topics. This research concluded that change management plays an important role in facilitating a smooth transition from current conditions to desired future conditions. By using structured methodologies and tools, organizations can analyze the impact of change, identify potential risks and challenges, and develop comprehensive plans to mitigate them. A well-executed change management approach will minimize disruption, reduce downtime, and ensure that employees and stakeholders are adequately prepared for change.

Keywords: Change Management, Performance, Operational, Efficiency, Goals.

JIMKES
Jurnal Ilmiah Manajemen Kesatuan
Vol. 12 No. 3, 2024
pp. 773-782
ISSN 2337 – 7660
E-ISSN 2721 – 169X
DOI: 10.37841/jimkes.v12i3.2606
INTRODUCTION

The achievement of an organization concerning its expected aims and objectives is known as operational efficiency. The ability of an organization to meet its targets effectively and efficiently is organizational performance. Understanding the success of the organization compared to its competitors is very relevant for staff and management and what improvements must be made to ensure they maintain a competitive advantage in the market (Simons, 2019). Top managers find it difficult to implement transitions if they do not have the necessary skills and experience and this can have a negative impact on operational efficiency. Previous literature has shown that organizational performance is a comprehensive and complex concept and necessary results must be achieved. Better performance means work is carried out efficiently and effectively (Prabowo et al., 2023).

Corporate success is related to a long period of time for organizations to solve problems inside and outside the work environment so that they can achieve their goals efficiently and effectively. Change is an aspect that cannot be avoided in every project, whether it is a small business initiative or a large-scale business (Wartono, 2024). Embracing and managing change effectively can make or break the success of a project (Sithambaram et al., 2021). This study examines the critical role effective change management plays in project success. This study explores strategies, tools, and best practices that can help organizations navigate the transition successfully. It is necessary to understand how to optimize the change process and leverage it for growth and success. Change management refers to a structured approach in preparing and supporting individuals, teams, and organizations for organizational transition (Mulianingsih, 2020).

The process of transitioning from a current state to a desired future state with minimal disruption to operations. Effective change management ensures that society accepts changes willingly and adapts to the new environment smoothly (Cameron & Green, 2019). Several corporate sectors have recently experienced fluctuations in performance and the main reason for these fluctuations is the large number of workers who have resigned as a consequence of implementing management practices that continue to develop without the necessary workforce preparation (Lutchman, 2019). Therefore, employees resist the change and leave. However, there are other explanations for why workers regret improvements, including lack of technological ability, fear of uncertainty, reorganization, lack of communication, and more. Based on the problems mentioned above, this research intends to discuss the role of change management in improving employee performance.

LITERATURE REVIEW

Change management is a systematic and structured process of developing and implementing strategies and interventions for organizations that are transitioning from current conditions to desired conditions (Aslami & Husni, 2023). Change management is typically concerned with incremental change, or first-order change, and transformational change, or second-order change (Waddel et al., 2019). Typically, first-level changes do not challenge the overall system and context of the organization. This is often related to changes in policies and procedures, individual needs, task requirements and skills, so that these changes are gradual. Sometimes also called transactional change. On the other hand, the second level of change involves changes in fundamental assumptions about reality accompanied by a shift and realignment of vision, values, culture, beliefs and attitudes, as well as core processes, so it is called transformational change. Change management is a process for managing change from the human side (Pasmore et al., 2019; Oreg & Berson, 2019). The main goal of change management is to improve organizational performance capabilities and capabilities through proactive or reactive actions to overcome changes caused by internal or external causes (Mansaray, 2019).

The goal is to respond to, or anticipate, changes in the internal and external environment to achieve the organization's strategic goals (Walter, 2021). Change management has always been an integral part of organizational management. This is often part of the HRM process (Aditya & Merthayasa, 2023). Change management plays
Role of Change Management

an important role in today's organizations, not only in maintaining existing operational variations, but also in shaping the future direction of an organization. Successful change management is able to lead and enable employees to accept a new vision, new behavior, and new culture (Errida & Lotfi, 2021). Regardless of facing proactive or forced change, successful change management can determine the future status of an organization in terms of survival, development, and strategic direction. A number of change management models or processes are available. Although they differ in specifics, most change models include three main phases.

This phase prepares for change which involves planning analysis in strategy development. The goal of this phase is to analyze the scope of change by answering the following questions: How big is this change, how many people are affected and is this gradual or radical change. Value systems and background of the affected groups, how much change is occurring and What resistance is anticipated. What is the expected outcome of this change. The next phase is managing the implementation of the change. Communicating the right message at the right time is critical in change management. This involves building awareness of change and the risks of maintaining the status quo. Communication plans need to be developed specifically for employees at all levels based on their role in implementing the change. Getting support from front-line managers is critical because direct superiors have a big influence on employee motivation to change. Individual or group coaching is often necessary to facilitate acceptance. Additionally, training and development can be part of implementing change to build the necessary knowledge, skills, behaviors and attitudes.

Managing resistance is also important, because resistance from employees and managers is expected in any change effort. Identifying, understanding and managing resistance across the organization is crucial. The third phase is consolidating and institutionalizing the change. This phase includes change review, feedback analysis, corrective actions, and stabilizing implemented changes. Activities in this phase include reviewing and evaluating successes and failures, as well as identifying necessary modifications to improve the desired change results. Additionally, establish processes for ongoing and continuous improvement, as well as the policies and procedures necessary to institutionalize change. Involving employees is an integral part of change management throughout this process. Feedback from employees is a key element in the change management process, where analysis and corrective action based on the feedback provides a powerful cycle for implementing and improving change results (Sultani & Aslami, 2023). Criticism of change management often revolves around the following issues. The first problem is that change management is unnecessary and irrelevant to the core business. The second criticism is that change management does not require a process because people will change if they are forced to do so. The third issue is that change has become a constant in people's daily lives; therefore, no special effort is required to implement changes. The fourth problem is that the change only involves the management team. Employees will follow if management decides to change.

METHOD

This research uses a literature review research method. Literature reviews play an important role in science because science is, first and foremost, a cumulative endeavor. As in any academic discipline, rigorous knowledge synthesis has become indispensable to keep pace with the rapidly expanding literature, assisting practitioners, academics, and graduate students in discovering, evaluating, and synthesizing the contents of many empirical and conceptual papers. The data in this research was obtained through reviewing journals, books, articles, as well as the results of previous research on similar topics. Among other methods, literature reviews are essential for identifying what has been written about a subject or topic, determining the extent to which a particular area of research reveals interpretable trends or patterns, gathering empirical findings related to a narrow research question to support practice-based evidence, and generating new
Role of Change Management

RESULT

Change is not a single event, but a transition process with various events that support the goal of moving the organization and its stakeholders from the current state to the future state (Putri et al., 2022). When responding to change, there is usually a decrease in performance caused by the change an individual's normal reaction to change. Disruptions can occur at different times throughout the transition process before the future state is reached. In some cases, especially without change management, change implementation can fail and old behavior will reappear. Stakeholders must start behaving differently for the change to be adopted. In today's fast-paced and dynamic business environment, organizations constantly face the need to adapt, innovate and develop (Kolasani, 2023). Whether it is the implementation of new technology, process reengineering, or responding to market changes, change has become an inevitable part of organizational growth. However, managing change effectively is not an easy task. This requires careful planning, strategic execution, and strong leadership (Mansaray, 2019; Ojogiwa, 2021). This article explores the critical role of effective change management in ensuring organizational success. By understanding the importance of change management and applying key principles, businesses can navigate transitions smoothly, minimize resistance, and maximize the benefits of change. Accelerated by global competition, pressure to change business strategies is a phenomenon that occurs throughout the world (Hopwood, 2019). Industrial activity is shifting from manufacturing to services, globalization of markets, political realignment, technical advances in management information systems, corporate alliances and organizational downsizing are changing the structure of companies and projects.

Organizations are faced with global competition. This competition is becoming increasingly evident in automobile manufacturing, consumer electronics, computers and communications as well as household manufacturing. Currently, the heavyweight players in the world economy are large companies involved in international or multinational projects (Claudia & Rahman, 2024). There is a global market and competition for most products and services. To compete effectively, organizations must use creativity and change their culture, structure and operations. The emergence of these global organizations creates pressure on domestic organizations and projects to restructure and internationalize their outlook and operations. Due to these powerful forces of globalization, organizations must explore project opportunities across the globe. Technology is changing at a greater rate than at any time in history. One of the most dramatic technological changes affecting the work environment is the rapid development of information systems technology. This technological revolution has had a major impact on project structures, power relationships, and the management of complex project interfaces (Waqar et al., 2023). Artificial intelligence, computer-integrated manufacturing and virtual reality create new project opportunities in terms of development and application (Khasanah et al., 2021). Technology eliminates the problem of physical distance. Audio/Video Conferencing creates the personal, direct interaction necessary to work as a team. The engineering and manufacturing industry is aided by robotics and computer-based design and manufacturing techniques.

Rapidly changing consumer preferences due to rapid and frequent technological changes and innovations have shortened the life cycles of some goods and services. The impact of rapid product obsolescence can have a major impact on organizations that are unable to adapt and address this situation quickly. In the pharmaceutical and electronics industries, some products become obsolete in as little as six months. Projects aimed at developing products and services in these industries must adapt to this pace of change in a cost-effective manner to be successful. To reduce the disruptive impacts inherent in change and to increase the likelihood of achieving these goals in the future, change management can increase an organization's readiness, flexibility, and adaptability.
Increase stakeholder engagement, work morale, and readiness to face new ways. Minimize how badly performance and productivity decline during change. Accelerate and maximize performance during and after changes. Increase stakeholder utilization and expertise in new ways. Minimizes the learning curve and speed of adoption of new methods. Increasing the likelihood of benefit realization and optimizing long-term sustainability once future conditions are achieved.

Change begins at many levels, but there is an important and natural connection between the strategic planning process and change management. Strategic planning sets the vision, and its activity components determine the future state and ongoing changes of the organization necessary for it to be successfully operationalized and sustained (Quinn et al., 2020). Change management drives individual and collective adoption, thereby ensuring the achievement of expected benefits and return on investment. A vision, which is a key component of strategic planning, is an aspirational, future-focused statement that usually describes why change is needed and what the future state will look like and sometimes includes risks to the organization if the change is not successful. A vision statement creates an initial and fundamental link between strategic planning and change management because it provides clarity of direction and focus for the organization and its stakeholders, identifies the high-level outcomes and benefits that are expected to be achieved, and sets the foundation for leaders to align stakeholders around a common plan and act as a guide for decision making, communication, and engagement.

Successful change requires leaders to articulate a consistent, achievable, inspiring, and easy-to-understand vision that guides the organization toward measurably achieving its intended benefits. The types of organizational change and definitions of change are almost limitless. Defining change by project name, new system initiative, process redesign, acquisition, policy, or procedural update is often incomplete. The definition of change should be based on an analysis of a number of change variables that may vary from one change to the next, including technological complexity, number and type of stakeholder groups affected, extent of process change, amount of structural adjustments, physical relocation, benefits or compensation impact, workforce adjustments, speed of implementation, rate of change in job roles, and geographic dispersion. However, what makes each change truly unique is that it impacts individuals and organizations with unique value systems, cultural norms, histories, past change experiences, leadership styles, and levels of competency in managing change. Two components form the basis of the definition of change and risk. Assessments that lead to appropriate scaling of change management efforts, time, and resources: analyses of change variables that provide insight into their size and complexity and assessments of the organization that provide insights into culture and readiness. All changes in an organization, not just large, disruptive project changes with approved funding, dedicated resources, and a project charter driven by strategic planning, can be assessed based on these two components. Small changes with minimal impact that don't occur through normal project governance processes and everything in between can be assessed against these components as well. Change management is not a one-size-fits-all approach and can be adapted to any organizational change.

Project management and change management are complementary but distinct disciplines that may overlap during the delivery of change and are often interdependent when delivering value to the organization. The degree of overlap and interdependence can vary between organizations, depending on factors such as organizational structure, type of change, utilization methodology, competencies, and capability maturity. Effective integration between project management and change management is necessary to ensure that organizational goals are achieved. Integration can occur in various dimensions, including roles and responsibilities, methodology, plans and tools and resources, goals and results and risks. Project management should focus primarily on applying skills, tools, and techniques to the activities required to produce planned changes in a structured manner within defined parameters of scope, time, cost, and quality required. Change management should focus primarily on applying skills, tools, and techniques to the
Role of Change Management

activities necessary to implement and sustain the changes undertaken, such as influencing individual behavior and organizational culture, facilitating new ways of working, tracking and enabling the realization of benefits, and providing input to change initiatives in the future. The scope and focus of these two disciplines must be clearly defined at the beginning of the planning process. Overlaps and interdependencies must be identified and documented, including how disciplines will work together, how information will be shared, and how decisions will be made. Project management and change management methodologies have different focuses.

Project management methodologies typically emphasize organizing and managing the resources and activities necessary to complete the project (delivering changes) within the specified scope, budget, schedule, and quality standards. Change management methodologies typically emphasize the human side of change and the activities required to prepare the organization for the changes that occur, facilitate the transition from old ways of working to future ways of working, and embed change as the new norm. These two approaches must be integrated to ensure that the right amount of attention is paid to the technical (execution) and people (implementation) sides of change. Projects have specific start and end dates, but change management activities often continue long after the changes are made, and the project is closed. However, project management and change management plans must be integrated into the overall plan because project stages and change management activities can trigger each other. Practitioners use a variety of tools to deliver, implement, control, and measure change. Some tools are specific to project management or change management, but some tools, such as Stakeholder Analysis, may be common to both. Where similarities exist, tools should be integrated to increase efficiency and collaboration between the two disciplines. There may also be opportunities to integrate or share resources, depending on the degree of overlap and interdependence between project management and change management. The common goal of project management and change management is to add value to the organization. Each discipline uniquely contributes to the realization of benefits. Project management delivers planned changes and change management ensures that delivered changes are implemented and adopted to enable the realization of expected benefits. Both project management and change management recognize that risk can have a significant impact on an organization's ability to implement and implement change. Change management focuses on risks to the implementation of the change, threats to the realization of the expected benefits, and threats to the sustainability of the change. Change management also pays attention to project-related risks, such as risks that affect schedule, scope, budget, and benefit realization.

Certain change efforts may involve individuals specifically selected to advise the project team regarding potential change risks, such as an advisory committee. The change management team may involve additional individuals or groups (outside the change team) to help assess the impact of the change; prioritize change management tasks; providing feedback on change management strategies, plans, and tactics; and implementing and supporting the change process at the stakeholder level. The following roles are defined for dedicated change professionals including Change Management Practitioner, Change Management Team, Change Management Lead. A Change Management Practitioner is someone responsible for coordinating, implementing, and tracking change management tools or activities. This individual is not responsible or accountable for the change strategy. A Change Management Team is a group of individuals who work together to facilitate change management activities to design, analyze, develop, and enable an organization to own and effectively drive adoption, use, and proficiency. Team members ensure activities are completed, feedback is collected, training is conducted, and communications are delivered in a variety of formats. The Change Management Lead is the individual who is accountable and responsible for the change strategy, who assesses the change, outlines the change plan, and implements change management. This individual has direct, day-to-day control over the change management team, the change project schedule, associated budgets, and resources. The
The role of Change Management lead is the primary liaison with the change sponsor, project manager, leadership, the overall project team, and stakeholders.

Change roles may have different names associated with them, depending on the organization. Additional or combined roles may be required based on the complexity of the goals set for the change. The following roles were created to support the results achieved by stakeholders. Individuals or groups within an organization who are responsible for realizing the benefits of change. The sponsor defines and champions the overall change goal, scope, and definition of success. These individuals or groups influence peers and other senior leaders to gain support and provide leadership to achieve the established vision. This role has decision-making and funding authority and provides constant visibility into change efforts. Functional or social leaders, middle management, and experts from various fields within the organization who are trusted by colleagues, stakeholders, and executives for their insight and understanding of the organization. These individuals may be selected based on their (informal, non-hierarchical) networks and influence (without authority) over other individuals or groups. They model the behavior required in their area, provide feedback on change activities, and actively engage with others in change activities. Alignment is a critical element in the success of change initiatives. Leaders must have clarity of purpose and focus to align people, processes, systems, and structures in times of change.

They should also develop contingency plans to detect and remediate alignment issues that may occur before, during, or after the change occurs. Change capacities and capabilities can vary greatly from one organization to another, but the likelihood of successful implementation and adoption of change increases when an organization's structure, processes, and people are continuously aligned with a shared vision. Organizational culture is another important element in organizational alignment. which can influence the success of the change strategy; therefore, it is important for leaders to create an environment where followers have the time and space necessary to engage and feel comfortable with new ways of working. A process is a series of interrelated actions and activities carried out to achieve a particular product or result (Nunung & Fatihah, 2022). If implemented correctly, the change management process will increase the likelihood that individuals and organizations will effectively transition to a future state to achieve the expected benefits. Individuals and stakeholders need information, leadership support, training, coaching, rewards, reinforcement, and time to decide whether to engage in the change. Changes and to what extent. The transition from the current state to the future is achieved by implementing a change management process so that stakeholders are involved before, during, and after the change process. Effective change management results when the negative impacts and risks of change are minimized and the overall expected benefits are achieved, ideally within budget and schedule. A process group is an association of similar or related processes that serves as a guide to the application of change management knowledge, skills, and abilities during change management implementation. These groups are interrelated so that the output or results of one process become input for another process. The processes within each group are iterative, sometimes simultaneous, and can be applied multiple times throughout the change management effort. Change initiatives can use a variety of approaches. The change management process, given its iterative and sometimes simultaneous nature, must be tailored appropriately to be effective, regardless of the project management methodology used.

The change management process described in this document draws on many existing change management methodologies and identifies generally accepted practices rather than replicating a particular methodology. Practitioners using a particular methodology will find similarities and perhaps additional suggestions for expanding their change management efforts. As an emerging scientific discipline, the ACMP Standards do not mandate specific activities or process steps. Therefore, those familiar with standard languages will not be surprised by this. There is no word "must" in explaining the process. Rather, the language describes generally accepted practices; therefore, processes, their
sub-processes, and actions are generally used but not required. The following process groups are used to organize and describe the processes carried out by change management practitioners during a change initiative.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Organizational group processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation of Change Impact and Organizational Readiness</td>
<td>The processes in this group are designed to assess, evaluate and anticipate the readiness, ability and capacity of an organization and its stakeholders to undergo a transition from the current state to the future state. The process also includes assessing the change and the impact of the change on individuals and the organization. History, culture, and value systems play an important role in this evaluation. The results provide change practitioners with information to calibrate leaders' expectations and to measure and adjust change management plans and activities.</td>
</tr>
<tr>
<td>Formulate a Change Management Strategy</td>
<td>The processes in this group are designed to develop a high-level approach to change management with sponsors, change leaders, content developers, program managers, customers, and other parties on the project. This approach includes governance, risk, resources, budget and reporting. A change strategy will combine, integrate, and align change management plans, activities, tasks, and milestones into other activities and operations of an organization and its stakeholders at the start of the change (timing and sequence). Stakeholder engagement is included in this group of processes.</td>
</tr>
<tr>
<td>Develop a Change Management Plan</td>
<td>Processes in this group use specific change management methodologies and tools to develop detailed plans for implementing change management strategies. This plan includes communications, sponsorship, stakeholder engagement, learning and development, risk management, and benefit measurement and realization. Continuous integration with project management falls into this group of processes.</td>
</tr>
<tr>
<td>Execute the Change Management Plan</td>
<td>The processes in this group focus on implementing the work/actions in a detailed change management plan. Work in this area is necessary to achieve the expected benefits of implementing change management.</td>
</tr>
<tr>
<td>Complete Change Management Efforts</td>
<td>The processes in this group strengthen the work in the change management plan, determine the effectiveness of the work, monitor progress, and transition the change initiative to the business. This process includes measuring results and comparison with expected benefits or business goals. These processes also include continuous improvement activities that stem from post-project analysis and learning.</td>
</tr>
</tbody>
</table>

The next step is to assess the alignment of changes with the organization's strategic goals and performance measurements. The purpose of assessing the alignment of changes with the organization's strategic goals and performance measurement is to anticipate the impact of expected benefits on the organization's strategic goals and objectives. The process assesses where there is alignment and misalignment of goals, objectives, results, and performance measures between the two. future state and current state. This is achieved by conducting strategic reviews with related entities and individuals, such as at the executive level, strategic planning office, change management office, and project/program management office. Strategic planning instruments such as balanced scorecards, strategic plans, and change roadmaps should be evaluated and compared with proposed changes. Change management practitioners are responsible for encouraging appropriate action to overcome obstacles and avoid or minimize adverse impacts. This process identifies potential barriers and conflicts to change, as well as opportunities to manage or overcome them.

Then assess external factors that might influence organizational change. The goal of assessing external factors that may influence organizational change is to identify customer, market, social, legal, economic, political, technological, and other factors outside the organization that may influence stakeholder adoption of the future state. This process is used to determine external conditions, factors that enable or hinder change efforts and identify how these forces will influence the change approach. This is an iterative process because the external environment can create new risks or opportunities that can influence the outcome of the change. The next step is to assess the organization's readiness for change. The purpose of assessing organizational readiness for change is to determine the organization's readiness for change activities. This process assesses the readiness of conditions, attitudes and resources needed for change to occur successfully.
This process should include elements of organizational readiness, such as market factors, capacity, and saturation, that address key characteristics and attributes of the organization and the proposed changes. This process should also focus on assessing the organization's level of understanding, perception, and expectations regarding the change. This should identify any gaps that exist between the change leader's skills, expectations, and attitudes, and the collective view of the organization. It should also assess organizational change processes and determine the organizational unit's level of understanding and preparation for the transition.

CONCLUSION

Change management plays an important role in facilitating a smooth transition from current conditions to the desired future conditions. By using structured methodologies and tools, organizations can analyze the impact of change, identify potential risks and challenges, and develop comprehensive plans to mitigate them. A well-executed change management approach will minimize disruption, reduce downtime, and ensure that employees and stakeholders are adequately prepared for change. Changes can have a significant impact on employee performance and productivity. When employees are well prepared, informed, and supported during a change initiative, they are more likely to accept new ways of working and adapt quickly. Effective change management includes providing the necessary training, resources, and support to ensure employees have the skills and knowledge necessary to excel in a changing environment. By focusing on employee well-being and development, organizations can maintain productivity levels and even encourage innovation and creativity during times of change. Change management is not limited to managing a single change; it also builds organizational agility and resilience. In today's rapidly evolving business landscape, organizations must be able to adapt and be responsive to remain competitive. Effective change management instills a culture of continuous improvement and learning, encouraging employees to accept change as a constant. By developing change management capabilities within organizations, businesses can build resilience, capitalize on opportunities and navigate future changes more easily.

REFERENCES


