Chapter 5
Committing to Organizational Change in IT Industry

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ABSTRACT

In the current competitive environment, managing organizational change successfully requires comprehensive understanding of change management concepts and processes as well as the implied drivers behind them. Information technology (IT) field is not an exception; growing interest exists for understanding organizational change and change management in the IT industry. Fast-paced changes in today’s IT and business environments are inevitable and the challenges associated with organizational changes are becoming more complex. This study aims to find at least partial answers to the question how employees’ commitment to change and the implementation quality of a change process affect achieving the goals and succeeding in an organizational change initiative. The study is conducted in two parts in a Finnish IT company providing complex IT solutions and services. The first part, the pilot study, identifies factors hindering employees’ commitment to change. The pilot study is followed by a quantitative main study, which investigates the relationships between employees’ level of commitment during the different phases of a change project, the change process quality, the importance and realization level of the different goals set for the change project, and the final success of the change initiative. The results indicate that a strong, positive relationship exists between the change process quality and the level of employees’ commitment to change.

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INTRODUCTION

At present, a large number of companies offering products and services in the information technology (IT) field are struggling in the middle of a severe global financial crisis. Many of these companies are forced to change their organizational structures, business models, and strategies as well as the technologies supporting the chosen strategies to maintain their competitiveness and to survive the harsh economic conditions. Consequently, there is a growing interest for understanding the key concepts of organizational change and change management in the IT industry, too.

Organizational change and change management have been studied widely over the last decades (Beckhard, 1969; Daft, 1998; Kübler-Ross, 1969; Salancik, 1987). One of the reasons behind such a high interest and continuous enthusiasm for understanding organizational change and its management stems from the dynamic and unpredictable surrounding environment of modern companies. Constant changes in the business and IT environments are inevitable, and the challenges associated with organizational change are correspondingly becoming more complex. In the IT field, it is not only the companies' business models or strategies that are creating the urgent need for changing but also implementing new innovative technologies and architectural directions are driving organizational change too.

The existence of change in the surrounding environment of IT organizations is, however, widely known and the importance of studying organizational change from different perspectives has been well-understood in many organizations long before this exceptional financial crisis. The results of the IBM Global CEO Study 2008 indicated that as much as 83% of the 1500 interviewed global executives expected a substantial change to take place in the next three years. The high number illustrated an increase of 20% from the results of the same global study conducted two years earlier. At the same time, however, only 61% of those executives thought that they had the sufficient knowledge, skills, and capabilities to manage the change successfully. This problematic situation has led to a phenomenon called the change gap. The change gap refers to a situation, where the challenges associated with organizational changes are expected to evolve faster than the knowledge and the skills to manage them (IBM, 2008).

Hence, studying the different aspects of organizational change as well as developing improved ways to manage changes successfully might not only help IT organizations in revising and implementing new business models, strategies, and technologies, but in the present, exceptional circumstances, it might even determine their future and survival.

Organizational change research has been traditionally divided into two major theoretical branches, the theory of change and the theory of changing (Bennis, 1966). The theory of change concentrates on describing the change process and the dynamics by which a change takes place in an organization, whereas the theory of changing refers to how to get a change implemented in an organization. The well-known Lewin’s (1951) model for organizational change and Schein’s (1996) interpretation of Lewin’s model represent the theory of change and are good examples of descriptive models of the organizational change process.

Lewin’s model and Schein’s interpretation for organizational change have been inspiring research also in the other theoretical branch, the theory of changing. Kotter (1995), for example, approached organizational change from the top management perspective and developed a normative model for organizational change utilizing both Schein’s and Lewin’s studies. He combined the most common change implementation mistakes into a high-level roadmap on how to transform an organization successfully. Another, rather similar and a widely cited normative model was developed by Cummings and Worley (1997).