STUDY OF FACTORS ASSOCIATED WITH EMPLOYEES’ RESISTANCE TO CHANGE AND ITS RELATION WITH CUSTOMER RESPONSIVENESS AND OUTCOME PERFORMANCE IN PRIVATE BANKS OF RASHT

Masoud Amoopour Rastekenari ¹, Seyed Mahmoud Shabgoo Monsef ², Kobra Majnoon ³
1. Department of Education Management, Islamic Azad University, Rasht Branch, Rasht, Iran
2. Department of Business Management, Islamic Azad University, Rasht Branch, Rasht, Iran
3. M.A. Student of Business Management, Islamic Azad University, Rasht Branch, Rasht, Iran
(Corresponding Author)

Abstract
This study examined factors associated with employees’ resistance to change and its relation with customer responsiveness and outcome performance in private banks of Rasht. It is a descriptive-analytical type of survey and applied research. Statistical population is composed of all employees of private banks in Rasht and 191 employees have been selected by stratified random sampling. To collect required data, a questionnaire was used. The validity of questionnaire has been confirmed by professors and experts in this field and the reliability of questionnaire has been confirmed by using Cronbach’s Alpha coefficients. Analyzing the collected data and evaluation of research hypotheses was performed by using a structural equation modeling analysis by Lisrel and Spss software. Findings indicated that there is a significant, positive and direct relation between self-efficacy and employees’ resistance to change in the studied population. Furthermore, there is a significant, positive and direct relation between job autonomy and customer responsiveness. The results also showed that employees’ resistance to change has a meaningful, negative and reverse relation with customer responsiveness and outcome performance.

Keywords: Resistance to change, job autonomy, self-efficacy, Impact of past changes, customer responsiveness, outcome performance.

INTRODUCTION
Change is an unavoidable phenomenon arising from the dynamics of environment and it is inevitable for an organization that desires to grow, achieve its mission, vision and objectives. Organizations have to adapt to the environment to become competitive and stay ahead or at least keep afloat (Agboola & Salawu, 2011, p 235). This implies that to achieve a sustainable competitive advantage, a firm should monitor and respond effectively and quickly to changes in customer needs (Sousa et al., 2010, p 6). Because a rapid respond to customers’ requests may position the firm as a first mover in the market and as a result enhances the performance of the firm in the market (Chavosh et al., 2011, p 125). Firms that are more responsive to their customer needs are more likely to achieve a more loyal and sustainable customer base (Sousa, 2010, p 6). Failed organizational change initiatives range from one-third to as high as 80% of
attempted change efforts (Appelbaum et al., 2012, p 765). Ijaz and Vitalis (2011) suggest that the low success rate in change programs can be attributed to employees’ resistance to change. Organizational change is implemented by their people, and thus employee commitment to change is essential. In fact, employee resistance is the primary contributor to the failure of organizational change efforts (Jaramillo et al., 2012, p 549). Organizational change involves moving from known to unknown. Because the future is uncertain and may adversely affect people’s competencies, worth and abilities, organizations’ members generally do not support change unless compelling reasons convince them to do so (Agboola & Salawu, 2011, p 236).

Resistance to change has been defined as “an individual’s tendency to resist and avoid making changes to devalue change generally and to find change aversive across diverse context and types of change” (Jaramillo et al., 2012, p 549). It is seen as one of the impediments to organisational expansion and growth due to its negative repercussions (Boohene & Williams, 2012, p 135). It seems that, people are primary inhibitors of change in organizations and it is important to pay attention to them (Agboola & Salawu, 2011, p 239). Thus, more research is needed to determine what factors are effective on employees’ resistance to change and whether it can affect customer responsiveness and outcome performance? In previous studies, factors associated with resistance to change have been studied in different conditions. Boohene & Williams (2012) show that less employee participation in decision-making, lack of trust in management, lack of motivation, poor channels of communication and weak information exchange, leads to more resistance to change. Jaramillo et al. (2012) indicate that perceived individual job impact is positively related to resistance to change, but self-efficacy and job autonomy is negatively related to resistance to change. Also, resistance to change is negatively related to customer responsiveness and outcome performance. Kauppila et al. (2010) indicate that salesperson's fear of failure, rejection, or punishment, is directly related to his or her reluctance to sell radically new products. Also, job satisfaction, organizational commitment and self-efficacy are inversely related to resistance to change. Oorak and Darvishpour (2010) show that attention to employees’ emotions, consultation to them and giving confidence and authorization to them can reduce resistance to change. Cho & Chang (2008) show that self-efficacy and job satisfaction, reduce resistance to change. Hornung & Rousseau (2007) indicate that the proactivity characteristic of workers enjoying on-the-job autonomy promotes their positive responses to structural change. Promoting worker autonomy itself can be a critical precursor to successful implementation of certain forms of organizational change. Giangreco & Peccei (2005) show that individuals’ perceptions of the cost/benefits of change and their extent of participation in the change process, have a significant impact on middle managers' propensity to engage in various forms of resistance to change. Matofi (2011) indicate that innovation has a significant and positive impact on market share, percentage of new product sales to total sales, and investment return. Chavosh et al. (2011) indicate that customer responsiveness is positively related to export performance. Sousa et al. (2010) show that customer responsiveness is positively related to export performance, and employee’s resistance to change is negatively related to export performance.

Most studies and theories on change initiative, implementation and management have been carried out in developed countries and in other industries (Boohene & Williams, 2012, p 135). Research on resistance to change in developing countries and in Iran’s banking Industry, is relatively few. Therefore, this study seeks to fill the gap, by finding out the main factors
influence resistance to change and its effect on customer responsiveness and outcome performance in the private banks of Rasht.

Figure 1: Resistance to change model (Jaramilo et al., 2012)

**Theoretical framework and literature review**

This study is trying to investigate the factors associated with resistance to change and its relation with customer responsiveness and outcome performance in the private banks of Rasht. Resistance to change has been considered as independent variable, and job autonomy, self-efficacy and impact of past changes have been considered as antecedents of it. Among the various factors that can affect resistance to change, customer responsiveness and outcome performance are evaluated. The relationships are considered by the following reasons:

Job autonomy defined as “the degree to which the job provides substantial freedom, independence and discretion to the employee in scheduling the work and in determining the process to be used in carrying it out” (Hornung & Rousseau, 2007, p 403). People who trying to keep their autonomy, resistant against those who control them. When employees feel that they don’t have enough power to influence on the future of organization, they resist more (Shahsamandi, 2005, p 3). Hornung and Rousseau (2007) show that employees are less likely to resist change, when they think that they can freely determine the way they perform their jobs. They assert that job autonomy enhances the worker’s confidence in accepting broader job roles and their willingness to behave in novel and innovative ways. Employees were less affected by change-related stress and think that managers trust them, and thus have more positive attitudes toward management-driven changes (Jaramilo et al., 2012, p 552). Employees with autonomy are more likely to feel they are part of the organization and are less likely to oppose change that is considered necessary for the firm’s survival and growth (Ibid, p 559). In view of this, it seems that:

**H1** - Job autonomy is negatively related to resistance to change.

Self-efficacy refers to judgments about the capability to organize and execute courses of action required to achieve designated levels of performance. It “is concerned not with the skills one has but with the judgments of what one can do with whatever skills one possesses (Wang & Netemeyer, 2002, p 218). Self-efficacious employees consider difficult job situations as
challenges to be mastered and are thus less affected by job stress. They are more likely to believe that they have control over the organizational resources that are necessary to respond to increased job demands. They can effectively cope with job-related obstacles and can better handle demanding situations that occur during their interactions with customers. They are also aware of their past success and are thus optimistic about their ability to perform well in the future. Giangreco and Peccei (2005) indicate that there is a direct link between individual’s attitude toward change and their behavioral reaction to it (Jaramillo et al., 2012, p 551). It is reasonable to expect that people who have high self-efficacy will be confident that they will be able to use new innovative systems skillfully and show lower resistance because they are sure of their ability and will dismiss the potential negative feelings and doubt about the innovation (Cho & Chand, 2008, p 843). Self-efficacy creates the resilience and courage that are needed in uncertain situations, whereas people low in self-efficacy dwell on risks to be avoided (Kauppila et al., 2010, p 311). It seems that:

H2. Self-efficacy is negatively related to resistance to change.

An individual’s evaluation is influenced by past experiences with organizational changes or the fear of unknown problems the proposed changes may bring. Impact of past changes has been defined as, “the individual’s negative evaluation from past changes and the degree to which they see change as a threat to their interests”. It is employees’ believe that past experience from change has ultimately resulted in greater demands placed on their jobs and a larger workload (Jaramilo et al., 2012, p 551). Political theorists believe that the origin of any changes in the organization is attempt to gain more benefits and those who their benefits are threaten by changes, are probably trying to maintain the status quo (Hadavinezhad et al., 2010, p 120).

According to organizational justice theory, an individual will either cooperate with or resist organizational change after considering the benefits and threats involved (Shum et al., 2008, p 1349). Thus an individual’s evaluation is either influenced by past experiences with organizational changes or the fear of unknown problems the proposed changes may bring. Giangreco and Peccei (2005) state that if individuals’ past experience from change has resulted in more costs than benefits, they are likely to exhibit higher levels of resistance to change. Often, employees believe that organizational changes have negative consequences because changes ultimately result in greater demands placed on their jobs and a larger workload (Jaramillo et al., 2012, p 551). It seems that:

H3. Perceived individual job impact is positively related to resistance to change.

Customer responsiveness is concerning with being prompt and right in responding to customers (Chavosh et al., 2011, p 124). It refers to the firm’s ability to quickly respond to customer-related changes. Maintaining and enhancing customer responsiveness requires an affective organizational systems characterized by an emotionally charged culture where employees are satisfied with their jobs and committed to the organization. This is possible when employees perceive that they have a high level of job autonomy. Numerous studies have found that job autonomy is significantly related to several indicators of a healthy organizational culture such as high levels of job satisfaction, organizational commitment, and intrinsic motivation (Jaramillo et al., 2012, p. 552). Rafiq and Ahmed (1998) argue that empowered boundary spanners can respond with greater agility to customer needs because less time is wasted in referring customer issues to management. Hartline and Ferrell (1996) hypothesize that empowerment enhances
customer-contact employees’ willingness to adjust their behaviors in response to customer demands (Ibid, p 553). Thus, it seems that:

H4. Job autonomy is positively related to customer responsiveness.

Resistance to change can reduce the firm’s capacity to provide superior customer service. It may also impair the firm’s ability to efficiently and effectively manage customer complaints. Salespeople who resist change may be less capable of finding creative solutions to customer’s complex demands (Jaramillo et al., 2012, p 553). Conservation goals seem to be incongruent with customer responsiveness because the disposition to adapt and respond quickly to changing customer needs is in conflict with the acceptance of established customs and respect for traditional ways of doing things. This is consistent with Kohli and Jaworski’s (1990) argument that People who are more open to new ideas and have a more positive attitude toward change are more likely to be responsive to changes in customer needs (Sousa et al., 2010, p 5). It seems that:

H5. Resistance to change is negatively related to customer responsiveness.

Outcome Performance is defined as “how the employees do their tasks”. In other words, it is job-related behaviors that employees show them (Ghalavandi et al., 2010, p 117). It is practical and reasonable application of specialized capabilities by which a person can play his role and attempt to realize the organizational goals (Kamyab, 2008, p. 12). An organization can obtain competitive advantage and high performance by appropriate adaptation to environment and development of new capabilities (Matofi et al., 2011, p 61). Resistance to change may likely impact the salesperson’s ability to engage in performance enhancing behaviors like adopting new technologies, learning new selling techniques, embracing new customer relationship management initiatives, and engaging in adaptive selling behaviors (Jaramillo et al., 2012, p 550). Also, employees may resist change openly or resort to subversive behaviors that can negatively impact performance (Ibid, p 559). Thus, it seems that:

H6. Resistance to change is negatively related to outcome performance.

In today’s fast-changing environment, customer needs are continuously evolving. This implies that to achieve a sustainable competitive advantage, a firm should monitor and respond effectively and quickly to changes in customer needs. Firms that are more responsive to their customer needs are more likely to achieve a more loyal and sustainable customer base (Sousa et al., 2010, p 6). Indeed, one of the most important determinants of the firm’s success in competitive markets is the firm’s capability in providing its customers with proper responds to their needs. A rapid respond to customers’ requests may position the firm as a first mover in the market and as a result enhances the performance of the firm in the market (Chavosh et al., 2011, p 125). Organizations can gain more, durable and longer-term profit by paying attention to the customers needs. Customer-oriented organizations (Compared with ordinary organizations), have better return on investment, Sales profits, market share growth, increasing stock prices and loyalty rate. They also have less costs and Loss of customer (Gharacheh & Ghamkhari, 2006, p 94). Achievement and performance improvement in long-term depends on the ability of the organization and employees in creating of valuable benefits for customers and doing it better than competitors. It seems that in market-oriented firms, the performance will be higher than other companies (Doaei et al., 2012, p 86). In view of this, it seems that:

H7. Customer responsiveness is positively related to outcome performance.
RESEARCH METHODOLOGY

Sample
The statistical population is composed of 380 employees from 12 private banks in Rasht (in Iran). The sample size was determined by using Krejcie and Morgan’s (1970) formula and was equal to 191. Required data were gathered through stratified random sampling. A total of 226 questionnaires were distributed to the employees of private banks in Rasht. Each questionnaire was accompanied with a cover letter that described the study and assured the respondents of complete confidentiality and anonymity. Through this procedure 191 usable questionnaires were collected and the response rate was 84.5%.

Measure
In order to collect primary data, a questionnaire is utilized as the survey instrument of this study. It was used by Jaramilo et al. (2012). It consists of two parts. In the first part respondents answer five demographics questions (gender, age, literacy levels, employment status and amount of work experience). The second part is subsequently utilized to evaluate the variables of research. It consisted of six variables: Job autonomy (4 questions), self-efficacy (3 questions), individual job impact (2 questions), resistance to change (8 questions), customer responsiveness (4 questions) and outcome performance (4 questions). Employees indicated their agreement with each item, using a seven-point Likert scale ranging from “strongly disagree =1” to “strongly agree=7”.

Validity & Reliability
Validity of questionnaire has been confirmed by professors and experts in this field. The value of Cronbach’s alpha confirmed reliability of the questionnaire. The Cronbach alpha coefficients and factor loadings of the items are shown in Table 1.

Table 1: The Cronbach alpha coefficients for each of the variables

<table>
<thead>
<tr>
<th>variable</th>
<th>autonomy</th>
<th>Self-efficacy</th>
<th>Impact of past changes</th>
<th>Resistance to change</th>
<th>Customer responsiveness</th>
<th>performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach α</td>
<td>0.829</td>
<td>0.920</td>
<td>0.729</td>
<td>0.798</td>
<td>0.912</td>
<td>0.939</td>
</tr>
</tbody>
</table>

RESULTS AND FINDING
- Descriptive statistics
The average age was 34.6 (SD=6/7) years with ranges from 24 to 50 years and the average of work experience was 9.7 (SD=6/9) years with ranges from 1 to 25 years. The majority of the respondents were males (57.6%) and most of them (82.1%) had academic education. Description of the research variables indicated that the amount of employees’ self-efficacy and job autonomy in the investigated sample is high, small number of employees had negative evaluation from past changes and resistance to change is low. Also customer responsiveness and outcome performance are high. Descriptive statistics of variables are shown in Table 2.
Table 2: Descriptive statistics of variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy</td>
<td>5/25</td>
<td>7</td>
<td>6/3573</td>
<td>0/40425</td>
<td>0/163</td>
</tr>
<tr>
<td>Self-efficacy</td>
<td>6</td>
<td>7</td>
<td>6/7836</td>
<td>0/40573</td>
<td>0/165</td>
</tr>
<tr>
<td>Impact of past changes</td>
<td>1</td>
<td>4/5</td>
<td>2/5759</td>
<td>0/63515</td>
<td>0/403</td>
</tr>
<tr>
<td>Resistance to change</td>
<td>1</td>
<td>2/25</td>
<td>1/4725</td>
<td>0/2579</td>
<td>0/067</td>
</tr>
<tr>
<td>Customer responsiveness</td>
<td>5</td>
<td>7</td>
<td>6/6003</td>
<td>0/45011</td>
<td>0/203</td>
</tr>
<tr>
<td>Outcome performance</td>
<td>4/75</td>
<td>7</td>
<td>6/4634</td>
<td>0/41115</td>
<td>0/169</td>
</tr>
</tbody>
</table>

**Inferential statistics**

**Model fit**

Model fit was evaluated via the Comparative Fit Index (CFI), Normed Fit Index (NFI), Goodness of Fit Index (GFI), Adjusted Goodness of Fit Index (AGFI), Root Mean square Residual (RMR) and the Root Mean Square Error of Approximation (RMSEA). And the results from the estimation of the confirmatory factor analysis model indicate that research model has a good fit ($\chi^2=761/84$, df=242, CFI=0.88, NFI=0.82, GFI=0.91, AGFI=0.87, RMR=0.048 and RMSEA=0.075).

**Testing of the Hypotheses**

The hypotheses were tested using structural equation modeling analysis by Lisrel software. If fit of models be acceptable, parameters estimation will be checked. The ratio of “estimation of each parameter” to its standard error is shown by Z statistics. When the value of Z is larger than 1/96, at the level of 0/05 and when the value of Z is larger than 2/56, at the level of 0/01, the relation will be significant. The t-values and signs of the standardized coefficients of the model are represented in table 3.

Table 3: the results of research Hypotheses

<table>
<thead>
<tr>
<th>hypotheses</th>
<th>standardized coefficients</th>
<th>t-value</th>
<th>results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>-0/016</td>
<td>-1/42</td>
<td>Not significant</td>
</tr>
<tr>
<td>H2</td>
<td>-0/65</td>
<td>-2/68</td>
<td>significant at $\alpha=0.01$</td>
</tr>
<tr>
<td>H3</td>
<td>0/0</td>
<td>0/0</td>
<td>Not significant</td>
</tr>
<tr>
<td>H4</td>
<td>0/50</td>
<td>5/84</td>
<td>significant at $\alpha=0.01$</td>
</tr>
<tr>
<td>H5</td>
<td>-0/44</td>
<td>-4/69</td>
<td>significant at $\alpha=0.01$</td>
</tr>
<tr>
<td>H6</td>
<td>-0/97</td>
<td>-6/06</td>
<td>significant at $\alpha=0.01$</td>
</tr>
<tr>
<td>H7</td>
<td>-0/16</td>
<td>-1/31</td>
<td>Not significant</td>
</tr>
</tbody>
</table>

**Discussion and Implications**

The results indicate that the relationship between Self-efficacy and resistance to change is negative and significant ($r=-0/65$). It is consistent with previous results reported by Jaramillo et al. (2012), Kauppila et al. (2010) and Cho & Chang (2008). Employee with high levels of self-efficacy spend more time and energy than others, thus they can effectively cope with new conditions and job-related obstacles. They believe that have enough ability, skill and knowledge to deal with the situation after changes, they suppose that are enable to learn new skills required in the changed workplace and/or role. Thus, they don’t see changes as a threat to their interest
and they are less likely to resist change. In order to reduce resistance to change, the acceptance and selection of new employees should be done more accurately, and the amount of employees’ confidence to their abilities should be evaluated by different methods such as psychological Tests. Also, current employees’ attitudes towards their capacity (to deal with changes) should be improved by education, supportive initiatives and improvement of their coping skills. This thinking should be created in the minds of employees that the change is not a threat, and they can develop their skills and abilities by it. Recalling of past changes and encouragement of employees who were effective in the past successful changes, can be improved levels of confidence and employees’ attitudes toward change.

The results indicate that the relationship between Job autonomy and resistance to change is not significant. It is not consistent with previous results reported by Oorak & Darvish poor (2010), Jaramillo et al. (2012) and Hornung & Rousseau (2007).

The results indicate that the relationship between impact of past changes and resistance to change is not significant. It is not consistent with previous results reported by Jaramillo et al. (2012) and Giangreco & Peccei (2005). The results of the second and third hypotheses indicate that other factors such as personality characteristics of employees and confidence to their ability during exposure to organizational changes are more effective than job autonomy or impact of past changes on resistance to change. Also, factors such as motivation, ability and expertise, risk taking, the amount of available information, accountability, intrinsic and extrinsic rewards, organizational commitment and job satisfaction can be considered as a moderator variable in these relationships. These cases can be investigated in future research.

The results indicate that the relationship between job autonomy and customer responsiveness is positive and significant (r=0.50). It is consistent with previous results reported by Jaramillo et al. (2012). The employees of private banks have a better understanding of the customer’s personality traits and their expectations (than managers), because they are in direct and continuous connection with them. Thus, employees that have high levels of job autonomy, they can show more appropriate response toward customers’ demands. Giving high job autonomy to employees, they see themselves as directly responsible for the outcomes of their work. Therefore, they are trying hard to do their duties and response to customers needs. Therefore, needed skills and information should be provided for employees and then their job autonomy should be increased. In these circumstances, employees decide themselves when exposure to existent problems (without reference to Manager) and response to customers needs with high agility and speed.

The results indicate that the relationship between resistance to change and customer responsiveness is negative and significant (r=0.44). It is consistent with previous results reported by Jaramillo et al. (2012). To remain competitive, organizations must constantly learn and change themselves to effectively meet the ever-changing and complex customer demands. Employees’ resistance, reduce the ability of finding new solutions to customer responsiveness. Thus, to improve the quality of customer responsiveness, managers of private banks should reduce resistance to change in different ways such as employee participation, open communication, extension of Job security, expressing the necessity of change and support from employees.

The results indicate that the relationship between resistance to change and outcome performance is negative and significant (r=-0.97). It is consistent with previous results reported by Jaramillo et al. (2012), Sousa et al. (2010) and Matofi (2011). Employees are the actual implementers of
change. To have proper performance, they must have a positive attitude towards changes and should support it. Resistance to change can affect the amount of employees' motivation and efforts. Then it reduce their performance. Also, employees may resist change resort to subversive behaviors that can jeopardize the proper performance. Then, managers of private banks should facilitate the process of changes by providing required preparations and interest employees to accept changes by motivational methods.

- The results indicate that the relationship between customer responsiveness and outcome performance is not significant. It is not consistent with previous results reported by Jaramillo et al. (2012), Sousa et al. (2010) and Chavosh et al. (2011). It indicates that other factors such as resistance to change are more effective than customer responsiveness on their performance. The results of the Seventh hypotheses indicate that other factors such as job autonomy, motivation, ability and expertise, role clarity, job identity, job satisfaction, employees’ participation in decision-making, organizational culture, facilities, financial and non-financial incentives, appreciation of employees’ efforts can be considered as a moderator variable in relationship between customer responsiveness and outcome performance. These cases can be investigated in future research.

References


