Appling Change Management Critical Success Factors in Bank of Jordan and Capital Bank

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Abstract

The importance of critical success factors in the change process must be stressed due to its key role in assessing change programs .yielding benefits of such programs, identifying challenges and opportunities, achieving competitive advantage, and guaranteeing the overall success of the organization and attaining its goals. This study aims to identify the application of the concept critical success factors of change management in both Jordan bank and capital bank for each bank, compare these factors among this tow banks in order to develop a new change model. The study has an explanatory nature since it uses distributed questionnaires on all the managers of upper middle management levels in both banks. The study results indicate that the following seven critical success factors are the one that both surveyed Banks agreed upon: resources, top management support, quality, employee satisfaction, training, technology, process and systems. The study also showed no statistical significant variation among the surveyed banks in terms of change management component.

Keywords: Change management critical success factors. Change management factors.
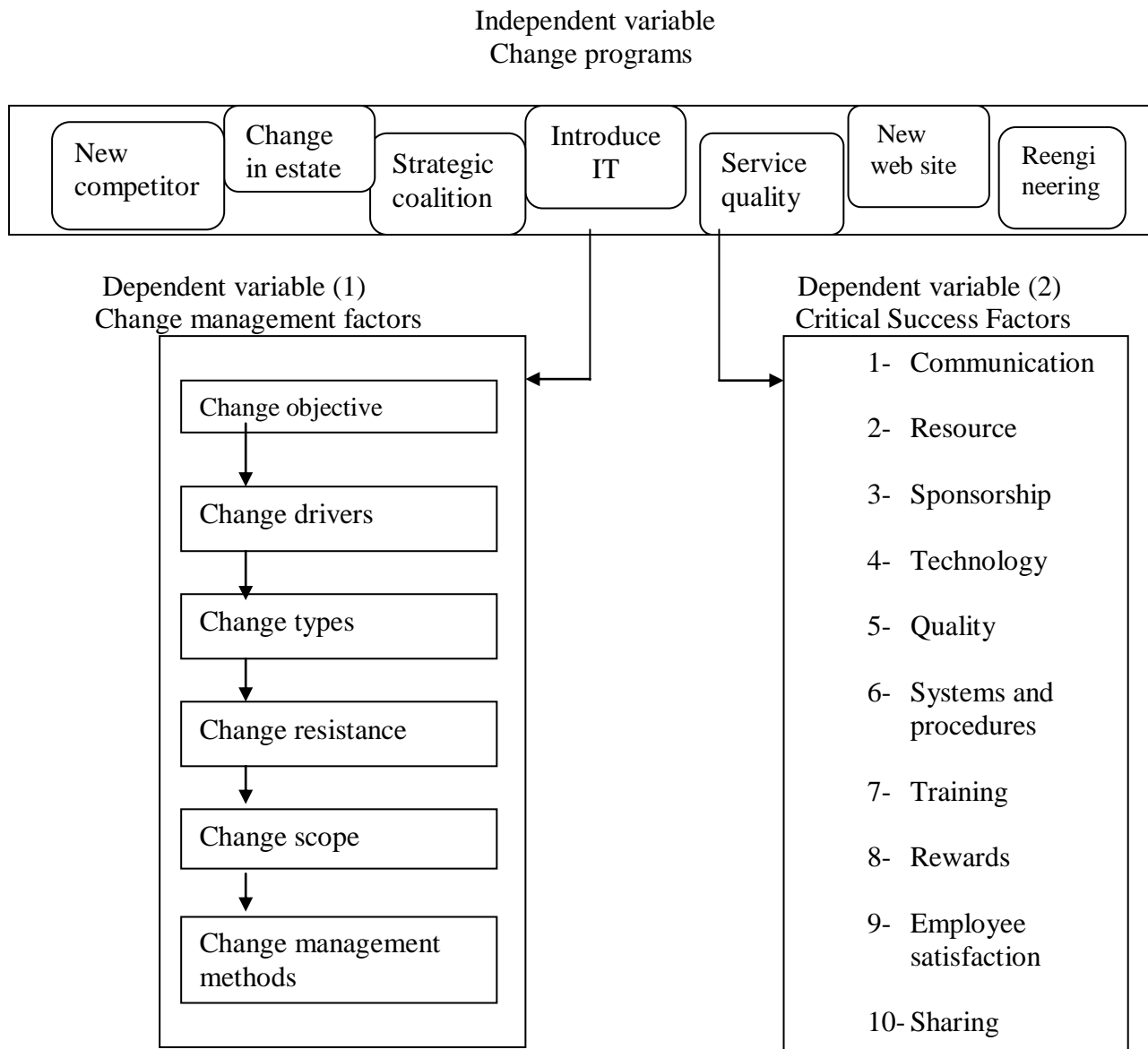
Introduction

Growing competition, privatization and deregulation across many parts of industry, commerce and the public sector have led many organizations to try to develop in their staff more commercial awareness and more concern of quality. Organizations must modify itself not just from time to time but all of the time. Change management helps organizations in increasing its ability to solve its problems, improving systems of work and achieving effectiveness and competitive advantage. For best implementation of change management programs critical success factors should be held in order to improve work quality and organizational performance. Corporate environment have become more growth end customer-oriented, faster moving and increasingly international, these trends demand grater responsibility, initiative and leadership from manager at all levels of the organizations. (Hamlin.2001)Organizations must run fast to keep up with changes taking place all around them (Daft 2001) Change, rather than stability is the norm today .Whereas change once occurred incrementally and infrequently, today it is dramatic and constant. . (Lawrie.1990). Research is telling us that, despite all our theories and models of change management, a large number of change initiatives fail in achieving their full objectives (Bishop.2001) A major aspect of answering the question of management How *to make change happen?* Often involves overcoming obstacles. Most obstacles are owned by different people associated with the change. (Kotter, 1996)The need for collaboration and consensus to proceed frequently can make or break a proposed improvement.

While a number of change initiative fail to reach all of its change objectives , organizations needs to understand the critical success factors in change management , because it plays a key role in evaluating change programs , challenges and opportunities and achieving competitive advantage.(Griffith,2002)

This paper aims to discus the major aspects of change management and analyzing the critical success factors in tow Jordanians banks; Bank of Jordan and capital bank,

Research Model

Figure (1) the research model

Independent variable
Change programs

| New competitor | Change in estate | Strategic coalition | Introduce IT | Service quality | New web site | Reengineering |

Dependent variable (1)
Change management factors

Dependent variable (2)
Critical Success Factors

Change objective

Change drivers

Change types

Change resistance

Change scope

Change management methods

1- Communication

2- Resource

3- Sponsorship

4- Technology

5- Quality

6- Systems and procedures

7- Training

8- Rewards

9- Employee satisfaction

10- Sharing

The research model above consists of a number of factors in change management:
1- Critical success factor that consist of 10 variables: communication, resources, top management sponsorship, technology, quality, systems and procedures, training, rewards sharing and employee satisfaction. Measuring these variable to each program of change: (building new web site for the company, providing high quality services, introducing and using information technology, strategic coalition, changing the estate of the company, rise a new competitors in the Jordanian market)
2- The seven factors of change management: change management objectives, change management drivers, change management types, change resistance forces and its eliminating ways, change scopes, methods and impact have been measured by the

questioner distributed in both bank of Jordan and capital bank .This questioner has been evaluated by comparing it with the literature written in change management, trying to reach a questioner that fits with the Jordanian environment.

Procedural definitions

Chang management: planned systematic approach to change. it has three key component: a future stat to be obtained , a current state to be behind , and a structured organized process from getting form one state to other
(Johnson,2001)
Critical success factors: It is a number of necessitous requirements that is required for implementing a successful change management processes and programs by organizations.
Change management goals : The objectives that the organization treys to achieve
it such as improving the organizational performance , productivity, more response to customer, developing employees skills and abilities and obtaining competitive advantage. (Hamlin, 2001)
Change management drivers: The external and internal forces that drive the need for organizational change , this forces buffeted organizations from all side by pressures that call for the change in structure, job design, management polices , culture or entire ways of doing business.(Daft 2001)
Change management types: What the change aims to change, such as changing people, changing technology, changing products or service ….
Changes in an organization can often be identified as one of four types, with the definite possibility of overlap among them: *Operational changes, Strategic changes, Cultural changes*, Political *changes* (Lorenzi 1994)
*Change management scope***:** The extent to which the changes are incremental or radical for the organization. (Daft, 2001)*Incremental change*: represent a series of continual progression that maintain the organizations general equilibrium, and often affect only one organizational part (Daft, 2001) Radical change: the change that breaks the frame of reference of the organization, often transforming the entire organization. (Daft, 2001)

Literature Review
A literature review was conducted to identify and highlight the importance of change management programs and its critical success factors. Creating change starts with creating a vision for change and then empowering individuals to act as change agents to attain that vision. (Lorenzi 1994) .continuous change will permeate every corner of the IT organization and that the CIO will need all his/her leadership skills to consistently deliver results to the business. One of the primary drivers of change in IT organizations is the overall acceleration of change in the general business environment. This change can take the form of mergers, acquisitions, strategic alliances, global partnerships, or dramatic economic changes and pressures.(Reich & Nelson,2003)
A literature search reveals a variety of definitions of change management Bishop define it as a *continuous process* of aligning an organization with its marketplace, by being more efficient and effective than competitors, and continuously collecting feedback from within the organization (Martinez,1996). Wenda and Debra Hofman also offered an improvisational change model that recognizes change as a typically ongoing process made up of opportunities and challenges which are not predictable at

the start" Most importantly Wenda and Hofman offers a systematic approach with which to understand and better manage the realities of technology-based change in organizations today ". (Wenda & Hofman1997) Specifically, change management examines external and internal conditions affecting an organization and uses skills, knowledge and strategies to effectively plan and implement change as well as support continuous improvement following change (Anastasiou, 1998). Change management is an effective tool for reducing motivational, incentive and environmental barriers while defining and improving the structure of an organization. It is *the process* that controls change within organizations, furthermore it set up the appropriate environment of change, encourages staff to support the change and sets out to give them skills to deal with change. (Paton, 2001) Change management aims to achieve a number of objectives such as increasing responsiveness to organizational environment, enhancing level of employee participation and empowerment and increasing employee moral. When organizations apply change management skills; changes are implemented more swiftly, economically and with less disruption to those involved. (Cohen, 2002) organizational change management defined by the (PSC Consulting 2002) as a process of realigning an organization to meet the changing demands of its business environment, including improving service delivery and capitalizing on business opportunities. This change is generally underpinned by improvement to the business process and newer better suited technologies

Effective teamwork and effective organization structure and system may give rise to the need for change. (Caranall 1995) .However, without effectiveness in there above three areas, other changes will be more difficult to implement, such a new product,| service, new market or client groups and new technologies**.** According to Hamlin (2001), the business organization of the future , twisted into a new shape by global competition , changing markets and technological breakthrough , is emerging with distinct features ,it will be information based ,decentralized, linked through technology, creative collaborative ,with team structure …, which is possible only in an environment of clear , strong and shared operating principle and of real trust. Collett also believe that the motivational, incentive, and environmental barriers can be reduced by managing change within an organization. The key to implementation is recognizing a need for change and applying appropriate measures to turn the problem into a solvable opportunity. (Collett 2005)

A number of papers and articles in change management agree that the organizational change management includes the management of changes to the organizational culture, business processes, physical environment, job responsibilities, staff skills/knowledge and policies/procedures. The realization of long term success in change management strategies is more likely to be achieved if a number of critical success factors are employed (Doylee,2002)) The appropriateness of the factors adopted, have major implications for the way people experience change and as a result effect the overall outcomes that are to be achieved. As the IT organization becomes a more virtual, global organization, students will need the skills to interact with diverse teams (Davenport & Pearlson, 1998; Markus & Agres 2000; Hill et al., 2001). While some of this ability can come from liberal arts education and business courses other than IT, these skills should be practiced in both the MIS and computer science classrooms. The IS research community has already begun an active program of research into virtual and global teams, and this study indicates that this research should be accelerated.

To ensure smooth and successful implementation of change management, Project Management and leadership need to define and establish the overall strategic direction for the management of such change within the organization. The Project Management must ensure a smooth and successful transition from the old environment to a new environment. The strategy to manage this transition is referred to as Organizational Change Management.

Critical Success Factors

There is a need for change leaders to increase their capacity to diagnose potential resistance (Kotter, 1996).Contemporary organizations exist in such turbulent times that change is no longer a choice. *Successful change requires contributions from all individuals and everyone needs to understand the realities of change, in particular that change will not solve all the current problems within the organization.*

In the face of increasing levels of business and technology change, CIOs are attempting to build robust, standardized, flexible IT architectures and IT organizations. This implies that IT education and research needs to focus on these critical areas, in a way that links the technical architecture to the needs of a flexible organization, leaders must make sure that new people to the team or group also embrace the change.

The critical success's factor for change management is concluded as:

- Make people believe that change is important and needed soon- By knowing what the daily routine is within your group, who the leaders are, who the followers are.
- Making change happen. - A leader should put together a group made up of individuals with enough power that making change could happen.(bishop.2001)
- Focus on long-term results over short-term gains. The project leadership must Position and communicate change as an ongoing process.
- Develop a Vision and Strategy- A leader should create a positive vision of where change will take the group; the opportunities that change will bring and the hopeful future that is being created. However, more than that, the leader must also develop a plan for getting to the destination you have talked about.
- Encourage action among all of your followers and Talk about the new vision once the vision is created and a plan made, a leader must use every resource possible to always discuss those new visions and plans. , leaders need to encourage followers to take logical risks, think outside of the box and use non-traditional ideas, activities and actions.
- A leader should use their credibility to change all of the policies that no longer fit the new vision they must hire and promote individuals with the talents to make the change real.
- Leaders of change must make sure that the change becomes a part of the daily routine of their organizations They can do this by making sure that policies and incentives match the change
- Change is a long term process, a leader must figure out a way to plan for improvements in the organizations Leaders should create small steps where people can have successes. Once those opportunities for success are created, the leader must reward the people who achieve the goals.

Research Methodology and Design

This study focused on a rare subject in Jordan business environment using:
- Multiple case study method.
- Descriptive since it described the characteristic of the study sample and variables.
- Analytical since it diagnose the relationship among variables.
- the (Kronbach Alpha) was used, according to the agreement degrees of the participants and the results of Kronbach coefficients was 80.22% (42 Cases, 33 items)

- ANOVA test analysis has been used to test the research hypothesis.

In determining the research design, objectives were formulated to generate an overall research question. In addition to these objectives, consideration was given to the limited resources available to the researcher, primarily those of financial and time constraints. Based on these factors an appropriate research design was created. In order to examine the research questions, data was gathered through literature review and questioner.

Respondents

- The population of these study consisted of all managers in the upper middle management in Bank of Jordan and the capital Bank.
- The capital Bank consisted 20 manager in the middle management Jordan Bank consisted of 22 manager in the middle management
- The study sample in Bank of Jordan consisted of 22 manager representing 100   % of the population, the capital Bank consisted of 20 manager representing 100 % of the population.

The following methodology was specifically chosen in order to provide qualitative and quantitative analysis, pertaining to a specific aspect of change management that has received limited debate. That is –What are the critical success factor that helps organizations to implement a successful change programs and process?

Conclusion

The study shows that the following seven critical success factors are ones that both surveyed bank agreed upon: Resources, sponsorship, technology, systems and process, training employee satisfaction, quality. This paper also concludes that there is no statistical significant variation among the surveyed banks in term of change management component.

Employees in both banks must know and understand that change is here to stay and change has no end point. Organizations must Involve is employees during planning and execution periods to ensure that the organization develops credible messages that its workforce can own. It also needs to ensure stakeholder involvement in all aspects of the change process. It is always easier for employees to accept ideas that they have generated as opposed to ones that are imposed on them. Leadership must demonstrate commitment to change by communicating key messages and themes, listening to employees, and to incorporate their views, perceptions, issues and concerns into ongoing strategies. Leadership must develop a shared vision and direction to guide

project progress, decisions and activities demonstrated commitment to this vision from all process owners.

Organizations must ask itself the following question:

1-Who is responsible? Do we have a leader who owns and champions the new culture?

2-Do employees see the reason for change? Understand why it is important?

3-Do management and employees…See the output of the change in behavioral terms?

4-Do the sponsors of change…Recognize who else needs to be committed to make the change.

Recommendation

1-Identify critical success factor in change programs and to take them in consideration by top management. Such factors may include providing necessary resources for the change process assuring top management support, exploiting modern technology, developing systems and processes, applying quality standards, wining employee satisfaction and working on employee training.

2-Pay attention to employee involvement in change process through establishing a strategy based on employee participation in all phases of change process.

3-Create suitable executive work environment and competitive climate to foster the banking sector in Jordan, and help it grow continuously.

4-Conduct more research and studies regarding organizational change in Banking sector in Jordan since this sector is rapidly growing , and have a great impact on all other business sectors

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