

# Employees' Readiness for Change of an Indonesian State-owned Plantation Company

Gustrispa Naomi Sirait

Faculty of Psychology, University of Sumatera Utara, Medan, Indonesia

Email address: gustrispas@gmail.com

**Abstract**— Organizational changes are an inevitable process that will happen whether it is expected or not. Therefore, it is important for organizations to prepare themselves before the actual changes happen. Employees' readiness for change could determine whether change initiatives will be successfully implemented or failed miserably. This study aims to examine the level of readiness for change among state-owned plantation company's employees based in Indonesia which is currently implementing cultural changes. Survey responses collected from a sample of 196 participants (130 males and 66 females) which were selected through accidental sampling technique. Data were collected by using readiness for change questionnaire designed based on the theory proposed by Holt et al. (2007). Data were analyzed by using descriptive analysis and the result showed a rather high level of readiness for change among the samples. The results of this study are expected to provide an understanding of readiness for change of state-owned company employees affiliated to changing, as well as information to organization to maintain a high level of readiness for change.

**Keywords**— Cultural change, Organizational Change, Readiness for change.

## I. INTRODUCTION

Organizations are human-like in a way that both are constantly changing and growing. Pieterse, Caniels, & Homan (2012) describe organizational changes as inevitable natural phenomena because they can help the development of the body itself and its members. Organizational changes can be caused by internal and external factors. The general goal of organizational change is to be able to adapt to the environment and improve performance (Jacobs, van Witteloostuijn, & Christe-Zeyse, 2013; Robbins & Judge, 2013). Conversely, organizations that fail to respond to demands for change can experience a crisis, failure, until the death of the organization (Burnes & Jackson, 2011).

Based on data from the Badan Pusat Statistik 2013, the estate crops sub-sector ranks third largest in the agriculture sector, after the food crops and livestock subsector. The agriculture census also revealed an increase in the number of legal agricultural companies in the plantation subsector by 2.216 companies. This amount represents an addition of 354 companies from 2003. In addition, there are also 1.461 other agricultural businesses in the plantation subsector. In other words, competition in the plantation sector is getting higher.

PT. X is an established agroindustry state-owned enterprise. Business activities of the company include managing, processing, manufacturing, and marketing of plantation products on a wide variety of commodities, such as

palm oil, latex, sugar cane, tea leaves, coffee beans, cacao, tobacco, timbers, fruits and various other plants.

For years, PT. X has undergone some major transformations in various business aspects. This is in accordance with the company's commitment to improve the quality of the company and achieve the company's vision that is to become a world-class agribusiness company. Based on their Annual Report on 2016, PT. X established a corporate transformation program as a policy direction going forward, which is generally aimed at being able to improve the company fundamentally and comprehensively.

In 2019, the company is also planning on other changes, namely the transformation of corporate identity. This was done with the spirit of change that prioritizes operating excellence in carrying out all company activities. Furthermore, the company has also carried out a corporate culture transformation by setting new values for PT. X which is expected to become a new work culture for all employees. The new values are a refinement of the previous organizational culture, which was determined and set forth in PT. X Annual Report of 2016.

During the transformation period, the involvement of all PT. X employees are expected in the process, because there will be no changes happened if there are no support from entire employees. Failure to make changes can be detrimental to the organization in various forms, such as material losses, time and energy wasted, moral suffering and the emergence of job insecurity felt by employees, even increasing resistance to change in the future. Therefore, companies are required to pay close attention to the phenomenon of organizational change, especially related to factors influencing the success of change.

Employee attitudes and behaviors towards organizational change can influence the success of change. One form of attitudes and behavior is the readiness to change employees (Choi, 2011). Employee change readiness in this study is defined as a comprehensive attitude which is simultaneously influenced by the content, process, context and attributes of individuals involved in a change, reflecting the extent to which the individual's tendency to approve, accept and adopt specific plans aimed at changing the status quo. In the context of organizational change, readiness to change employees can also be seen from the behavior that supports change, namely the actions of employees who actively participate, facilitate, and also contribute to the proposed change (Kim, Hornung, & Rousseau, 2011).

Referring to the explanation above researchers are intrigued to know the extent of readiness for change,

specifically in terms of the implementation of cultural transformation, which is currently being carried out in the employees of the PT. X.

II. OBJECTIVE AND METHODS

The purpose of this research is to describe the readiness for change among Indonesian state-owned plantation company which is affiliated with implementing cultural changes. This research was conducted at the PT. X Headquarter. The data collection started after the company officially granted permission.

Readiness for change was measured using a questionnaire designed using the theory of readiness for change proposed by Holt et al. (2007). The questionnaire assessed readiness along four dimensions, namely appropriateness (4 items), managerial support (4 items), change-specific efficacy (4 items), and personal benefit (4 items). With 16 items in total, the coefficient alpha of the scale is (.80). Likert model in which items used statements with five choices of an answer: strongly agree, agree, neutral, disagree, and strongly disagree. The scores would move from 1 to 5, and the statements were presented in the positive and negative wording. Data obtained were later analyzed by descriptive analysis. The first page of the survey provided information about the study objectives and conditions of participation. Survey completion took approximately five minutes.

The final sample was comprised of 196 employees from an state owned organizations that were currently going through a large-scale cultural change. Research participants were 196 employees resulting in a response rate of 84.1% (37 more participants started but did not finish the survey). The participants were mostly male (66.3%) with a mean age of 39.5 years ( $SD = 10.7$ ); 25% completed high school education, 3.1% completed professional higher education, 63.3% completed a bachelor degree, and 8.7% completed a master degree; more than half of the participants (57.7%) had over 20 years of job tenure.

III. RESULT AND DISCUSSION

The majority of research respondents have a high readiness to change and none of the respondents reported a low level of readiness to change. This illustrates the condition of PT. X employees who tend to be ready to approve, accept, and adopt the changes that the company declared.

The series of large-scale transformations of PT. X that began in 2016 to date might explain why the level of readiness to change employees tends to be high. The change begins with a shared awareness of the subsidiaries of PT. X throughout Indonesia, which suffered great losses and various external challenges, encouraging companies and all employees to change. In addition, employees have experienced the success of the previous changes, in which PT. X successfully conducted a corporate turnaround with a growth of more than 200% (profit achieved around Rp 900 billion per 2017). It should be noted that one year earlier (2016), PT. X suffered a loss of approximately Rp 800 billion.

TABLE I. Result comparison.

Value	Descriptive Analysis			
	Min	Max	M	SD
Hypothetic	16	80	48	10,67
Empiric	48	77	62.71	5.67

The figures in Table I illustrate that the empirical mean of the score is way higher than the hypothetical. This finding indicates that change readiness level of PT. X's employees is higher than average.

TABLE II. Frequency of change readiness level.

Range	Category	Frequency	Percentage
< 37,33	Low	-	-
37,33 – 58,67	Moderate	39	19,9 %
> 58,67	High	157	80,1 %

The figures in Table II illustrate that of all respondents ( $n = 196$ ), none of them have a low readiness for change. As many as 80.1% respondents have a high readiness to change, and the rest, which is 19.9%, has readiness to change at a moderate level. The results imply that majority of the respondents are confident in their abilities and skills to carry out tasks related to proposed changes, that the change to be made is really needed and that the change can overcome the gap and will produce benefits for both of the organization and themselves, and lastly the management will support and commit to the proposed changes.

With adequate change readiness, companies can implement change without much resistance from employees. Thus, the ultimate goal of change can be achieved. However, high readiness for change also has other implications. Employees will tend to be passive to the change plans designed by the company. This attitude can reduce criticism so that it cannot filter out plans for change that could be dangerous for all parties. Therefore, the company's role becomes crucial in analyzing, designing, and determining change plans before communicating them to employees. In short; it takes two to tango, both company and employees should collaborate and jointly build a change initiatives that is actually beneficial.

Employees' readiness for change is a state that can change along times, rather than personality traits that tend to persist. As Choi (2011) employees' attitudes toward organizational change are largely attributed to the situational variables particular to change initiatives, and as a result, may evolve over time as their experiences change. The implication for HR practitioners and agents of change is to understand what factors can increase or decrease employees' readiness to change. By doing that, previous parties can tailor-made programs to maintain and improve their employees' change readiness.

ACKNOWLEDGMENT

I am deeply honoured to be supervised by Zulkarnain, Ph.D, Psikolog, Ferry Novliadi, M.Si and Siti Zahreni, M.Psi, Psikolog. Also, this work would not been possible without the help of the PT. X's employees. I am very thankful to Ir. Robertman Sirait and Dra. Rispadina Manalu for their



encouragement and useful critiques of this research work. Finally, I wish to thank Philips Napitupulu who provides unending psychological support and insightful discussion during the research.

#### REFERENCES

- [1] B. Burnes and P. Jackson, "Success and failure in organizational change: an exploration of the role of values," *Journal of Change Management*, vol. 11, issue 2, pp. 133-162.
- [2] M. Choi, "Employees' attitudes toward organizational change: A literature review," *Human Resource Management*, vol. 50, issue 4, pp. 479-500.
- [3] D. T. Holt, A. A. Armenakis, H. S. Field and H. G. Stanley, "Readiness for organization change: The systematic development of a scale," *Journal of Applied Behavioral Science*, vol. 43, issue 2, pp. 232-255.
- [4] G. Jacobs, A. v. Witteloostuijn and J. Christe-Zeyse, "A theoretical framework of organizational change," *Journal of Organizational Change*, vol. 26, issue 5, pp. 772-792.
- [5] T. G. Kim, S. Hornung and D. M. Rousseau, "Change-supportive employee behavior: Antecedents and the moderating role of time," *Journal of Management*, vol. 37, issue 6, pp. 1664-1693.
- [6] J. Pieterse, M. Caniels and T. Homan, "Professional discourses and resistance to change," *Journal of Organizational Change Management*, vol. 25, issue 6, pp. 798-818.
- [7] S. P. Robbins and A. T. Judge, *Organizational Behavior*. 15<sup>th</sup> ed. New Jersey, Boston: Pearson.