

Role of Building Internal Capabilities in Managing Change

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Abstract:

In recent times, to survive and succeed in the constantly unfolding business environment it has become crucial for many organizations to build internal capabilities. Previous studies show that by building internal capabilities, organizations and its members can respond to and cope with change more effectively and competently. This paper intends to investigate the role of building internal capabilities in managing change effectively and construct a framework focusing on two elements namely individual capability and organizational capability.

Keywords: Employee Empowerment; Commitment to Change, Technological Capability, Corporate Governance, Change Management.

I. 1 Introduction

Today every organization is facing change due to some internal or external factors of the cutthroat competitive environment. To gain innovative competitive advantage in the changing world continuous development is necessary. With the aim to survive in the competitive world and in the world which is facing constant change, this paper focuses on the two significant elements namely individual capability and organization capability that may increase the effectiveness of change management. Burnes (1996) uphold that organizations have greater advantage over their competitors when manage change effectively. The importance of continuous development and appropriate change management for companies in the changing world is massive; also to achieve competitiveness, make a profit and keep up their market position in the long run, innovation and development are essential (Sartori et al., 2018). Val and Fuentes (2003) stated that to settle in to the current environment and for the improvisation

in performance, organizations aim to change. Gravenhorst et al., (1999) declared that numerous organizational efforts fail regardless of raising interest and research in organizational change and figured that initial aim of the organizations failed and the change programs reached a deadlock condition. This therefore calls for sound change management capabilities.

It is important to build internal capabilities for change, since it builds confidence and ability in people to generate, expect and react to changes further efficiently and effectively (Hodges, 2017). Oxtoby et al., (2002) argued that there is a need for organizations that are capable enough to sustain in change and identifies a lack of research to this concept. Chuang et al., (2015) identified a significant positive influence of HR capability on effectiveness of organization.

II. Theoretical Background

Individual Capability:

Empowerment and Change Management:-

Thomas and Velthouse (1990) defined empowerment as “internal motivation that can be

explained by four perceptive dimensions, which are sense, competence, choice and impact'. Maran et al., (2016) in their empirical study recognized that the competency is enhanced in the firms where employee's are empowered and believed that employee empowerment enables an employee to perform their duties competency as well as makes them fit to face the future challenges.

Managers in their respective organization should focus on four dimensions of empowerment, information, responsibility, creativity and autonomy (Abraiz et al., 2012). On the other hand, Spreitzer et al., (1995) incorporated the four dimensions, meaning, competence, self-determination and impact to define psychological empowerment.

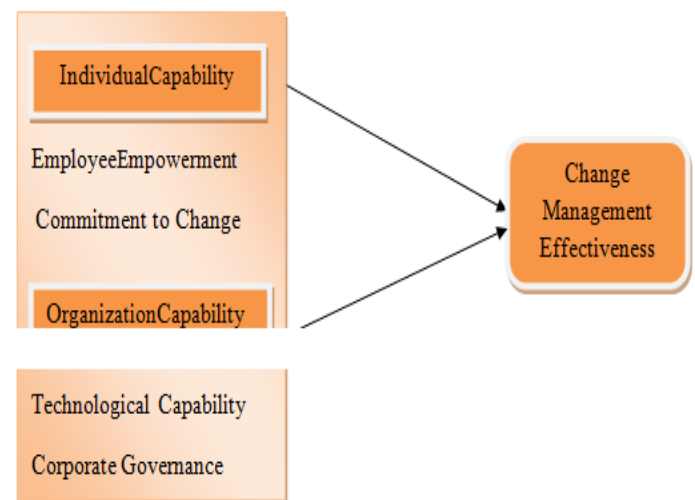
III. Commitment to Change and Change Management

Herscovitch and Meyer (2002) stated that "commitment is arguably one of the most factors involved in employees' for change initiatives". In drawing from Meyer and Herscovitch (2001) portrayed commitment to change as "a force (mind-set) that binds an individual to a course of action deemed necessary for the successful implementation of a change initiative". On the other hand, Becker (1960) highlighted that when an individual exhibit accumulated involvement with its organization then organizational commitment is achieved. Herscovitch and Meyer (2002) focused on the concept that commitment to change is a multidimensional construct and established validity confirmation for a three dimension model, "reflecting normative (obligation-based), continuance (cost-based), and affective (feelings-based) of commitment to change and following behaviors related with sustaining change".

Conner (1992) argued that when employees are committed to change then they connect to the organizational objective for change. Similarly, Guest (1987) proposed that organizational commitment results in keenness to accept organizational change.

To realize the benefits of change the commitment variable has to be managed well by the change managers (Makumbe, 2016). Sofat et al., (2015) found significant correlation between manner of change initiates and organization commitment and positive relation between the same was seen through the application of structural equation modeling and confirmatory factor analysis. Huy (2002) mentioned that when employees experience a sense of trust and attachment to the organization then a support from them is observed to maintain organizational change collectively.

Fig. 1 Research Model



Organization Capability:

Technological Capability and Change Management:-

Technological capability is needed to successfully implement technological change and is represented by the capacity to produce, implement and manage technological change (Bustinza et al., 2016). Bell and Pavitt (1995) recognized that technological capability is built up using organizational knowledge and experience, furthermore from the particular institutional structures and linking with firms that provide inputs to technical change. Recent business markets are characterized by rapid technological advancement and firms must constantly anticipate and adjust to changes to avoid the repeating mistakes of the past (Hamel and Valikangas, 2003).

Vitorino Filho & Moori (2018) believed that the firms that possess technological capabilities can achieve competitive advantage.

IV. Corporate Governance and Change Management

The pressure for corporate governance reform has increased due to numerous changes, counting the developments in the business environment globally, the wave of recent investigations and rapidly changing technology. Good governance can prove as a robust approach to implement the change successfully and meet strategic objectives. Board of directors plays a crucial role in accounting the governance process. The essential principles specifically teamwork, excellence, integrity and accountability should be extended by board (Klepper, 2015). There is a need to adopt new corporate governance to move in the difficult chapter of change. The key changes that board should be making is; in its relationships with stakeholders and management, how it operates, and its membership (Zong, 2004). To improve corporate governance serious measures like fostering transparency, encouraging accountability, strengthening compensation committees, and embracing independence should be achieved (Zong, 2004). Senior executives can handle the uncertainties by focusing on the elements namely Culture, Leadership, Alignment, Systems, and Structure (Drew, 2006).

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