MANAGERS’ ROLE IN IMPLEMENTING ORGANIZATIONAL CHANGE: CASE OF THE RESTAURANT INDUSTRY IN MELBOURNE

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“You know, I’m all for progress. It’s change I object to”
Mark Twain, cited by Pietersen, 2002

ABSTRACT

The restaurant industry is an integral segment of the hospitality sector that is sensitive to external environmental changes. In order to remain competitive, restaurants must be flexible to quickly react and adapt to external environment challenges. Due to the close interactions and relationships between employees and managers, there can be direct effects on a restaurant's performance when internal and external change occurs.

This research project was conducted in the city of Melbourne, known for its fine dining and cosmopolitan style cuisine. The study investigated managers’ role when initiating and implementing organizational change in order to minimise possible employees’ resistance to change. The findings support previous theoretical approaches to effective change management. The key elements to support change were effective communication, employees’ attitude and perception of managers’ undertaken actions.

INTRODUCTION

Change, defined as an effort that consists of actual physical changes to operations and different emotional stimulation (Bernerth, 2004) is painful in the workplace, going from what is certain and known to the otherwise. Employees lose the comfort of the known and the familiar, the sense of competency they used to possess, the status and/or financial security they once enjoyed and networks they have gone at length to build.

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Though we all rationally recognize that progress means change, and that we all need to progress, but not even the prospect of attaining benefits from change would make everyone ready and willing, or indeed able, to embrace change. On the contrary, it is widely believed that most would resist change. Duck (1993) bluntly points that “change is intensely personal” and Pieterse (2002) reckons that “for many people, the spectre of change produces what is sometimes called the Factor- Fear, Uncertainty and Doubt”.

Since change is widely accepted as almost always top-down and induced by the management, those being managed would also almost always resist to change, imposing an imperative for managers to overcome the resistance before it could bring the change forward.

Resistance to change is often understood from the management standpoint as a perceived behaviour of organization’s members who refuse to accept an organizational change (Cheng & Petrovic-Lazarevic, 2004; Coghlan, 1993). It is also defined as a multifaceted phenomenon which introduces unanticipated delays, costs, and instabilities into the process of a strategic change (Ansoff, 1988). Bemmels and Reshef (1991) understand it as any employee actions attempting to stop or delay change.

Obviously being viewed as adversarial and detrimental, resistance to change has gained a negative connotation (Waddell and Sohal, 1998) that allegedly confounded the problem of effecting change by promulgating a dichotomous thinking of labour versus management (Dent and Goldberg, 1999). Recently, an appreciation of resistance to change from a more pluralistic employee-centred perspective and its role in organizational change (Waddell and Sohal, 1998) has lead to the resistance to change interpretation from a psychological point of view (Conner, 1998), as a natural outcome of people’s internal defence mechanism (Bovey and Hede, 2001), or background conversations among employees that constitute the constructed reality (Ford, Ford, & McNamara, 2002). Paterson and Hartel (2000) interpreted resistance to change as a people’s cognition and affect or the perceived organizational justice done, while Rousseau (1989), McLean Parks and Kidder (1994) find it significantly related with the violation of the employment psychological contract.

Resistance to change may be categorized into three groups of factors (Mabin, Forgeson & Green, 2001): organizational, group and individual. Organizational factors are caused by threats presented by unknown or unwelcome organizational structure and process change and threats induced by the environment inside or outside of the organization. Group cohesiveness and social norms under threat and participation in decision-making not properly attended would trigger resistance to change. Individual factors related to the personality impose different emotional reactions to change (Bernerth, 2004). Compared to the other factors, individual factors have been intensively researched (Cheng & Petrovic-Lazarevic, 2005a). An interesting approach to the individual factors comes from Harris (2002) who divides them into: Lip Service: Sabotage by Disregarding as an instrumental compliance in that in recognizing the legitimate authority of the hierarchy and the benefits of the continued employment, employees overtly and orally conform but covertly resist attempts to be subjugated; Prolonged Argument: Sabotage by Erosion involving the tenacious use of vociferous and protracted oral arguments upon all possible occasions to erode enthusiasm, support, or argument with the management-espoused change; Hijacking: Sabotage by Transformation where employees endeavour to transform the adopted change into something more acceptable to their function, or simply something more personally palatable; Scarcity Creation: Sabotage by Undermining including the purposeful behaviour of a more confrontational form; Direct Conflict: Sabotage by Battle reflecting extremely pronounced personal opposition to change that could result in resignation.

The other approach emphasises eight distinctive phases through which people would likely to go through whenever they feel trapped in a change that they do not want but cannot control (Conner, 1998; Cheng & Petrovic-Lazarevic, 2005b). These are: stability as a stage prior to any announcement to change; immobilization where shock is considered the initial reaction to a negatively perceived change; denial characterized by the inability to assimilate new information into the current frame of reference; anger followed by frustration and feelings of being hurt; bargaining indicating that people can no longer avoid confronting with the reality; depression expressed by an emotion stage in a form of resignation to failure, feeling victimized, a lack of emotional and physical energy, and disengagement from one’s work; testing with signal of acknowledgment of one’s limitation, the attempt to regain control, and the freeing oneself from the feelings of victimization and depression; and acceptance where people respond realistically, are more grounded and productive relative to the previous phases within the new context.
Lewin identified three steps to change: unfreezing, moving and refreezing (Levasseur, 2001). Minimising barriers to change and maximising the opportunities of a change effort are accentuated in the unfreezing process. In the moving stage, recognition of need for change and the acceptance of change have to take place in the workforce. Accordingly, managers as change agents are expected to restore or reinforce the new system actively with all employees in the refreezing step. This simple three-step model explains the importance of implementing successful change by unfreezing the existing situation followed by change movement and making the new behaviours and norms absolute. Throughout the course of action, managers need to ensure that all communication channels contribute to information sharing and accurate absorption of relevant information by all employees (Dale, 1989). According to Abrahamson (2000), dynamic stability involves tinkering and kludging. It means carrying out change by involving elements within an organisation and engaging more employees gradually. Employees are to be constantly aware of proposed changes because they are the ones who make it happen. Managers, on the other hand, should collect feedback continuously by interacting with employees as well. By applying such concept of dynamic stability, an organisation might look forward to a successful outcome in change implementation.

The hospitality industry plays a pivotal role in the nation’s un-employment rate (Sparks, Wildman & Bowen, 2001; IBIS, 2004; Roberts & Deery, 2004). The restaurant industry as a constituent of the hospitality sector is dominated by small to medium businesses. Restaurants generate 52 per cent of the hospitality sectors income and more than 55 per cent of the workers in the Australian hospitality sector (Australian Bureau of Statistics, 2000). The Australian restaurant industry is vulnerable to the environmental changes. Events such as natural disasters and recent terrorist attacks around the world strongly affect the restaurant industry. Its vulnerability is primarily manifested through intensified rivalry among competitors which generates a need for implementing changes in restaurants (Goett, 1999). According to the Australian Bureau of Statistics (2004), the Australian state of Victoria has 25 percent of the Australian total population with 72 percent belonging to Melbourne residency. This signifies that whenever restaurant industry volatility takes effect, it can profoundly influence the rate of employment in Melbourne due to its high density of population.

In the restaurant industry change affects customers, managers and employees (IBIS, 2004). In this research we classify customers as part of the restaurants external environment, while managers and employees are part of the restaurants internal environment. The restaurant industry is characterized by close interactions and relationships between employees and managers. The intention of organizational change is to attract new customers, or at least preserve the existing ones, and improve the restaurant efficiency.

Managers being stimulated to increase organizational effectiveness are initiating change with the expectation to motivate others to do more than they originally intended, and often even more than they thought possible (Cheng, Petrovic-Lazarevic, 2005c; Yukl, 1998). In the restaurant industry, as leaders the managers should activate the respective relational and collective identity of the followers to explain the underlying influence processes caused by change (Johns & Teare, 1995). These should not only look at how to lead, but, perhaps more importantly, at how followers are prepared to be led (Okumus & Hemmington, 1998).

It is commonly understood that the efficiency in the restaurant industry is dependent primarily on employees (LeBlanc and Mills, 1994). But it is also understood that employees do not necessarily support changes (Hathaway, 2003). Enz (2002) finds that due to close physical interactions between employees and managers a restaurant’s performance can be directly influenced by such interactions. Namely, when a change takes place employees may display resistance to change emotionally, for example anger as defence mechanism, fear as anxiety, or sadness as low in morale (Johnson, 2001). They can also express cynicism, scepticism and underperformance (Berneth, 2004). Employees may go further by blaming management for not acting in their best interest and consequently undertake jobs and tasks with a poor attitude. In effect, employees may communicate such attitude towards customers and express their dissatisfaction and frustration (Harper, 1998). Walkup (1997) states that motivated employees will perform more efficiently in serving customers.

In the labour-intensive food service industry, motivating a group of employees is not an easy task as each employee is a different and unique individual with dissimilar personalities and attitudes (Bowers, 1995). Restaurant managers today are therefore faced with a big challenge of having a qualified and motivated workforce for as long as possible (Catlette & Hadden, 2000). Hence, creating an effective workplace in order
to motivate employees to perform well is very much in the interest of management. Manager’s pivotal role in initiating change in a restaurant is to succeed in improving organizational performance (Seel, 2001; Haddadj, 2003; Anonymous, 2003).

This paper aims to point to the restaurant industry managers to what they should pay specific attention when initiating and implementing changes in order to minimise possible employees’ resistance to change and achieve better organizational performance. In this respect, the paper is divided into four sections. After this introduction with theoretical references, the research methodology is explained. Section three discusses research findings. In the last section implications to managers are presented and recommendations are made for future research.

**METHODOLOGY**

We have chosen Melbourne -with its famous cuisine and restaurants and as one of Australia’s major cities marketed for people who enjoy food and the dining-out experience (Sparks et al, 2001) - to find out what managers should pay attention to when initiating and implementing changes in order to remain competitive.

The study used a qualitative research design. The research question was: *If managers were to implement changes what could be the feasible practices for them to lessen the possible negative impacts and maximise positive results on employees.*

Based on the research questions, the objectives of the research were related to three parts: perspectives of organizational change, impacts of organizational change, and implications of implementation of organizational change.

*The Research Objective 1* aimed to enquire to what extent the perspectives of managers on applied change differ from the employees’ perspectives if they do at all.

*The Research Objective 2* was established to obtain employees’ feelings and opinions on impact of organizational change.

*The Research Objective 3* implied to effective and efficient implications for managers’ actions in imposing and conducting strategic changes.

As such, the research objectives were to clarify to what extent Harris (2002), Conner (1998), Lewin (Levassuer, 2001) and Abrahamson (2000) approaches to resistance to change are relevant and applicable in the restaurant industry.

This research is a multiple descriptive and explanatory case study. A sample of four managers (one from each restaurant) and 12 employees (three from each restaurant) was chosen. In accordance with the ethical considerations, there was no coercion in recruiting participants. All participants took part in this study voluntarily.

For interviews Palmerino’s approach has been adopted (Palmerino, 1999). We conducted semi-structured and audio-taped interviews with an average duration of 60 minutes within a two month period between, June-August 2004. Two different interview questionnaires were used - one interview questionnaire for managers, the other for employees. Topics covered in both interview questionnaires were the same with few different questions for each group of interviewees.

Open-ended questions were carefully worded to be as neutral as possible without creating awkward situation or offending interviewees. Interview questionnaires for both manager and employee were pilot tested to check whether there is any ambiguity or confusion of questions.
Data collected from questions in all interviews were transcribed. Post-defined coding was used by identifying emergent themes and patterns (Miles & Huberman, 1994). We have also used NUD*IST Vivo software because of its user-friendliness and its design to perform complicated analyses of text data contextually (Durian, 2002).

There are some limitations which hindered this study from proceeding efficiently. Firstly, due to time constraint, this research project only involved four restaurants to conduct interviews with both manager and employees from each restaurant. In addition, due to the issue of participation with no coercion, there was a combination of both full-time staff and casual staff as participants in this study.

Also, there was difficulty at the stage of data collection in the research process. Since this research project only involved voluntary participations, it was a challenge to receive approval from managers of restaurants to conduct interviews. Most of the managers expressed no enthusiasm or interest. As an alternative solution, a network of friends was used to search for potential participants who were willing to take part in this study.

**RESEARCH FINDINGS**

The results of the qualitative analysis are depicted in Figure 1 showing positions of both manager and employee during the implementation of change in the restaurant industry. According to the diagram main players in implementation of change in the restaurant industry are two parties with different positions involved – manager and employee. That justifies the theoretical approach of LeBlanc and Mills (1994), Enz (2002), Sparks et al (2001) and Hathaway (2003) of the crucial roles of the two parties in implementing organizational change.

Manager is the one who carries out change and employee has to accept and adopt it. Effective communication, employee’s attitude and perception of manager’s actions, and harmonious working environment play significant role in achieving better organizational performance.

Figure 1: Main Actors in Restaurant Industry Organizational Change
Effective Communication

From the interviews conducted we found that effective communication played a significant role in ensuring a restaurant’s successful operation. This in turn impacted on employees’ productivity. Communication was important amongst managers to employees, and also in employee to employee relationships. Most of the interviewed employees concurred that listening skills, as part of effective communication, is one of the key competencies that a manager ought to possess at all times. Before, during and after the implementation of change, managers should listen to employees’ opinions and understand their perspective and feelings on the imposed changes. This would further help managers to introduce future organizational change.

Employee’s Attitude and Perception of Manager’s Actions

The research findings indicate that in order to make change successful in the restaurant industry managers should be alert at all times to employee’s reaction to change. If employees do not cooperate with managers and do not collaborate with workmates, customer service delivery will deteriorate. Furthermore, when employees resist change, conflict may occur amongst workmates and managers. As a result, employees may under perform affecting the restaurants reputation. This may further result in the resignation of staff. Managers must understand employees’ acceptance and willingness to apply and support change in order to prevent both poor customer service and the resignation of employees. Most of the interviewed employees suggested that managers should provide encouragement and stimulation for their staff to maintain and enhance customer service performance.

Continuous Improvement, Working Environment and Motivation

This research has found that all managers and most employees agreed there is always room for improvement. Figure 1 presents a framework for possible improvement such as a more efficient working system or better customer service within a working environment. The framework indicates that both managers and employees should look for a better method of getting things done. To managers, very often, ongoing change in the restaurant industry is inevitable and change has to be applied for survival. The concept of there is always room for improvement goes along with application of change. If there is no improvement, a restaurant will most likely become stagnant in particular when unforeseen circumstances or events occur restaurants may find it difficult to keep pace with competitors.

Referring to the Figure 1 again, the element as the outer core is a Working Environment. According to interviewees in this research project, it is of common understanding that a pleasant workplace would keep employees happy. Cheerful staff will contribute to higher level of motivation and greater restaurant performance. High-spirited employees would be able to establish and maintain harmonious working relationship with workmates and contribute to keeping high morale. Managers should always maintain a pleasant workplace for employees to keep them motivated because a stressful environment will negatively impact the restaurant.

Motivation being placed between the frame of Improvement and the Working Environment frame in Figure 1, points to relevance of employees performance to sustain restaurant’s competitiveness. Knowing that organizational change is condition sine qua non, without support from managers, employees might become demotivated and thus be in low spirits. If having good communication with managers and as a consequence proper information of strategic relevance of imposed organizational change, employees may be more
congruent to accept and apply change to improve restaurant performance. Therefore, employees’ motivation is
ccentuated on the importance in achieving sustained competitiveness in the restaurant industry.

The findings suggest that Harris’ approach (2002) to resistance to change is not relevant in the
restaurant industry. Conner’s stages (1998) of stability, immobilization and denial are applicable, while to a
lesser extent anger, bargaining and depression are usable. Testing and acceptance, however, are often present.
Lewin’s approach (Levasseur, 2001) with unfreezing, moving and refreezing seemed to be very visible
primarily in effective communication, but also in employees’ attitude and perception of managers’ actions and
continuous improvement of working environment and motivation. Dynamic stability, highly recommended by
Abrahamson (2000), appears to be important by gradually engaging employees to accept organizational
change.

**IMPLICATIONS TO MANAGERS**

This research has revealed suggestions for managers in the restaurant industry - recognised as volatile
and vulnerable businesses to external environment – as to take what actions in order to smoothly implement
organizational change. Emphasis on action orientated implications is to ensure that all issues and concerns are
acted upon immediately without procrastination. When a decision to apply organizational change occurs in the
restaurant industry, managers as being responsible for the success of organizational change should pay
attention to their communication approach with employees, employees’ attitude, perception of managers’
actions, employees’ motivation and continuous improvement of the working environment. Consequently, the
following actions are suggested:

**Action 1**: Realise the value of effective employees’ cooperation and collaboration, motivation in the
workplace. Before implementing a change in a restaurant, managers should understand that different
individuals hold dissimilar opinions about change. Also, not all employees are outspoken and willing to be
honest with their managers. Therefore, managers should have the initiative to interact with employees and keep
them informed about any organizational change. By maintaining communication and listening to employees,
managers can understand their unfulfilled needs and resistance to change. That is, in the unfreezing Lewin’s
stage (Levasseur, 2001) the communication should be improved between managers and employees.

**Action 2**: During the implementation of organizational change, which is the moving Lewin’s stage
(Levasseur, 2001), managers should be able to understand employees’ attitudes, but also they should keep in
mind Conner’s (1998) stages of human cycle of negative response in hospitality industry, such as stability,
immobilisation and denial. As leaders, managers should guide and direct employees along the organizational
change process, be aware of importance of employees’ motivation to proceed with change, and be receptive to
new ideas that come from employees. Listening and explaining to employees is a necessary process to
convince them about the projected benefits that are expected from the introduced change.

**Action 3**: As soon as the change is implemented, which is the refreezing Lewin’s stage (Levasseur,
2001) managers should continue to communicate with employees about the change implemented. This will
promote an open exchange of ideas and information among all parties. By being attentive, managers can
discover to what extent change affects employees and take corrective actions immediately to support them. For
example, managers should be aware that although organizational change impacts that bring positive results into
the restaurant industry do not necessarily bring positive outcome to employees. Change of a working system
may increase employees’ income with extra workload creating fatigue and low spirits.

We can conclude that before the change occurs it seems important for managers to have thorough
analysis of the implementation of organizational change to be able to determine to what extent the change is
beneficial to both restaurant performance and employees. Since the restaurant industry requires a high labour
input, managers should pay attention to different kinds of impacts imposed on employees. They should, in
particular, keep in mind employees’ motivation and create an environment that encourages employees to
accept change and sustain restaurant’s competitiveness.
Further research interests will consider the longitudinal importance of the size of a restaurant to the relationship between managers and employees when organizational change occurs. It will pay specific attention to the relevance of Lewin’s (Levasseur, 2001), Conner’s (1998) and Abrahamson’s (2000) theoretical explanations of the resistance to change. The research will be conducted in several cities in Australia to obtain a comparative analysis of attitude and behaviour of employees and relevance of tested theories.

REFERENCES


