



Faculty of Cognitive Sciences and Human Development

**THE EXPERIENCES OF EMPLOYEES IN MANAGING THEIR READINESS
TOWARDS CHANGES IN THE HOTEL INDUSTRY IN SARAWAK**

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(Human Resource Development)**

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PhD

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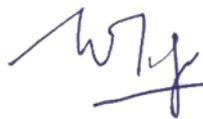
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LOH XING YEI

This project is submitted
in partial fulfilment of the requirements for a
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The project entitled ‘The Experiences of Employees in Managing Their Readiness Towards Changes in the Hotel Industry in Sarawak’ was prepared by Loh Xing Yei and submitted to the Faculty of Cognitive Sciences and Human Development in partial fulfillment of the requirements for a Bachelor of Science with Honours (Human Resource Development)

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ABSTRACT

Organisations are constantly facing challenges to remain competitive as well as successful and this compels organisations to regularly re-evaluate their technologies, processes and policies. Nevertheless, managing change efficiently is a major challenge in the hotel industry due to the massive human involvement. Thus, it is important to know how to encourage and effectively prepare employees for change situations. This study was conducted to examine the experiences of employees in managing their readiness towards changes in the hotel industry in Sarawak. The study aimed to investigate the contextual data, factors affecting employees' readiness for change and ways used by employees and employers to improve change readiness. This study was a qualitative study. The data was collected from a sample of customer service employees by using in-depth interview methods. Data was then analysed using thematic analysis approach. The main theme of this study was organisational climate as a key determinant of employees' change readiness. The findings showed that the main factor affecting employees' readiness of change was perceived organisational support (POS), while the job interest was the least factor. To improve employees' readiness for change, both employees and employers took a range of initiatives. Possessing a positive attitude was the most effective way taken by employees, whereas employers provided training opportunities as it was the most effective way to enhance employees' change readiness. This study contributed to the literature on organisational change, particularly in Malaysia as well as provided a better insight to the employers on employees' change readiness so that immediate actions could be taken to improve it.

Keywords: Organisational change, employee readiness, organisational climate

ABSTRAK

Organisasi sentiasa menghadapi cabaran untuk terus berdaya saing dan berjaya. Situasi ini menyebabkan organisasi sentiasa menilai semula teknologi, proses dan polisi mereka. Namun begitu, pengurusan perubahan secara cekap merupakan cabaran yang besar dalam sektor perhotelan disebabkan penglibatan manusia yang banyak. Jadi, mengetahui cara mendorong dan mempersiapkan pekerja dengan berkesan untuk menghadapi situasi perubahan adalah penting. Kajian ini dilakukan untuk mengkaji pengalaman pekerja dalam mengurus kesediaan mereka terhadap perubahan dalam sektor perhotelan di Sarawak. Kajian ini bertujuan untuk menyelidiki data kontekstual, faktor yang mempengaruhi kesediaan pekerja untuk perubahan dan cara yang digunakan oleh pekerja dan majikan untuk meningkatkan kesediaan perubahan. Kajian ini merupakan kajian kualitatif. Data dikumpulkan daripada pekerja perkhidmatan pelanggan dengan menggunakan kaedah temubual mendalam. Data kemudiannya dianalisis menggunakan pendekatan analisis tematik. Tema utama kajian ini ialah suasana organisasi sebagai penentu utama kesediaan perubahan pekerja. Hasil kajian menunjukkan bahawa faktor utama yang mempengaruhi kesediaan perubahan pekerja ialah tanggapan sokongan organisasi, sementara minat terhadap kerja merupakan faktor paling kurang penting. Untuk meningkatkan kesediaan pekerja untuk perubahan, pekerja dan majikan telah mengambil pelbagai inisiatif. Membentuk sikap positif ialah cara paling berkesan yang digunakan oleh pekerja, sedangkan majikan menyediakan peluang latihan sebagai cara yang paling berkesan untuk meningkatkan kesediaan perubahan pekerja. Kajian ini menyumbang kepada literatur mengenai perubahan organisasi, khususnya di Malaysia serta memberikan fahaman yang lebih baik kepada pihak majikan mengenai kesediaan perubahan pekerja supaya tindakan segera dapat diambil untuk meningkatkan kesediaan perubahan.

Kata kunci: Perubahan organisasi, kesediaan pekerja, suasana organisasi

CHAPTER ONE: INTRODUCTION

1.0 Introduction

This chapter presents the background of this study which is the experiences of employees in managing their readiness towards changes in the hotel industry in Sarawak. Next, problem statement, research objectives, research questions and significance of the study are discussed in this chapter. Additionally, the terms used in this study are defined conceptually as well as operationally. At the end of this chapter, a summary is issued.

1.1 Background of Study

Change in today's volatile business environment is a normal occurrence. According to Ghany (2014), change is a process of organisations shifting constantly towards a new and different state of things in order to survive and remain competitive. Almost every organisation undergoes some kinds of transition. Organisations must embrace changes to meet the needs of a rapidly changing world in order to be successful in a dynamic business environment. Organisations that embrace change will prompt an additionally encouraging future. Otherwise, it is a dead end for organisations because consumers nowadays expect outstanding services as well as additional advantages. If it is not supplied by the organisations, their rivals are going to supply it.

According to Kraatz and Zajac (2001), speedy strategic change remains critical to organisations as it enables organisational objectives to be integrated in dynamic environments to improve economic growth. In addition, organisations are constantly exploring various improvements to secure plans for the future that include enhancing job performance (Weber & Weber, 2001). Organisations that prepare for the future boost their overall capability to support the competitive advantages in different industries, including the hotel industry. Zhou, Tse and Li (2006) further support this prediction by stating that organisational change is inevitable although it is difficult in emerging economies.

Changes in organisation usually have an impact on employees. It affects employee beliefs and behaviours as a result of shifting a situation from the known to the unknown (Ghany, 2014). This situation can cause uncertainty, strain and anxiety among employees. Therefore, employees develop different beliefs regarding the organisational change (Bovey & Hede, 2001). To promote successful organisational change, it is vital to change the beliefs of the organisational members which shape their behaviour (Brown, 2009).

Readiness for change is defined as a state of mind during the change process that reveals the acceptance or willingness to take part in the change process (Benerth, 2004). Although readiness for change is essential for the survival of an organisation, it is not easy as it is time consuming to create, execute and manage changes within organisations. An organisation needs to undertake a scheduled change process where the role of employees would be highly crucial to embrace changes that the business environment demands. This is because organisations are made up of employees and they are the backbone of, and drive for, change. They are the ones who will either accept or reject change.

If the employees could alter their minds to accept the change (Ragadu, 2008) and embrace the change positively (Lazenby & Radebe, 2011), a change process can only be effective. Thus, at any given time or situation, employee readiness for organisational change is undeniably a positive attribute that encourages organisations to thrive in dynamic technological and social environments. Employees that are always ready for change are highly valued resources to any organisations.

Readiness for change should be promoted in the change recipients or the employees by the change agents before planning and executing a transition in an organisation. This process requires a detailed insight of the factors that influences readiness for change by the agents of change. The importance of this phase and its pervasiveness in handling change has made “change readiness” into a widely discussed subject in the organisational management field.

According to the Department of Statistics Malaysia (2019), the services sector encompasses the sub-sectors of Wholesale and Retail Trade, Food and Beverages, Accommodation, Information and Communication, Professional and Real Estate Agent, and Health, Education and Arts. Total revenue of the services sector in the third quarter of 2019

recorded RM449.7 billion which is an increase of 6.2% as compared to the same quarter of 2018. The highest contribution was registered by Wholesale and Retail Trade, Food and Beverages and Accommodation segment with the increase of 6% which is RM20.3 billion. The increased revenue of the accommodation segment shows the significance of the hotel industry and its change initiatives in contributing to the positive business performance of Malaysia.

Malaysian Investment Development Authority, MIDA (2018) discussed that there is an increased need for the services sector to become more knowledge-intensive and productivity-driven because Malaysia is currently shifting towards high value manufacturing. Rapid developments in technologies also contribute to the emergence of new services and it is vital for companies to adopt in order to maintain their competitiveness. Based on the 11th Malaysia Plan, transformation of the service sector is a continuous process and this involves improving service standards of local suppliers to align them with the world's best (MIDA, 2018). Therefore, organisation and the people working in it must be prepared for transition in order to grow and prosper in rapid changes. Change readiness is not automatic and it cannot be presumed. A double benefit can be accomplished by investing an effort to foster readiness for change at both individual and organisational level (Smith, 2005).

1.2 Problem Statement

Since organisations are made up of people, organisational change is perceived to be driven by individual changes. Therefore, organisation members are key sources for processes of organisational change and subsequently their engagement and involvement are essential factors for successful organisational change. Nevertheless, researches that are associated with readiness for organisational change have been largely dominated by an organisational level focus (Poulsen, Ipsen & Gish, 2013; Susanto, 2008). Although most of the researchers have called for a more micro, person-oriented focus concerning this issue,

micro-level research on readiness for organisational change remains limited. Numerous researchers have found that organisations typically concentrate on technical elements of change and consequently ignore another equally important element, which is the human element (Bovey & Hede, 2001; Kwahk & Kim, 2008; Toure, Poissant & Swaine, 2011). However, several studies have shown that taking this viewpoint does not always result in successful change (Beer & Nohria, 2000; Clegg & Walsh, 2004). In contrast, many organisational changes fail because the employees in the organisation are not prepared for the change. Thus, it is critical for organisations to take both human and technical aspects of change into consideration in order to make a major change within an organisation successfully.

According to Klynveld Peat Marwick Goerdeler (KPMG) International (2019), Change Readiness Index (CRI) is a tool that is used to assess countries' ability to manage change and build a climate-ready future. Key findings show that Switzerland is the first ranked country in 2019 CRI followed by six other Western Europe countries such as Denmark, Sweden and Norway. However, there is an exception for two countries in East Asia and Pacific which are Singapore and New Zealand that are ranked at second and ninth respectively in 2019 CRI. Meanwhile, Malaysia is ranked at 24th out of 140 countries. Among the countries in East Asia and Pacific, only nine countries are ranked at top 30 in this index. This shows that little attention has been paid to issues associated with employee readiness for organisational change in East Asia and Pacific context.

Additionally, a computer search was made on Scopus from 2009 to 2019 with the keywords "readiness towards changes" and "change management". The results show that a total of 264,497 documents are found but only 3670 documents are found in the services sector. Also, entries on Scopus show 1289 documents are found in Malaysia context. However, only 63 documents are found in Sarawak related to the entries. Based on the results

on computer search, it can be concluded that there is a void of academic research on readiness towards changes in the services sector in Sarawak.

Other than that, previous studies done focusing on readiness for change are dominated by quantitative approaches. For instance, a study associated with change readiness was carried out by Alas, Vadi, Demirer and Bilgin (2012) in the hotel industry in Turkey. Their study was an empirical study that focused on the relationships between the factors influencing change readiness, attitudes of employees towards changes and organisational learning in the Turkish hotels. Also, a study was done by Miller, Madsen and John (2006) in the United States that examined how workplace factors influenced employees' readiness for change. Based on a two-part survey provided to 464 employees from four organisations, statistical analyses were performed. This shows that very little research has been conducted qualitatively and there is a need to conduct this study by using qualitative methodology. With the above research gaps identified, this study is conducted to examine the experiences of employees in managing their readiness towards changes in the hotel industry in Sarawak.

1.3 Research Objective

There are two types of research objectives, namely general research objective and specific research objective. General research objective states that what the researcher expects to accomplish through the study in general terms, while specific research objectives break general objective into small logically connected parts.

1.3.1 General Research Objective

To study the experiences of employees in managing their readiness towards changes in the hotel industry in Sarawak.

1.3.2 Specific Research Objectives

The study addresses the following specific objectives:

1. To investigate contextual data associated with experiences of employees in managing their readiness towards changes in the hotel industry in Sarawak.
2. To examine the factors affecting employees' readiness for change in the hotel industry in Sarawak.
3. To study the ways used by employees to improve level of their readiness for change in the hotel industry in Sarawak.
4. To study the ways used by employers to improve level of employees' readiness for change in the hotel industry in Sarawak.

1.4 Research Question

There are two types of research questions, namely general research question and specific research questions. General research question is the main problem for the entire study, while specific research questions are a collection of questions that describes the intention of this research in depth using specific terms.

1.4.1 General Research Question

What are the experiences of employees in managing their readiness towards changes in the hotel industry in Sarawak?

1.4.2 Specific Research Questions

The study addresses the following specific questions:

1. What are the contextual data associated with experiences of employees in managing their readiness towards changes in the hotel industry in Sarawak?
2. What are the factors affecting employees' readiness for change in the hotel industry in Sarawak?

3. How do employees improve level of their readiness for change in the hotel industry in Sarawak?

4. How do employers improve level of employees' readiness for change in the hotel industry in Sarawak?

1.5 Significance of the Study

In today's environment, organisations are constantly facing the need to implement changes in policy, structure, system and culture (El-Ghalayini, 2013). Both employers and employees face the same responsibilities to adapt in various organisational changes. One of the main challenges of transition is to obtain the commitment of employees to contribute to the effort to change. As this study discusses the experiences of employees in managing their readiness towards changes in the hotel industry, it provides a better knowledge and understanding to the employees regarding this issue which will eventually lead them to be more committed to change. Commitment to change is the catalyst that binds employees and targets of change together by helping the employees to find out the objectives of change. Subsequently, it increases employees' personal attempts to alter their work behaviours and decreases their intentions to turnover.

As for organisational leaders, understanding the employees' change readiness may help them to find out strategies that influence change and eventually result in overcoming obstacles to change. This study could serve as a guideline for organisational leaders when they face changes to decide the most suitable approach to implement these changes within the organisation.

Other than that, this study has academic implications. As the results of this study offer useful information in the field of employees' readiness for change, it would help future researchers including students and human resource practitioners to be a better analyst and

serve as future reference for more studies in various nations of Asia and elsewhere, especially in Malaysia context.

1.6 Definitions of Terms

Definitions of terms explain the key terms that are being used in the study to improve readers' comprehension and to avoid ambiguous meaning to terms. The terms are defined conceptually and operationally. Conceptual definitions are abstractions and articulate in terms that simplify the interpretation, while operational definitions comprise a set of instructions on how to measure a conceptually defined variables (Bernard, 2000).

1.6.1 Change

Conceptual Definition

Change is explained as a process of altering actions, reactions and interactions of individuals to move the organisation's existing state to future desired state (McNabb & Sepic, 1995).

Operational Definition

In this study, change refers to an alteration of one or more dimensions of an entity which includes vision, strategy, culture, structure, system, technology, process, policies and leadership style.

1.6.2 Customer Service Employees

Conceptual Definition

Customer service employees is defined as people who have the ability of knowledgeable, capable and enthusiastic to deliver products and services to their internal and external customers in a manner that meets known and unknown needs and ultimately leads to positive word-of-mouth marketing and business returns (Hudson & Hudson, 2012).

Operational Definition

In this study, customer service employees refers to people who take care of the customers' needs in hotels by providing and delivering qualified, accommodating, high quality service and support before, during and after the customers' requirements are met. Customer service employees encounter three career development stages which are early career, midcareer and late career.

1.6.3 Readiness towards Changes

Conceptual Definition

According to Rafferty, Jimmieson and Armenakis (2012), readiness for change is the degree to which a person is cognitively inclined to accept, support and follow a specific plan to change the status quo intentionally.

Operational Definition

In this study, readiness refers to the attitude and behaviour of customer service employees to accept the change implemented and the organisational capacity in hotels.

1.6.4 Hotels

Conceptual Definition

As defined by Department of Statistic Malaysia (2016), hotels refers to the provision on a fee short term lodging whether open to general public or restricted to members of a particular organisation.

Operational Definition

In this study, hotels refers to the establishment that provide lodging, meals and other customer-oriented hotel services such as reception guests, room service and food service in Sarawak. Hotels are categorised into five-star, four-star or lower based on a hotel rating system set by the Ministry of Tourism, Arts and Culture Malaysia.

1.7 Conclusion

In short, this research is to study the experiences of employees in managing their readiness towards changes in the hotel industry in Sarawak. This chapter starts with the background of study followed by the problem statement to identify the research gaps. Next, both general and specific objectives and research questions are discussed. This chapter also addresses the significance of the study. Lastly, the terms in this study are defined in terms of conceptual and operational perspectives. Next chapter presents a literature review of this study.