Role of leadership communication in creating change readiness: revisiting Kurt Lewin's Model in telecommunication sector of Pakistan

Farzana Akmal Memon1*, Sobia Shah1, Imam Uddin Khoso1
1 Institute of Business Administration, University of Sindh Jamshoro, Pakistan

Abstract

Objective: The purpose of present study is to investigate the relationship between Change Communication and employees' readiness for change. Additionally, the study has attempted to address the mediating effect of employees trust on Change communication – employees' readiness relationship. Furthermore, the study reports the moderating effect of employees' openness on relationship between Change communication and employees trust. Method: Data collected from employees of telecommunication sector in Pakistan i.e PTCL, Ufone, Mobilink, Telenor undergoing through structural change. A two-step method to partial least square- structural equation modeling used in the study. Findings: Testing the Kurt Lewin theory of change providing empirical evidence on the hypothesized relationships found that communication was positively associated with employee readiness. However, employee trust mediates this link. The relationship between communication and trust depends on higher levels of employee openness to change. Novelty: This study will be among few studies that have highlighted the importance of change communication in developing trust by removing fears and uncertainties and making employees ready to accept the change during mergers, acquisitions and divestitures using the lens of Lewin's three-step model. Keywords: Change communication; openness to change; trust in leadership; readiness for change

1 Introduction

Technology-based organizations such as telecommunication firms now-a-days are facing changes due to various environmental factors (1). However, the failure rate of organizational changes is high due to the leaders' failure to manage human side of organizations (2). A recent study by employing literature search, interviews and the survey and collecting data from diverse change backgrounds have found that effective change communication is the key to manage and implement change successfully (3). The literature suggests that it is not inherent
to individuals’ minds to oppose the change rather employee do it due to the way it is imposed on them or communicated to them (4). The theory of Entertainment Persuasion (5) suggests that when leaders communicate to the followers through prosocial and para social interaction, it helps mitigate resistance and enhance readiness for change. Choi & Ruona (6) reviewed literature on individual change readiness and suggested that change communication is the most important factor that creates change readiness.

A recent study from Indonesian technology context has found a positive link between change communication and change readiness. They suggested testing this relationship in other Asian countries specifically in technology sector. This study therefore intends to test a comprehensive model of determinants of readiness for change in telecommunication sector in Pakistan. This study believes that when leaders communicate effectively, they are able to garner trust of employees, which in turn generate positive behaviors of readiness for change. However, this impact of change communication on trust will depend upon employees’ level of openness, that is, higher level of change communication strongly related to trust when employees are high on openness. This study will be among few studies that have highlighted the importance of change communication in developing trust by removing fears and uncertainties and making employees ready to accept the change using the lens of Lewin’s three-step model.

In an extremely global and demanding environment, the extraordinary practice of technology has enforced telecommunication sector of Pakistan to get involve in structural changes which has become emergent due to their increased revenue. In Pakistan telecom sector is the second largest sector that is involved in structural changes after the banking sector where companies merge and acquires to grab the large number of shares in the market (7). In present study, the functionality or the desirability of the organizational restructuring is not propaganda instead present study discusses the correspondence between the use and perceived quality of management communication about the organizational change and employees’ individual responses to organizational change that ultimately result in implementing change successfully within the organization.

Research on change management has overly emphasized on leadership styles and their effectiveness in different settings. Different authors have tested different leadership styles to either generate support for change (8) commitment to change (9) readiness for change (10) or to mitigate resistance to change (11) and cynicism about change (12). However, there are few studies that have combined leadership and communication to develop change oriented behavior (13,14). There are again some researchers who feel the need to test specific behaviors of leaders such as knowledge sharing (11), coaching and communication to see its effect on developing employee change supportive behaviors (15). This study thus builds upon the classical planned change model of Kurt Lewin and tests how change related communication may unfreeze the statuesque by developing employees’ trust and fostering change readiness (refreezing). This study thus fills the theoretical and practical gap in research to provide sound theoretical base for communication and its impact on change readiness in a most dynamic sector of today’s environment i.e. telecommunication sector.

2 Hypothesis Development

Change communication and Trust in Leadership

Communication is any information that is revealed either face to face or through any channel (16). For achieving a well-managed and successful change, communication is the most responsive element (17). Trust is an important construct which has been widely discussed in organizational behavior research in a variety of forms and frameworks (18). Matos Marques Simoes & Esposito (19) detailed that the communication is an important component in building the change readiness, reducing the insecurities (Employee’s Trust) and developing the stakeholder’s commitment (employee’s readiness). Arnaout & Esposito (20) also advocate that communication helps mitigate the negative consequences of uncertainties during change and help garnering support for change initiatives during turbulent environments (structural change). Therefore, the present study proposed the following hypothesis

*H1: Change Communication is positively associated with Employee’s Trust*

Employee’s trust and Employee’s Readiness for change
Employee’s readiness for change is shaped by an interchange between feelings of uncertainty caused by the stress resulting from change, and the resources open to increase control over the indeterminate character of change. Rafferty & Jimmieson indicated that the reason for failure of implementing change within organization is that employees are not ready to accept the change. Leadership and management approaches to change has significant effect on the reactions of an individual employee. Armenakis & Harris identified the role of employee’s trust in creating the employee’s readiness towards change within organization. Similarly, indicated that level of trust between management and employees is the strongest factor for accepting change or employee’s readiness to implement change within organization. Therefore, the present study proposed the following hypothesis.

H2: Employee’s Trust is positively associated with Employee’s Readiness for change

Mediating role of trust in Leadership

Stahl & Stitkin indicated that during and after the change, it is only change communication that can help an employee to deal with employee’s uncertainty. Change communication can help effect the employee’s trust and ultimately an employee is ready to accept the change. Employee's acceptance and rejection to change is related to the employee's level of trust on management which can be achieved by clear and transparent communication. Oreg & Vakola also establish a positive relationship between employees trust and readiness for organizational change which can be achieved through communication. Eby & Adams indicated that employees trust can aid in to decrease their concerns and make the changed environment comfortable. Based on the literature, it could be contended that communication is an essential background means that can assist employees to better cope with the stress caused due to organizational change. Therefore, the present study proposed the following hypothesis.

H3: Employee’s trust mediates the relationship between change communication and employee’s readiness for change

Openness as a Moderator

Openness refers to an individual personality trait that reflects a person’s ability to pursue, find, understand, use and acknowledge dynamic aspects of abstract information as well as the information that can be easily measured and objectified (McCrae, 1993). Erwin & Garman correlated employees who are open and ready to alter their behaviors can bring an achievement to the planned organizational changes. Employees’ resistance to change can be overcome by increasing the receptive power of employees which can be achieved by change communication from the leaders in order to generate employee’s trust. Employees with a high degree of openness marks more trust in top management and feel that they will not be targeted negatively as they actually are open to believe that intentions of top management is trustworthy. According to Blau an increase in trust in the supervisor would ultimately enhance employees’ aspiration to respond to the organization. Change readiness is the best mode to implement change within organization.

H4: The positive relationship between change communication and employees trust in leadership will be stronger when employee’s openness is higher.

Figure 1 demonstrate the conceptual framework of the present study highlighting the relationship between four variables.

Fig 1. Conceptual Framework
3 Methodology

Data collected from 442 employees of telecommunication companies of Pakistan which are undergoing through structural change (merger, acquisition & divestiture) using the stratified sampling technique. Scales were adopted from the study of Bouckenogooghe & Devos (36) and Employee's Openness to change scale was adapted from the work of Susskind Miller & Johnson (37).

4 Data Analysis

Results of measurement model from Table 1 indicate that values of outer loadings (>0.60), Average variance extracted (>0.5), composite reliability (>0.7) surpass the cut off value thus establishes indicator reliability, internal consistency reliability and convergent validity respectively (38,39). The study also found discriminant validity based on the multi trait-multimethod matrix (40). All the HTMT values are less than 0.85 (Table 2) indicating that the discriminant validity ascertained. (41).

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Outer Loadings</th>
<th>CR</th>
<th>AVE</th>
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<tr>
<td>Change Communication</td>
<td>CC1</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CC2</td>
<td>0.903</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
<td>CC4</td>
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<td>0.763</td>
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<tr>
<td></td>
<td>CC5</td>
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<td></td>
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<td></td>
<td>EOC4</td>
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<td>Employee's Trust in Leadership</td>
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<tr>
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<td>0.600</td>
<td>0.739</td>
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</table>

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For structural model, present study employed bootstrapping method with 5000 resamples using Bias-Corrected and Accelerated (BCa) Bootstrap with one-tailed and significance level 0.05. Figure 2 displays structural model developed in SMART PLS.

Table 3 indicate that Change communication is positively associated with employee's trust $\beta = 0.529$, t-value =11.755 p<0.05, CI [0.448; 0.597]. The value of $f^2 = 0.371$ indicates strong effect size\(^{(42)}\). Employees trust is positively associated with employees' readiness $\beta = 0.681$, t-value 27.906, p<0.05, CI [0.637; 0.720]. the value of $f^2 = 0.863$ indicates strong effect size. In order to test the mediation,\(^{(42)}\) method of bootstrapping the indirect effect of trust with $\beta = 0.360$, t-value =10.138, p<0.05, CI [0.301; 0.415 indicating a mediating effect in the model hence supporting H3.

<table>
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<tr>
<th>Relationship</th>
<th>$\beta$</th>
<th>Std Error</th>
<th>T Value</th>
<th>P Value</th>
<th>LCI (5%)</th>
<th>UCI (95%)</th>
<th>$f^2$</th>
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<td>H1 CC à ETL</td>
<td>0.529</td>
<td>0.045</td>
<td>11.755</td>
<td>0.000</td>
<td>0.448</td>
<td>0.597</td>
<td>0.371</td>
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<tr>
<td>H2 ETL à ERC</td>
<td>0.681</td>
<td>0.024</td>
<td>27.906</td>
<td>0.000</td>
<td>0.637</td>
<td>0.720</td>
<td>0.863</td>
<td>Yes</td>
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<tr>
<td>H3 CC à ETL à ERC</td>
<td>0.360</td>
<td>0.036</td>
<td>10.138</td>
<td>0.000</td>
<td>0.301</td>
<td>0.415</td>
<td>-</td>
<td>Yes</td>
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<tr>
<td>H4 CC * EOC à ETL</td>
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<td>0.032</td>
<td>4.145</td>
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<td>0.082</td>
<td>0.191</td>
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Moderating effect of employees' openness\(^{(43)}\) $\beta = 0.131$, t-value =4.145, CI [0.082;0.191] indicating a synergistic moderating effect of employees' openness. Through interaction plot (Figure 3), Dawson (2014) indicate the relationship between change communication and employees trust was stronger when employee's openness was higher, whereas low employees openness had no impact on change communication and employees trust relationship. The model explains 49.4% of total variance in employees trust and 46.3% of total variance in employees readiness hence it shows that two endogenous variable exhibited moderate level of R-square\(^{(44)}\). The model indicate that the predictive relevance within sample of the model ETL= 0.318 & ERC= 0.315 as the Q square values are above zero\(^{(45)}\). Holdout samples indicate strong predictive power of indicators RMSE, PLS-LM (ERD1 = -0.189, ERD2 = -0.107, ERD3 = -0.029, ERD4 = -0.029, ERD5 = -0.010) as PLS<LM.
5 Discussion

First hypothesis found a positive relationship between change communication and employee trust. This finding is in line with the established fact that effective and relevant communication at times of crises such as organizational (structural) change creates an environment of safety and trust leading to adaptation to change more successful \(^{(46)}\).

Second hypothesis related to relationship between trust and readiness for change. This study support for this relationship too. This finding is also at par with literature as Zayim & Kondakci \(^{(47)}\) found support for positive association between trust and readiness for change. Bakari & Hunjra \(^{(8)}\) also found that employee trust in management support will create readiness for organizational change.

Third hypothesis stated that trust mediate the relationship between change communication and readiness for change. This hypothesis supported by empirical findings and Literature also supports this notion that when change communicated effectively and information regarding change disseminated fairly, it will foster employee trust that will further develop employee readiness for change.

Fourth and very important hypothesis of this study was about moderating role of openness to change between change communication and trust in leadership. Openness to change is relatively new construct and it is gaining popularity as a separate construct having distinct effects. Wanberg & Banas \(^{(48)}\) explored causes and consequences of openness to change. They found that communication package containing information related to change and employee participation in decision-making strongly related to higher levels of employee openness to change. Present study has found that relationship between communication and trust will be dependent upon employee openness such that this relationship will be stronger when employees are high on openness rather than low.

6 Conclusion and Future Recommendation

This study tested role of change communication in the development of readiness for organizational change. Utilizing classical three-step model of Lewin, this study found support for the notion that change commination may serve as groundbreaking force that not only breaks the statuesque but creates an environment of trust which further leads towards employee readiness for change. This study has also found the boundary conditions in relationship between change communication and trust, that is, level of employee openness to change.
As current era is fourth industrial revolution, where technology has become prominent to organizational success and means of digital communication are gaining importance. Present study suggest future researchers to elaborate opportunities to integrate digital tools for communication of employees and managers and a way in which leaders can benefit from using digital communication platforms during organizational change as digitalization brings decentralization, collaboration, crowdsourcing, connectivity, mobility and ongoing communication to the workplace.

References


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