

**THE CHALLENGES THAT THE ORGANIZATION FACED IN
MANAGEMENT CHANGES AND HOW THE MIDDLE MANAGER
COULD MANAGE THE CHANGES MORE EFFECTIVELY**



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**THE CHALLENGES THAT THE ORGANIZATION FACED IN
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ABSTRACT

In today's fast-paced business environment, companies need to adjust and adapt to maintain competitive advantage and survive. Products and services, as well as organizational structure and direction, must conform to changing market situations.

Organizational change also impacts on employees. This study determined the challenges that a company faced and suggested solutions to mitigate the impacts of change by focusing on support from middle managers, considered as key people during the change.

The interview method was used to analyze employees' perceptions and experiences, and determine expectations to seek appropriate solutions.

KEY WORDS: Organizational Change/ Management Change/ Payment Industry

35 pages

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CHAPTER I

INTRODUCTION

To survive in the today's business environment that changes rapidly, companies need to continuously adapt to remain profitable. Customer needs and market sentiments are in a state of constant flux. New technology must be utilized to maintain advantages over competitors.

Thailand is a predominantly cash-driven society. However, over the past 2 years, Thai market behavior has changed rapidly as a result of efforts by the government and the Bank of Thailand to promote a cashless society and provide national quick response (QR) code market payment services.

For this reason, payment service providers in Thailand need to adapt quickly and respond to government policies to efficiently and effectively manage the change in customer spending behavior, while continuing to maintain their own customer bases to sustain competitive advantages.

Payments for services and commodities are now enacted electronically using digital technology. In the past, to launch a new feature/application, the company conducted research, designed the feature/application and then tested a soft launch before the public launch. There is no longer time for this. Hence, more flexibility would be beneficial for the company. Instead of completing all features before launching the product, they could divide new aspects into phases to ensure that any feature not meeting customers' requirements or current market trends was removed. Alternatively, the worst case scenario would be to discontinue the project and look for alternative new opportunities.

With the need to react and respond to ever changing market requirements, the company constantly needs to reconsider and revise its direction, and restructure operations to maintain competitive advantages, while ensuring availability of staff with the expertise to support and achieve the new goals. However, altering company

procedures can have adverse effects on the workforce as key factors in the successful implementation of change.

Changes in policy lead to resistance and confusion as obstacles during implementation. Hence, the company should adopt appropriate change management to ensure that every stage proceeds smoothly in accordance with the target plan. Provision of appropriate communication with concrete timeline achievements will ensure that the transition is smooth and minimize potential resistance.

Middle managers are considered to hold an essential role in transition as they provide support as a communication channel between top management and employees (Peters, 1988). To implement the change, the middle managers provide the meaningful contributions by contributing to higher levels of performance in the formulation of strategies (Wai-Kwong, Priem, & Cycyota, 2001) and the emotional management of the employees (Huy, 2002).

Hence, this paper discusses and presents solutions as to how middle managers can deal more effectively with management change.

1.1 Research Question

What are the challenges that an organization faces during change and how can middle managers as critical key personnel support and manage changes more effectively?

1.2 Study Purpose

- Impacts of change; positive and negative, individuals and teams, policy or strategy, etc.
- Suggestions on how to handle change; resistance, question, direction, etc.
- Suggestions on how to communicate the change effectively.

1.3 Research Scope and Framework

This research considers the real-life situation of a startup payment service provider in Thailand. The company changed its regional director and country manager twice within one and a half years.

The change of regional director established a new organizational structure. The first change in regional director arose from a change in top management along with organizational restructuring, while the second change was instigated by the regional CEO (Figure 1.1). Conversely, both changes in the country manager position occurred due to the resignation of the incumbent.

This paper focuses on two study periods as shown in Figure 2.1 Perceptions of the employees regarding the management change and an assessment of how the company handled these situations are presented.

1. The first period covers the replacement of Regional Director A by Regional Director B, and the replacement of Country Manager A by Country Manager B.
2. The second period covers the replacement of Regional Director B by Regional Director C, and the replacement of Country Manager B by Country Manager C.

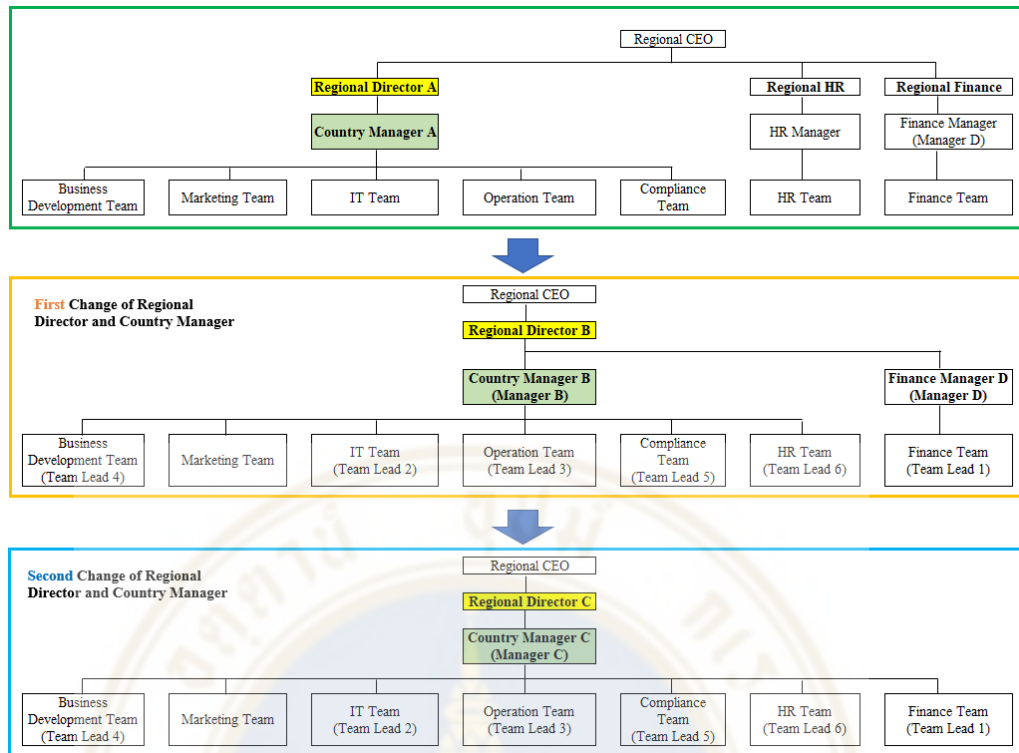


Figure 1.1 Organizational restructuring after change of top management as regional director and country manager

Company direction and work process changed every time the management level changed. There was no apparent improvement in communication regarding the management changes which caused a decrease in employees' morale, delay in work execution due to the confusion, and some staff resignations.

The changes resulted in confusion and increased the workload of the employees. This research studied how the changes impacted employees and offered suggestions as to how managers and team leads could best achieve company goals and minimize resistance to change during the transition period.

CHAPTER II

LITERATURE REVIEW

2.1 Factors of Change

Nowadays, the companies must adapt continuously to maintain success in the fast-changing business environment. The modification in activities and tasks can be considered in terms of Organizational change (Kanter, 1991); for example, changes in the operation process to respond to the needs of customers. The success of the transition relates to various factors including openness to change, employee support level, simplicity of change, flexibility and adaptability, positive attitude, and planning for change (Tan & Tiong, 2005).

- **Openness to change:** An organization that has a positive attitude toward change will be more likely to survive under changing market trends and competition; however, resistance from individuals also occurs during change (Ludeman & Erlandson, 2003). Gray and Starke (1988) suggested that resistance occurs if employees have not been fully informed whether the change affects their nature of work or skills. The best way to overcome resistance is to provide sufficient advance information to employees through the proper communication channels and encourage staff to participate and commit to the change by offering the necessary support.

- **Employee support level:** Changes will be easier, and the company will receive higher commitment through the advanced briefing of representatives from different segments (Gray & Starke, 1988).

- **Simplicity of change:** Changes will be easier to implement if there are no technical or legal barriers (Tan & Tiong, 2005).

- **Flexibility and adaptability:** Flexibility is the ability of an organization to change its internal structure, while adaptability is the ability to respond to external change (Tan & Tiong , 2005). The challenge faced by an organization is to effectively manage both internal and external changes.

- **Positive attitude:** An organization with a positive attitude to change will be more likely to find optimal solutions to deal with stress and negative emotions (Tan & Tiong, 2005).

- **Planning for change:** About 90% of firms fail to instigate change because they ignore the impact on their employees (Doe, 1994). To implement the change, an organization must provide the effective communication, involve the employees in all levels, conduct a transition plan, offer support and required training, and provide supportive human resource policies in the plan to change (Doe, 1994).

2.2 How To Manage The Change

Companies have to deal with new products, growth and regulations; most conduct organizational changes at least once a year. Kotter and Schlesinger (2008) suggested that to manage change successfully, the potential of employees' resistance should be analyzed, and methods put in place to deal with these issues. The four most common reasons for resisting change include;

- Employees are afraid that they might lose some value as a result; for example, the power to make decisions.

- Misunderstanding and lack of trust occur as a result of inadequate information, leading to the misconceptions regarding the benefits they could gain.

- Assessment of the information differs between people which can lead to diverse views concerning the benefits of change.

- Employees are afraid of change and concerned that they may not be able to develop or improve themselves if new skills and behaviors are required.

Kotter and Schlesinger (2008) suggested five methods to manage resistance to change as listed in Table 2.1.

Table 2.1 Methods for Managing Resistance to Change

Source: Leading Change - Choosing strategies for change by Kotter and Schlesinger

Method	How to use	When to use	Advantages	Drawbacks
Education	Communicate the purpose and needs of the change	Employees lack information	People often respond to persuasion	Time-consuming
Participation	Involve staff with potential resistance in the design and implementation	Improve the lack of information to design and implement change	People have more commitment to change	Time-consuming and possible to choose an erroneous direction of change
Facilitation	Provide training and sensational support	Employees show fear and anxiety	No other methods work	Time-consuming with the potential to fail
Negotiation	Offer incentives	Employees will lose significant power to resist	Easiest way to cope with major resistance	Expensive with the potential of blackmail
Coercion	Force by the threat of loss of jobs and reduced prospects for promotion	Speed is essential	Fast and works with every type of resistance	Creates intensity

Another study by Kotter (2007) observed that successful business transformations could be effectively conducted in eight transition steps as a series of phases. Skipping some steps increased the speed of change but never created a satisfying result. Mistakes could occur during each step, even when using experienced and capable people.

Table 2.2 Eight Steps to Transform Your Organization**Source: Leading Change - Why transformation efforts fail by Kotter**

Step	Steps of Transforming Organizations	Why Error
1	Establish a Sense of Urgency - Create motivation by communicating the competitive situation, market position, and financial performance	- Underestimate the difficulty of pushing an employee out of his/her comfort zone - Lack of patience - There is no competent leader for the change
2	Forming a Powerful Guiding Coalition - Create a guiding group in terms of title, expertise, reputation, and relationship	- Undervalue the power of the guiding coalition
3	Creating a Vision - Create a vision to clarify the organization's direction and develop strategies	- Many plans and programs but no direction - Too complicated to execute
4	Communicating the Vision - Utilize all communication channels to communicate the vision; even walk the talk	- Inadequate communication - The management does not behave in the same way as the vision
5	Empowering Others to Act on the vision - Remove all obstacles of change - Adjust systems or structures that undermine the vision, promote ideas and empower others to maintain the change	- Narrow job categories to increase productivity - The management refuses to change or creates inconsistent demands
6	Planning for and Creating Short-Term Wins - Create a short-term goal to announce improvement - Recognize and reward involved employees	- No short-term goal to meet and maintain a high urgency level
7	Consolidating Improvement and Producing Still More Change - Tackle larger issues that do not align with the vision - Promote and develop employees	- The achievement is declared too soon and this causes a decline in the change
8	Institutionalizing New Approaches - Ensure that the change becomes company culture - Promote and develop employees	- Do not allocate enough time for the change

2.3 Middle Managers as Change Intermediaries

Middle managers are often considered to have a negative impact on changes (Balogun, 2003). However, (Floyd and Wooldridge, 1992, 1994, 1997) suggested that they may be strategic assets.

A study by Balogun (2003) indicated that the middle manager is the best prominent intermediary during the change and assists in the following four aspects:

- **Undertaking personal change:** The requirement and the expectation from the middle manager are to develop their own job, while also engaging in discussions and negotiations with their colleagues.

- **Helping others during the changes:** The middle manager acts as a role model during the change by conducting both formal and informal communication with staff concerning changes, together with providing training if it is needed. However, with limited time due to management roles and responsibilities, only a few middle managers conduct workshops to update the progress of change with their staff.

- **Implementing the change in their department:** Implementation of change in their own department is required, together with developing new working practices and improving existing methods.

- **Keeping the business going:** The middle manager has responsibility to maintain business operations along with implementing change. This requires prioritizing attention and effort.

Research conducted by Buick F., Blackman D. and Johnson S. (2017) on the public sector suggested that management of change could be improved and resistance reduced if middle managers took charge in an intermediary role. They asserted that middle managers are expected to act as interpreters between senior management and employees to communicate, provide clarity, deal with resistance, and implement change. Moreover, to assist in the challenge of providing clarity to employees, support from senior management should be provided through clear and timely communication to incorporate the sense-making of their role, develop their capacities to make them feel confident, and empower them to lead employees as a change agent. However, the capability of middle managers and systematical improvement must also be considered.

2.4 Conclusion

From the literature review, the most essential element for the success of organizational change is the employees. Hence, the company should be aware of employees' perspectives and morale, and promote involvement at each level with appropriate communication to avoid potential resistance. This will ensure that the transition is smooth and achieve the goal.

Moreover, middle managers are essential supporters during the changes as they operate as intermediaries between senior management and employees to communicate and implement the changes.

To ensure that implementation of the transition is smooth, eight steps are suggested according to Kotter's change model:

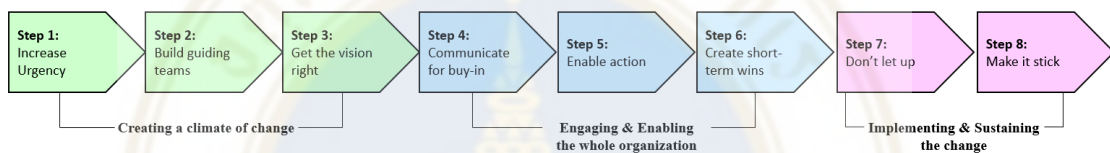


Figure 2.1 Kotter's Change Model

Source: Kotter (2002)

CHAPTER III

METHODOLOGY

3.1 Qualitative Research Methodology

The actual situation of a startup company in the payment industry in Thailand that faced organizational change was considered. The change involved the replacement of both regional director and Thai country manager twice during a period of one and a half years.

This study focused on the impact of organizational changes on employees in terms of attitudes, values, motivation and actions related to the change. Effective and efficient solutions were suggested by utilizing the middle manager as a vital intermediary between senior management and employees.

A qualitative research method was applied as this was best suited to describing organizational phenomena involving people, and more flexible when focusing on the understanding of the organizational process from the perspective of each employee rather than predicting the outcome (Cassel and Symon, 1994).

3.2 Interview Method

The interview method was chosen to study the perceptions and experiences of the employees during the change in management by interaction through asking questions. Weiss (1994) stated that through interviews we can learn the interior experience of people; how they perceive and interpret their perceptions, and how situations affect their thoughts and feelings. The advantages of the interview method are:

1. This method is suitable for exploring people's attitudes, values, beliefs, and motivations (Richardson, Dohrenwend, & Klein, 1965, Smith, 1975).

2. An interview offers flexibility as the interviewer can repeat or explain questions which the respondent misunderstands, and more complex questions can be used during the interview (Bailey, 1994).

3. The interviewer can record the answer, so the respondent cannot change the answer (Bailey, 1994).

4. The interviewer can ensure that all the questions are answered and that the respondent does not receive assistance from others while answering the questions.

Semi-structured interviews were conducted asking predetermined questions. The interviewer could ask other questions to investigate raised topics in-depth. With a semi-structured interview, the interviewer can structure the study sufficiently using predetermined questions, while retaining the option to explore points in more detail and request clarification from the respondent (Barriball & While, 1994).

The interviews were conducted to gather information by asking open-ended questions to allow the interviewees to express their thoughts and experiences freely.

The steps of the methodology included selecting the interviewee list, developing the semi-structured interview questions, interviewing the candidates to collect the data, analyzing the data and finally drawing conclusions to recommend solutions to improve the situation.

3.2.1 Interviewee List

The selected interviewees were drawn from two management levels and included two employees from middle management and six at the team lead level.

- Middle managers operate as intermediaries between senior management and employees. They participate in sharing ideas and information with senior management and making some decisions.

- Team leads are the direct subordinators of middle managers. They come from various departments and give support in implementing change within their own teams.

Table 3.1 Interviewee list

Reference	Position	Title	Experience in years
Manager B	Middle Manager	Country Manager	4
Manager D	Middle Manager	Ex-Finance Operation Manager	3
Team Lead 1	Team Lead	Assistant Finance Operations Manager	4
Team Lead 2	Team Lead	Assistant IT Manager	3
Team Lead 3	Team Lead	Senior Operations Associate	3
Team Lead 4	Team Lead	Assistant Business Development Manager	2
Team Lead 5	Team Lead	Senior Business Compliance Associate	1.5
Team Lead 6	Team Lead	Senior Associate Human Resources	1

3.2.2 Interview Questions

Predetermined questions were prepared before the interview to study employees' experiences and perspectives and the impact related to organizational change, with the purpose of recommending solutions to middle managers to conduct the change more effectively.

The questions were separated into two sets; one for middle managers and the other for team lead levels.

Table 3.2 Question list for middle managers

Topic	Interview Question
Attitude to change	<ul style="list-style-type: none"> - How would the change in regional director and country manager be important to the organization? - How and when was the change communicated to you? (how and when did you hear about the change) - How do you feel about the change? - How important was your role during the change? - How successful were the previous and current management changes? - How long do you need to prepare to implement the change?
Impact to change	<ul style="list-style-type: none"> - What is your involvement before, during, and after the changes? - How did the changes impact on you and your team? - How do you manage or handle change? - What are the issues that you face related to the change? - How long do you have to plan and communicate with the employees? - Is there any improvement compared to the previous change in terms of support, communication?
Requirement to change	<ul style="list-style-type: none"> - What do you expect from your superior/subordinate before and after the change? - What support do you want to improve in implementing the change?

Table 3.3 Question list for team lead level

Topic	Interview Question
Attitude to change	<ul style="list-style-type: none"> - How and when was the change in regional director and country manager communicated to you? - How will the change be important to the organization? - How do you feel about the change? - How important is your role in the change? - How successful were the previous and current management changes? - Did you know the goal of the changes?
Impact to change	<ul style="list-style-type: none"> - What is your involvement before, during, and after the changes? - How did the changes impact on you? - How do you manage or handle the change? - What are the issues that you face related to the change? - Who do you talk to when you have issues related to change? - Is there any improvement compared to the previous change in terms of support, communication? - How long do you have to prepare for the change?
Requirement to change	<ul style="list-style-type: none"> - What do you expect from your superior before and after the change? - What support do you want to improve in implementing the change?

3.2.3 Conducting the interview

To maintain confidentiality, interviews were conducted in the meeting room at the office of the respondents. The schedule was set after office hours to make the respondents feel more comfortable and ensure that there was no rush in answering the questions.

Each interview lasted approximately 30 minutes, including the introduction and asking the questions. The interviewer asked for approval to record the conversation to collect and analyze the data.



CHAPTER IV

RESEARCH FINDINGS

Key points were determined from the data collection as follows:

1. All interviewed employees considered that management change is essential for the company to respond to new directions and survive in a competitive market situation. However, changes always affected working process, workload, and employees' morale.
2. For each management change involving the regional director or country manager, the company did not follow the steps suggested in Kotter's framework.
3. Employees considered that middle managers are important key people during change in the regional director.
4. Employees expected advanced communication of any prospective changes to better prepare themselves and the team.

4.1 Management change is important to the company

Interviews at middle manager level and team lead level showed that all employees agreed that change in management level is essential for the well-being of the company. Before Regional Director A was replaced by Regional Director B the position remained vacant for 6 months. Hence, the company assigned Regional Director B to supervise the company; all eight interviewed employees had positive opinions for this change. Manager D commented "It is imperative at this stage as we have no director. We expect Regional Director B to be our representative and discuss with the CEO what we can do and give clear direction on the way we will move on".

Correspondingly, for the second regional director change when Regional Director B was replaced by Regional Director C, all employees expressed positive opinions and agreed with this change. Manager B commented, "It is important to change the director to Regional Director C to respond to the new company direction

and the current competitive market situation”. Similarly, Team Lead 3 stated, “It is important and reasonable, especially given his knowledge and working background. Regional Director C is suitable to manage the new project”.

However, even though positive expressions were offered for the regional director change by the employees, the change negatively affected employees in three key aspects of employees’ morale, workload, and work process.

Manager B said that changing the company’s direction really affected employees’ morale; especially when employees did not agree with the direction. To improve this situation, she wasted a lot of time explaining the process to the team and this made her very tired. Similarly, Manager D said that change affected the team and also her morale. For example, it caused confusion as it took 1-2 months to receive information and discuss with Regional Director B for a clear understanding.

In terms of the work process, all directors had different styles. The employees needed to learn the new style and adapt themselves. An example of interview feedback was the comment from Team Lead 1 who mentioned that every time the director changed, the report format and calculations also changed. In addition, Manager C revealed that Regional Director B was more compromising; he needed adequate data to make decisions, so it took longer for the approval process, while Regional Director C was decisive and more aggressive. He would make the decision right away.

For the workload, seven out of eight employees commented that any changes increased the sudden workload. Some teams did not have enough manpower to handle the new tasks, especially at the start of change. An obvious example of this referred to the expression of Manager D that Regional Directors B and C required a report that had never been written before. This created a sudden workload to provide adequate information through proper reporting. However, the IT team was the exception during the transition from Regional Director A to Regional Director B owing to no clear direction and progress on the business side. Therefore, tasks of the IT team which mostly aligned with the business side were on hold. This decreased the workload but increased confusion, refer to the response of Team Lead 2.

4.2 Issues in Management Change

As mentioned in the previous topics, employees at both middle management and team lead levels understood the importance and had positive opinions regarding the management change. They considered that this would benefit the company and reduce the opportunity of resistance. However, issues in the management change were found as other factors which are analyzed later. According to the interviews, some improvements were shown in the change implementation, especially regarding communication with the team lead and other employees. However, some issues were not solved appropriately.

4.2.1 Communication Issue

All the team leads agreed that Regional Director C was more effective at communication compared to Regional Director B. Regional Director C set up meetings with all team lead employees, the two middle managers, and Regional Director B to introduce himself on his first day at work. He explained his vision and observed the current practice of the team monthly meeting.

However, opinions of the two middle managers were different in their perspective of improvement for both changes. To give an illustration, Manager B knew 1 month before the replacement of Regional Director A by Regional Director B through informal talks with management. Regional Director C informed her during a dinner 1 month before the replacement that he might replace Regional Director B. However, the middle managers received information about the replacement only, not about a new direction.

Furthermore, apart from the first communication, Regional Director C showed a slight improvement in continuing to update his vision and strategy by requesting meetings with each team separately. He also requested information from each team regarding the current situation and the task of each team member. However, after the first meeting with each team, he called updated meetings with only specific teams as Business Development, Marketing, and Compliance team. By comparison, Regional Director B had monthly meetings with every team. The detail of the meeting was to update the task of each team, but no direction or strategy was sharing during the meeting.

Hence, even though communication slightly improved, issues still occurred from inadequate information and lack of updating progress.

4.2.2 Work Style Change

All the interviewed employees gave the same feedback that they needed to adapt themselves every time that the regional directors changed. This process was time-consuming. Feedback from four people mentioned that they needed to observe the preferences of the regional directors to ensure that the task met the requirements. According to feedback from Manager D and Team Lead1, they needed to adjust the report format as the way to calculate data and logic to support each regional director.

An interesting feedback was received by Manager D who mentioned that as the work style was changed by each regional director, she needed to adapt herself to manage the team more efficiently to understand the style of each director, and the actual requirements and targets to manage and communicate with the team properly.

As a result, change in work style affected working time, especially during the early period as the employees needed to adapt themselves to match with the new style. Moreover, not only the employees but also the middle managers needed time to clearly understand the new style and requirement to ensure that they could communicate to the team efficiently.

4.2.3 Workload Issue

Seven out of eight interviewed employees (two middle managers and five team leads) revealed that any changes would increase the workload; especially during the early period. Six out of eight presented the same comments that the workload increased in the early period of both Regional Director B and C due to requests of the current situation and requested reports.

Another factor that increased the workload was the additional processes requested by both regional directors. Team Lead 4 mentioned that Regional Director B requested the team to prepare a projection even with small and unfocused projects, while Regional Director C requested them to ask for price approval for every big merchant even for small discounts. However, the team was not informed of the reason for this additional task.

By contrast, Team Lead 1 mentioned that the workload of their team did not increase as much as other teams. It increased mostly during the early period but after that, the tasks could be automated and workload returned to the same level. Besides, due to the organizational structure, Team Lead 1 was under Manager D during the transition of Regional Director A to Regional Director B. The interview with Manager D showed that an increase in workload mostly impacted on herself rather than her team, as she was responsible for filtering and allocating work to her subordinates.

Thus, change affected the workload of employees; however, it also depended on job function and additional tasks requested by the regional directors from each team, and also how middle managers allocated additional work to the teams.

4.2.4 Decrease in Employees' Morale

Seven out of the eight interviewed employees mentioned that the morale of their team decreased according to the changes and also affected their own morale. According to the interviews, factors that affected employees' morale decline were the direction, workload, work style and the reputation and reliability of the regional director.

Company direction affected the declining morale of employees in two aspects. First, the direction was not clear and second, employees did not trust the direction. Six employees as the two middle managers and four team leads mentioned that their morale and the morale of their teams decreased due to the unclear direction of Regional Director B. This caused confusion and required more time to explain to the team.

On the other hand, the morale of employees increased when Regional Director C took control as he gave more clarification on direction according to the comments of all interviewed employees. Moreover, all employees considered that Regional Director C was suitable for the new company direction. He had strong work experience with setting up products related to the company with Thai market experience of more than four years. Regional Director B lacked these qualifications.

In terms of workload and work style, three team leads gave feedback that it directly affected their own morale. Team Lead 2 said that his workload did not

increases greatly; however, the work style of Regional Director B required a lot of data to make decisions. He thought that this was an unnecessary task and often felt bored at work. On the other hand, Team Leads 3 and 5 gave the same comment that their morale decreased due to the increasing workload. There were no tools or workforce support, and even though the workload increased they did not see any progress from the hard work. However, the situation improved with Regional Director C. He made decisions faster and approved the headcount to support additional tasks. He also reduced the number of reports to decrease the workload.

Interview results showed that that company made some improvements from the employees' point of view such as communication was more effective at both manager and team lead level. However, some major issues still existed in implementing the change. Kotter's framework was applied to analyze the change in regional director as follows:

Establishing a Sense of Urgency

The interview results suggested lack of creating a sense of urgency from Regional Director B. It appeared that Manager B knew that Regional Director B would be taking over one month before the transition; however, there was no information or direction from Regional Director B regarding the change. After Regional Director B took charge of the company, no direction was given to both middle managers. However, middle managers and some employees became aware that the company might focus on a new product, as Regional Director B asked for regular updates on the progress of this product.

Conversely, Regional Director C did a better job. He informally informed the middle managers 2 weeks in advance that he would take charge of the company. After he assumed control, he set up a meeting with the middle managers, the team leads, and Regional Director B to inform that he would take charge of the company and he expressed the big picture of the new direction. Afterward, he convened separate meetings with each team to talk to the reporting line middle managers and team leads to understand the current situation.

Forming a Powerful Guiding Coalition

Under Regional Director B there was no clear direction, the middle managers struggled to operate effectively and most of the employees continued their jobs as usual. Two team leads were assigned to be in charge of the new project; however, they did not get much support initially as no one knew or understood this project.

Under Regional Director C, the new direction was explained on the first day when he convened a meeting with the middle managers and team leads. However, no guiding team was formed. After the meeting, separate discussions were held with each team. During this time, any questions from the team leads were answered by the middle managers who clarified points that were not well-explained. Furthermore, the middle managers requested support from each team lead to prepare data to discuss with Regional Director C. At the same time, the team lead set this task as high priority to respond to the new direction.

Creating a Vision

Data were requested from each team by the middle managers to discuss with Regional Directors B and C. However, a clear vision was not explained during the tenure of Regional Director B.

Conversely, Regional Director C requested the middle managers to set up a meeting with some team leads to discuss the provided data and ask for their opinions. After that, the vision was communicated first to the middle managers and then to some teams leads afterward. However, the vision was not informed to all teams, only to the Business Development team and Marketing team. The other teams had to wait for information from the Town Hall announcement.

Communicating the Vision

The company set up a meeting in the Town Hall to introduce the new regional director to the employees both times that the director changed. In the Town Hall meeting, Regional Director B was introduced but no clear vision was informed. Confusion and questions still occurred.

By contrast, Regional Director C introduced himself and expressed his vision and some strategies. Thus, most employees developed a better understanding of the company direction, but some still had questions. As the middle managers and some team leads already knew the new direction, they helped to clarify questions from the employees. However, some team leads did not know the details. They had to first talk to the middle managers before explaining the details to their team.

Empowering Others to Act on the vision

Due to his work style, Regional Director B did not give a clear direction. Each team needed to ask for approval before proceeding to the next step. This caused delays in every process and confusion for employees as no reasons were given.

This issue also occurred with Regional Director C who requested each team to ask for approval and inform him first. These minor processes caused obstacles to proceed further, especially when the team had a short lead time.

Planning for and Creating Short-Term Wins

From the interviews, no short-term wins were created by either regional director as the employees did not recognize each success. An important product was launched during the 6 months when Regional Director B was in charge, but the employees did not notice. Team Lead 2 commented that the success of the change to Regional Director B was difficult to judge as it seemed to maintain the stage of the current situation. This agreed with Team Lead 3 who oversaw this project. He commented that he thought that he did not get enough support in terms of the workforce.

Likewise, under Regional Director C, a new product to support the new direction was launched within 2 months but employees did not notice the first step of success. There was no celebration to congratulate the team.

Consolidating Improvement and Producing Still More Change

These issues that occurred, as reducing the power of people to act and lack of creating short-term wins by both Regional Directors B and C created obstacles for employees to proceed with their duties due to the additional approval process. Some

employees were confused and resistant to the new process. They wanted to convert back to the previous process where they had the authority to make decisions in some situations. For example, Team Lead 3 commented that he was not happy with the new work processes. He thought that the directors did not listen and did not understand them. However, some employees showed positive signs in changing but commented that some processes needed more work and time. They thought it would be better if they could have extra workforce to support the changes.

Institutionalizing New Approaches

Regional Director B was in charge of the company for only 6 months which was not long enough to instigate big changes in company policy. However, he had no clear vision. The employees did not recognize any success and struggled to cope with the additional tasks.

On the other hand, Regional Director C clearly implemented the change process. The company improved with a new direction and timeline, and the employees strived to change their behaviors.

4.3 The Country Manager is the most important person in the management of the change process

Interviews with the middle managers showed that even if they are not involved in company decision-making, they still participate in giving feedback regarding the current situation. They provided data, concerns, and feedback on company direction/questions to Regional Directors B and C before announcing the direction to other employees. During the interview, Manager B stated, "I am involved in providing historical data and the current situation to the directors. Moreover, I give feedback regarding concerns to the directors as well as the effects of company direction on employees' morale". Likewise, Manager D said, "I am involved in providing important data to the directors, but the final decision depends on top management". Therefore, middle managers are key people during transitions as they communicate directly with the regional directors by giving the current situation, providing the data, and expressing concerns related to feedback.

Moreover, according to the interviews, middle managers also consider themselves as the buffer between regional directors and employees. They screen the necessary information, inform the employees at the right time, and give encouragement to the team. To illustrate this point, Manager B said that her role during the change of director was essential as a buffer to filter information before announcing it to the employees. Some information may cause negative effects, especially for employees' morale if they do not trust or disagree with the direction. Besides, she supported the creation of a plan for the new strategy, allocating more employees if needed, and managing employees' morale to mitigate confusion or fear. This concurred with the comment of Manager D that she was the person who filtered and framed the workload to the team to ensure that the jobs proceeded smoothly, and employees' morale remained at the same level. It was her job to encourage and cheer up her team to pass through tough situations during the change; for example, changes in report format every week to match with the new direction.

Correspondingly, from the interview results, all team lead levels expected middle managers to discuss with the regional director and communicate with them as their relationship was closer. They felt more comfortable talking to middle managers than regional directors.

During the interviews, four of the team lead employees revealed their perceptions and expectations on middle managers as key people during regional director change in communicating with employees and executing plans to achieve the goal. Moreover, middle managers are expected to be advisors to help solve issues during the change, and providers of moral support to employees to deal with the issues. To give an illustration on this point; Team Lead 6 said, "In my opinion, the regional director provides the vision and makes decisions on company direction, while the country manager communicates the direction, discusses and prepares the plan, and gives moral support to the employees". In the same manner, Team Lead 5 thought that the regional director informed and provided vision to build trust with the employees, while the country manager executed the plan and discussed details of the new key performance indicators (KPIs).

Accordingly, it appears that the team leads perceive middle managers as key people who execute the plan and strategy to achieve the goal and also give support

and advice to employees, while regional directors provide the vision and build trust in the organization.

4.4 Employees expect better communication

According to the interview results, all employees at middle manager and team lead level had the same expectations from the company to improve and implement the changes by communicating clearly on the direction and timeline, and with the workforce.

The most critical request from all employees was to provide adequate information concerning the new direction or detail related to the change. The two middle managers were aware of the overview and direction of the new goal but had no information regarding the expected timeline or milestones from both Regional Directors B and C. Besides, some important information was only informed when they asked the regional director directly; for example, the purpose of the current plan or the next plan.

Advance notice was requested by the two middle managers and four of the six team leads. However, the timeline was slightly different between these two position levels. Middle managers required at least one month, while the team leads required at least two weeks. Manager D stated, “It would be good if the regional director could inform us at least one month in advance about any changes. I could then plan and complete the current tasks before the new workload. I would like the director to inform important details without asking. Moreover, it would be better if management initiated a quarterly update to help in increasing understanding and progress of the company to the employees”.

Correspondingly, Team Lead 3 said that he wanted the method of communication to be improved by sharing more direction and timeline. Then he could manage the team and set priorities. Moreover, as workload always increased during periods of change, he expected management to provide more staff to help with priority tasks.

CHAPTER V

SUGGESTIONS AND RECOMMENDATIONS

This case study showed that employees gave positive feedback regarding management change which they considered to be essential for growth to respond to the new company direction. An improvement was shown during the second change of regional director; however, there were still issues in some processes following an analysis based on Kotter's framework. To improve the change process, recommendations are presented as follows:

5.1 Give clear direction to middle managers

The regional director provided inadequate information regarding direction and timeline to middle managers. This caused difficulty in managing the teams. For example, workload during the first change increased due to new report formats and tasks to support the new product. This affected the morale of employees by creating confusion. Middle managers could not clarify points clearly due to lack of information.

Recommendation

The regional director should provide clear direction and expected timeline to middle managers. This will allow them to support, plan, and manage the team more effectively by hiring new employees if needed.

5.2 Improve the process based on Kotter's framework

The company showed improvement by establishing a sense of urgency and received positive feedback from employees; however, there were errors in other steps as follows;

5.2.1 Build guiding teams

The interviews revealed that after the first meeting with Regional Director C, middle managers and team leads, discussions were separated for each team. The only people with an overview are only the middle managers. They act as intermediaries between the regional director and the employees. The requested data was prepared and provided by each team, but some data was duplicated.

Recommendation

The regional director should assign tasks to middle managers and guide the team to work toward the new direction. They can support each other in providing data to eliminate duplicated tasks.

5.2.2 Get the vision right

Regional Director C and the middle managers organized follow-up meetings with some teams to discuss the data and ask for opinions. However, after the vision was developed, communication was limited to the selected teams only.

Recommendation

Discussions should be held with the team leads of all teams. Then, each team can give feedback and state their points of view. After the vision is developed, it should be informed to all members of the guiding teams.

5.2.3 Communicate for buy-in

The current Town Hall communication method was a good forum for Regional Director C to express the vision to all the employees. However, some team leads already knew about the vision. Those who had no information could not communicate details to their team members.

Recommendation

The vision should be communicated to all guiding teams, including middle managers and team leads. Middle managers should support and monitor the guiding team to communicate the vision. As well as verbal communication, the guiding team could act as the role model to start the change: for example, be active in any task related to the new direction and show a positive attitude to the new company processes.

5.2.4 Enable action

In the current situation, additional approval is requested for even minor actions. For example, request approval from Regional Director C for a small discounted price to pass on to a customer. These extra processes really waste time and are not aligned with the short lead time. This causes confusion and increases pressure on the employees.

Recommendation

The middle manager should discuss with Regional Director C to eliminate some unnecessary processes to match with the timeline, or set up a new procedure that already agrees with Regional Director C; for example, set the criteria and approval level to allow middle managers to approve some minor tasks to reduce lead time.

5.2.5 Create short-term wins

According to the interviews, none of the employees recognized new product launch success. The first new product was launched in 6 months and the second new product was launched within 2 months.

Recommendation

Middle managers and regional directors should create short-term wins by celebrating new product launches. All employees should be involved in the first step of a successful launch of new products and the related teams should be congratulated. This celebration will create good vibes in the company and increase the ambition of employees to be successful.

5.2.6 Don't let up

Once a new product is launched, middle managers should monitor progress to improve and maintain success.

Recommendation

Middle managers should convene follow-up meetings with guiding teams to discuss situations and issues that may occur to improve the process and avoid any resistance; for example, get feedback from the team lead that the employees feel comfortable with the new process and the team has enough manpower to continue providing support.

5.2.7 Make it stick

Recommendation

A quarterly Town Hall meeting was suggested by Regional Director C involving the middle managers to emphasize the vision, share the progress of the company, and ask for feedback from the employees to determine whether they have any concerns on new procedures. Optimal solutions can then be discussed to ensure that all members of the workforce are happy and operating effectively.



CHAPTER VI

LIMITATIONS AND FURTHER RESEARCH

Some potential limitations are listed below as follows:

1. Due to time limitations, respondents were selected as only two middle managers and six team lead employees. No feedback was collected from junior employees.
2. Data were collected from only one company operating in the payment industry.
3. Data were collected following the qualitative interview method from Thai employees.

Future research should consider a larger sample size covering employees with diverse seniority and nationality to study the impact of change at each staffing level.

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