The relationship between Self-efficacy and Employee Readiness for Organizational Change

*Anthony Andrew; **S. Mohankumar

*Senior Lecturer, Department of Management, Eastern University, Sri Lanka. andrewsa1965@yahoo.com.au

**Assistant Professor, Department of Business Administration, Annamalai University, India. vmohaa@gmail.com

ABSTRACT - During the past decade, the banking sector had undergone rapid and striking changes like policy changes due to globalization and liberalization, increased competition due to the entrance of more private sector banks, downsizing, introduction of new technologies, etc. The readiness of employees for an intended organizational change is paramount important. Ensuring continuous and active support from the employee is critical and more complex in the context of competitive and dynamic nature of environment. In order to implement successful organizational change, organization needs to develop a mechanism to obtain employees support. The objectives of this study is: to identify the relationship between change self-efficacy and employee readiness for organizational change in the private banks, to analyze the level of self-efficacy that exists in banks and to find out the ways and means to enhance self-efficacy in private banks. The research questions are: what is the level of self-efficacy in the private banks? What extent that impact on employee readiness for organizational change in the private banks? This study tests self-efficacy and employee readiness for organizational change by administering questionnaires to 100 employees selected as random sampling. As a result, the findings suggest that the managers to enhance employee knowledge, skills and confidence in the assigned task to increase employee readiness for organizational change to get higher productivity and continued performance improvement.

Key Words: Organizational change, self-efficacy, employee readiness.

1. Introduction

The economic performance of a country mainly depends on its financial system as rightly said that they are the back-bone of an economy (Vivek and Janakiraman, 2013). Over the last decade, the finance sector underwent major changes in terms of system, structure, facilities, management techniques operational environment, regulatory system, and etc. led to severe concern such as excessive work demands, increased time pressure, role conflict, and extended working hours.

As a result of the end of thirty years of war, in the country especially in the North and Eastern Province many business sectors have begun to move and expanded their business operations in larger scale to these provinces. Financial institutions large in numbers have entered into all types of financial service activities made more competition to the banks. In order to compete in the current environment, banks targeted to make huge profits for their survival. This led to increased working hours, meeting high business targets, etc. Moreover, banking business in the recent times has transformed tremendously due to various factors such as technological innovation in terms of communication and information processing, increase in multi-dimensional operations ultimately results in change in the stress level employees in the bank every time.
1.1 Background and Scope of the Study

In the present dynamic world, change in the workplace is a crucial topic, because change is seen primarily as an adaptive response by the system, acting as a whole or through subsystems with specific functions, to maintain itself in balance with a shifting environment (Ian Beeson and Chris Davis, 2000, 178). In all cases change impacts employee motivation and studying to which extent it does so, is important.

After the completion of the war in Sri Lanka like organization in the other sectors, the banking sector too had undergone rapid and striking changes like policy changes due to globalization and liberalization, increased competition due to the entrance of more private sector banks, downsizing, introduction of new technologies, etc. Due to these changes, the employees in the banking sector are experiencing a high level of work overload, fear of failing target achievement, etc.

The advent of technological revolution in all walks of life coupled with globalization, privatization policies has drastically changed conventional patterns in all sectors. The banking sector is of no exemption. Globalization and privatization led policies compelled the banking sector to reform and adjust to have a competitive edge to cope with multinationals led environment. The advent of technological changes, especially extensive use of computers in the sector has changed the work patterns of the bank employees and has made it inevitable to downsize the work force in the sector.

The implications of the above said transformations have affected the social, economic and psychological domains of the bank employees and their relations. Evidence from existing literature states that more than 60% of the bank employees have one or other problem directly or indirectly related to these drastic changes. Along with other sectors the banking sector also leaning towards the policy of appointing contract labours while various compulsive as well as rewarding options etc.

All the factors discussed above are prospective attributes to cause the level of employee readiness and related disorders among the employees. Although a lot of studies have been conducted on the psychosocial side of the new policy regime in many sectors, there are only few studies, as far as the banking sector is concerned, while the same sector has been drastically impacted by the new policies. Therefore a research study necessitated to ascertain the level self-efficacy among the employees and their level of readiness for successful change process.

1.2 Problem statement

The world is always changing with time, and managers face complex and challenging pressures and opportunities. Faced with stiffer competition and dizzying technological advances, companies often must change course to stay competitive. The changes must inevitably improve employees performance, however in order to achieve high performance through employees, the organization must consider them as assets and must treat them with attention so that they become productive (Harington, 2003). Hence, this research is focused on finding the level of self-efficacy and its impact on the employee readiness for organizational change in the banking sector.

1.3 Research Question

This study examines Influence of self-efficacy on Employee readiness for organizational change.
1. What is the level of self-efficacy in the banks in Manmunai Patru, Divisional Secretariat in Batticaloa, Sri Lanka?

2. What is the level of Employee readiness for organizational change in the banks in Manmunai Patru, Divisional Secretariat in Batticaloa Sri Lanka?

3. What is the relationship between self-efficacy and Employee readiness for Organizational change in the banks in Manmunai Patru, Divisional Secretariat in Batticaloa Sri Lanka?

1. 4 Objective of the Study

This study focuses on exploring the impact of self-efficacy on employee readiness for organizational change related to the banks in Manmunai Patru, Divisional Secretariat in Batticaloa Sri Lanka as the main objective of this study.

Further, this study also aims to achieve the following as the secondary objectives.

1. To find out the level of self-efficacy in the banks in Manmunai Patru, Divisional Secretariat in Batticaloa Sri Lanka.

2. To find out the level of Employee readiness for organizational change in the banks in Manmunai Patru, Divisional Secretariat in Batticaloa Sri Lanka.

2. Literature Review

2.1 Employee readiness

The readiness of employees for an intended organizational change is paramount important. Ensuring continuous and active support from the employee is critical and more complex in the context of competitive and dynamic nature of environment. In order to implement successful organizational change, organization needs to develop a mechanism to obtain employees support. Importantly, predictive employee readiness factors for organizational change to be identified. To investigate the predictive factors for employee readiness towards organizational change and their different levels of influence, considerable number of research has been conducted in the domain of change management over the past few decades (Armenakis et al., 1993; Cunningham et al., 2002; Vokala et al., 2004; Chawla and Kelloway, 2004; Peach et al., 2005; Madsen et al., 2005; Rafferty and Simon, 2006; Holt et al., 2007; Erturk, 2008; Cinite et al., 2009.). Different theories, conceptual models and empirical studies have been applied to observe and analyse many aspects of organizational change. Accordingly literature supports that for a successful implementation of organizational change programme, employee readiness factor has been found more effective (Eby et al., 2000; Armenakis and Harris, 2002; Cunningham et al., 2002; Madsen et al., 2005; Rafferty and Simon, 2006). Many authors have highlighted that consistent support of the employee for successful implementation of organizational change will lead the organization to become vital change (Armenakis et al., 1993; 1999; Chawla and Kelloway, 2004; Jones et al., 2005; Cinite et al., 2009). But, the literature also emphasis that, employee in an organization has been found to be more sensitive and complex, hence, their perceptions, beliefs, and attitudes become critical and competitive in successfully implementing change programmes (Armenakis et al., 1993; Weber and Weber, 2001). Therefore, change agents, practitioners, and experts are working on finding out possible different combination of positive employee readiness factors to
stimulate employee readiness for successfully implementing organizational change (Hanpachern et al., 1998; Cunningham et al., 2002; Madsen et al., 2005; Rafferty and Simon, 2006; Erturk, 2008; Cinite et al., 2009).

The literature portray predictors of employee readiness such that job satisfaction, change self-efficacy, job knowledge, communications, job demands, and skills, logistic and system support, organisational commitment, social relations at workplace, participation and many more factors prevail in support of change programmes (Eby et al., 2000; Wanberg and Banas, 2000; Cunningham et al., 2002; Chawla and Kelloway, 2004; Peach et al., 2005; Madsen et al., 2005; Rafferty and Simon, 2006).

In reality, in enhancing readiness and reducing employee resistance these factors have been positively implicated. Every employee in the organization is unique in their feeling, behavior, and attitude. Therefore, there is felt need to explore more factors that positively influence employee readiness with different correlations to determine successful implementation of organizational change (Armenakis et al., 1993; Hanpachern et al., 1998; Cunningham et al., 2002; Bernerth, 2004; Madsen et al., 2005; Rafferty and Simons, 2006; Cinite et al., 2009).

2.2 Self Efficacy

Self-efficacy is defined as an individual’s judgment of his or her ability to perform certain tasks. Collective efficacy is a group’s judgment of its ability to perform. Meanwhile Self-efficacy is defined as a self-evaluation of one’s competence to successfully execute a course of action that is necessary to reach desired outcomes (Bandura, 1993). There are a lot of organizations believe that human capital plays a crucial role in determining the organizational success hence reflect the value of the labour productivity. Organization with an active human capital, possess skilled worker and considered as income generators for organizations. Thus, Human capital lead to the competitive advantage as it contributes to the value of firms that enhance their performance than competitors (Priem & Butler, 2001). Many authors have termed self-efficacy as an important determinant for employee readiness. Self-efficacy is the “belief in one’s capabilities to mobilize the motivation, cognitive resources, and courses of action needed to meet given situational demands” (Bandura, 1997, p.77). According to Gist and Mitchell (1992), self-efficacy is a person’s estimate of his or her capacity to orchestrate performance on a specific task. Individuals will perform activities that they believe they are capable of and avoid those activities that they judge to surpass their coping abilities (Bandura, 1997).

Some research has explored the development of individual self-efficacy It is important to note that both individual self-efficacy and collective efficacy has been shown to relate to the amount of effort and persistence employees are willing to put forth to reach particular outcomes (Bandura, 1982). In contextual terms, self-efficacy of change efforts is the belief that “we can do this.” Change agents need to assure employees that they have the ability to succeed in the change process. Self-perceptions of efficacy influence thought patterns, actions, behaviors, and emotional reactions during taxing situations, and research has shown efficacy to account for differences in coping mechanisms, stress reactions, and goal achievement (Bandura, 1982). Additionally, self-appraisal of efficacy influences individual judgments and behaviors in such a manner that individuals avoid activities perceived to exceed capabilities while choosing to engage in activities in which they are assured of being successful.

Specifically, during stressful times, such as an organizational change, low self-efficacy presents a negative cyclical relationship in that individuals who judge themselves as incapable of coping with environmental demands will tend to dwell on personal deficiencies and magnify the severity and difficulty of the task/change at hand (Beck, 1976; Meichenbaum, 1977). Such self-doubt and worry elevate arousal, which in turn, creates stress and impairs performance by creating a preoccupation with personal ineffectiveness (Bandura, 1982).
1982). During times of change, focus is diverted away from ways to be successful, and doubt may consume the employee. In contrast, high self-efficacy will divert attention to the demands of the situation and incite greater effort to succeed.

Berneth (2004) identifies self-efficacy as an important factor for the success of change. One of the properties of self-efficacy is that it is domain related. A person can have high self-efficacy on one domain, and low self-efficacy on another (Bandura, 1982). For example, one can have high self-efficacy on carrying out academic tasks, but low self-efficacy of job skills (e.g. Zajacova et al., 2005; Jex & Gudanowski, 1992). A relevant domain in this study concerns self-efficacy in terms of handling changes. That is, self-efficacy is the perception of one’s capabilities to handle changes. In other words, self-efficacy is defined as the perceived ability to handle the rapidly changing situation due to a difficult situation. Self-efficacy will be referred to as self-efficacy of change.

According to Bandura (1997), there are three dimensions of efficacy beliefs; which are level, generality and strength. Firstly, efficacy beliefs of the individuals vary in level. Indeed, perceived personal efficacy of different people may be limited to simple task demands or difficult performance demands. Related to level dimension, Bandura (1997) stated that perceived capability of a person can be measured by considering the level of task demands having different degrees of challenge or obstacle to performance. To illustrate, judgments of athletes’ belief whether or not jumping over the crossbars at different heights can be accepted as measuring high-jump efficacy. Secondly, efficacy beliefs of individuals vary in generality. Individuals may feel themselves depending on performing different kinds of activities or only certain kind of activity. In this sense, Bandura (1997) pointed out that there are various dimensions of generality like degree of similarity of activities, style of capabilities as regards behavioral, cognitive or affective aspects, qualitative property of situations and the individuals’ personal traits. In addition to level and generality dimensions, efficacy beliefs also differ in strength. Weak efficacy beliefs cause negative results due to invalid experiences while people having tenacious belief in their capabilities will be persistent with their efforts in spite of various difficulties and impediments without being overwhelmed easily (Bandura, 1997).

A number of authors have suggested that self-efficacy is an important antecedent of change readiness (e.g., Armenakis & Bedeian, 1999; Eby et al., 2000).

As such, it is proposed that: Self-efficacy, the perceived ability to cope with change, is thought to be an important contributor to readiness (Armenakis et al., 1993; Pond et al., 1984; Prochaska et al., 1994). Self-efficacy, the perceived ability to cope with change, is thought to be an important contributor to readiness (Armenakis et al., 1993; Pond et al., 1984; Prochaska et al., 1994).

### 2.3 Self-efficacy and employee readiness for organizational change

Berneth (2004) identifies self-efficacy as an important factor for the success of change. One of the properties of self-efficacy is that it is domain related. A person can have high self-efficacy on one domain, and low self-efficacy on another (Bandura, 1982). For example, one can have high self-efficacy on carrying out academic tasks, but low self-efficacy of job skills (e.g. Zajacova et al., 2005; Jex & Gudanowski, 1992). A relevant domain in this study concerns self-efficacy in terms of handling changes. That is, self-efficacy is the perception of one’s capabilities to handle changes. In other words, self-efficacy is defined as the perceived ability to handle the rapidly changing situation due to a difficult situation. Self-efficacy will be referred to as self-efficacy of change.
3. Conceptualization

The conceptual approach for this research study is based on a broad theoretical framework and the study examines the influence of self-efficacy on employee readiness for organizational change in the banks in Manmurai Patru Divisional Secretariat in Batticaloa Sri Lanka.

4. Methodology

4.1 Study Setting

For the study of the impact of self-efficacy on employee readiness for organizational change, data were collected based on primary and secondary sources. Primary data collected by issuing questionnaire and secondary data collected from past research papers, literature, reports, and internet.

One hundred questionnaires will be issued to the bank staff on a Simple random sampling method. For this study purpose, self-efficacy will be analyzed to carry out the study on employee readiness for organizational change. Whereas, self-efficacy will be considered as independent variables and employee readiness for organizational change will be considered as depended variable. There are two types of analysis can be taken place in a study.

4.2 Unit of Analyses

The unit of analysis refers to the level of aggregation of the data collected during the subsequent data analysis stage. This study is concerned the unit of analysis will be the individual staff at the middle level in the banks.

4.3 Time Horizon

This study was a cross sectional one in the time horizon, because data were collected in a one single time from the respondents.

4.4 Sample Size, Sampling Distribution

Sample selection is very significant process in conducting a research because in any research it is very difficult to examine entire research area or whole population. At the same time, when select a sample research should take more care because the findings taken through analyzing the sample is common for whole population. Out of the total middle level staff, only 100 will be selected as sample to conduct this research by using simple random sampling method.
4.5 Method of Measurement

Likert scale of 1-5 which ranges from “Strongly Disagree” to “Strongly Agree” will be applied in the questionnaire to evaluate responses. The numerical values will be given for the purpose of quantification of variable as follows:

1. Strongly disagree
2. Disagree
3. Neither Agree nor Disagree
4. Agree
5. Strongly agree

4.6 Data presentation, analysis and evaluation

Data will be presented using tables, bar charts and pie charts. Meanwhile Inferential and descriptive analysis will be used for data analysis. Hence under the descriptive analysis, mean and standard deviation will be derived from the analysis of samples. In inferential analysis, correlation and multiple linear regressions will be applied. Statistical package of SPSS 19.0 will be used for this purpose. Furthermore criteria shown in table will be adopted to evaluate mean values.

Table 4.2 Evaluation criteria for mean values

<table>
<thead>
<tr>
<th>Range</th>
<th>Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1≤X≤2.5</td>
<td>Low level</td>
</tr>
<tr>
<td>2.5&lt; X≤3.5</td>
<td>Moderate level</td>
</tr>
<tr>
<td>3.5&lt;X≤5.0</td>
<td>High level</td>
</tr>
</tbody>
</table>

SOURCE: FORMED FOR THIS RESEARCH

5. Data presentation, analysis and Findings

5.1 Personal Information

5.1.1 Gender perspective of staff

Among the total respondents, 63% of respondents were found to female category, and remaining 37% represents are male category.
5.1.2 Age distribution of staff

Age distribution was categorized into three classes. Among the total respondents, 15% of respondents were found in between to 25-35 years old, 35% were founded in between 36 to 45 years of age, and remaining 50% represents are above 46 years.

5.1.3 Level of Educational Qualification of Staff

The educational level of respondents were classified by four categories from the questionnaire, 42% of the respondents had G.C.E Advanced level qualification, and 23% of the respondents had diploma qualification and remaining 35% of them were found with higher diploma and degree qualifications. This data revels that 58% of the respondents had higher educational qualification.

5.1.4 Level of Work Experience of Staff

Experience has been divided into four categories and 14% of the respondents with 5 years working experience, 24% were 6-10 years working experience, 42% were 11-15 years working experience, 20% and were more than 15 years working experience. This data revels that 62% of the respondents had more than 10 years of work experience.

5.1 Descriptive statistics

This section presents mean and standard deviation for the variables of self-efficacy and Employee Readiness for Organizational Change. Mean values have been distributed based on Liket’s scale of between 1-5 which represent “Strongly Disagree” to “Strongly Agree”. Meanwhile mean values were evaluated based on already established evaluative criteria which range from “Low level” to “High level”.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-efficacy</td>
<td>4.11</td>
<td>0.42</td>
</tr>
</tbody>
</table>

As presented in Table 1, Self-efficacy variable has taken mean values of more than 3.5 which fall under the evaluative category of high level. Ultimately construct of Self-efficacy is with the mean value of 4.11 that shows the high level of self-efficacy.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Readiness for Organizational Change</td>
<td>3.39</td>
<td>0.51</td>
</tr>
</tbody>
</table>

As highlighted in Table 2, the variable of Employee Readiness for Organizational Change has taken the mean values of more than 3.5 which fall in high level category. Total Employee Readiness for Organizational Change construct has taken a mean value of 3.39 therefore it records high level.
This study reveals a high level of self-efficacy, the reason might be that, the banks at present are facilitated with high technology networked working instruments and the more attractive working environment. According to Bandura (1997), one’s self-efficacy is task and situation specific. That is to say, individuals’ level of self-efficacy differs depending on specific situations and the task itself.

The personal information of the respondents of the study reveals that 62% of them had more than 10 years of work experience and 50% were more than 46 years old, work experience and age could influence one’s level of self-efficacy. Bandura (1986) pointed out that belief in one’s efficacy does not remain in a stagnant state; it demonstrates variability depending upon experiences and age of the individual. Higher level of these rates could be a reason for higher self-efficacy.

The respondents considered for this study were the staff working in the banks at the middle level had the tendency to analyze situations with sense of control. Individuals having high sense of efficacy have tendency to analyze adverse situations with sense of control and providing more perseverant endeavor (Pajares, 2000). According to Bandura (1997), those people with high level of self-efficacy scrutinize their decisions through elaboration without deterring against the failures and obstacles in order to attain their set of goals. The staff who are serving in the banks might have been empowered to make appropriate decisions according to the situation and condition of the customer’s loyalty.

High level of self-efficacy in this study also could be revealed with the high targets assigned to the staff for which the attainment of such lead to high level of motivation and becomes a cyclical process. Pajares (2002b) claimed that people possessing high self-efficacy belief have tendency to increase their performance with strengthening their belief and spirit by coping with stress while individuals who have low self-efficacy are likely to assure failure with lowering their confidence and morale.

5.2 Correlation analysis

Correlation values were found to determine relationship between variables of self-efficacy and Employee Readiness for Organizational Change. It has been presented in the table 3.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Employee Readiness for Organizational Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-efficacy</td>
<td>0.698*</td>
</tr>
</tbody>
</table>

As in table 3, the correlation value is positive and the value has been significant at 5% significant level (P<0.05). This reveals that self-efficacy variables are positively correlated with Employee Readiness for Organizational Change. Hence there is a positive relationship between self-efficacy and Employee Readiness for Organizational Change.

The statistical mean of self-efficacy scale showed self-confidence; higher qualification; work experience had enhanced the employee willingness and positive attitudes towards Employee Readiness for Organizational Change. Thus, the scale can be applied to ascertain employee attitudes and behaviours regarding readiness for change. The results of this study also show that self-efficacy scale is significantly and positively correlated with other scale of employee Readiness for Organizational Change.

In addition, the statistical mean of self-efficacy “r” scale also showed that employee of organizations can be ready and open to change. In this scale participant’s response to the factors are related to situational and individual. According to Judges et al. (1995); Goulet and...
Singh (2002) and Poon (2004) employee can develop positive attitudes and behaviours for an organization on the basis of the situational factor. In addition, the literature also shows that employee can develop positive attitudes on the basis of individual willingness. This was confirmed in this study, which shows that self-efficacy has a positive relationship to employee readiness for organizational change.

6. Recommendation and Conclusion

6.1 Recommendations

Based on the findings, the following recommendations are proposed for the enhancement of employee self-efficacy and Employee readiness for organizational change.

1. Achievement of higher targets of tasks should be motivated timely and systematically.
2. The views of the employee should be taken into account when introducing Organizational changes for higher performance.
3. The content and the process of the organizational change process should be relevant to the level of expectation of the employee.
4. A systematic approach should be practiced to enhance the moral of employees or whenever their Performance is being reviewed by reviewers.

6.2 Conclusion

Research on the relationship between self-efficacy and employee readiness for organizational change was stimulated by new interest evidences due to recent change reforms in all types of organizations in Sri Lanka. Increased attention on competition, advanced technology, mergers, expansion, product quality maintenance, enhancing employee efficiency rapid growth, new business ventures, exciting opportunities, innovations, and new leadership and management approaches led to number of countries knowing employee attitudes and behaviours of organization change.

This study is concerned with examining employee self-efficacy, attitudes, beliefs, and behaviours to readiness for organizational change. Self-efficacy had a statistically significant and positive relationship with employee readiness for organizational change. This suggest that, other things being equal, the higher the employee self-efficacy, the more readiness for organizational change and employee exert better and higher performance.

REFERENCES:


www.ijergs.org