

**MANAGER'S ROLE IN IMPLEMENTING ORGANISATIONAL CHANGE:
CASE OF THE RESTAURANT INDUSTRY IN MELBOURNE**

Mindy Chew Man Min & Sonja Petrovic-Lazarevic

*Working Paper 25/05
May 2005*

**DEPARTMENT OF MANAGEMENT
WORKING PAPER SERIES
ISSN 1327-5216**



Abstract

The restaurant industry as a part of the hospitality industry is sensitive to external environmental changes. In order to remain competitive, each restaurant should quickly react to external environment challenges. Since in the restaurant industry there is not much physical distance among employees and managers, relationship between them directly influences on restaurant's performance when change occurs.

The project conducted in Melbourne, known as a place of famous cuisine and restaurants, researched the restaurant industry manager's role when initiating and implementing organisational changes in order to minimise possible employees' resistance to change. The findings point to the importance of communication, employees' attitude and perception of managers' undertaken actions.

This paper is a work in progress. Material in the paper cannot be used without permission of the author.

MANAGER'S ROLE IN IMPLEMENTING ORGANISATIONAL CHANGE: CASE OF THE RESTAURANT INDUSTRY IN MELBOURNE

INTRODUCTION

Hospitality industry increases employment to the nation [25] [15]. The restaurant industry as a constituent of the hospitality industry, dominated by small to medium businesses, provides 52 per cent of the hospitality industry income and more than 55 per cent of the hospitality industry employment in Australia [2]. The Australian restaurant industry is vulnerable to external environment incidents such as Bali bombing in 2002, SARS disease in 2003 and tsunami disaster in 2005. Its vulnerability is manifested through intensified rivalry among competitors and a need for implementing changes in restaurants. According to the Australian Bureau of Statistics, Victoria State has 25 percent of the Australian total population with 72 percent belonging to Melbourne residency [3]. It signifies that whenever restaurant industry volatility takes effect, it can profoundly influence Melbourne due to its high density of population.

Change – a term that indicates reactions such as excitement, apprehension or even fear to those who are affected – is inevitable and might create chaos or new dimension in the working environment [17][6]. Once change occurs, the operations of an organisation may be affected causing a need to evolve to a new phase of organisational life cycle in order to maintain competitive advantage[11][4]. In the restaurant industry change affects customers, managers and employees [15]. Customers make part of the restaurant external environment, while managers and employees are part of the restaurant internal environment.

Managers as initiators of change are motivated to increase organisational effectiveness. Employees do not necessarily welcome changes [24]. Hathaway [14] argues that the greatest enemy of an organisation to sustain its competitive advantage is in its internal environment. When there is resistance to change from employees it can negatively influence the organisational performance.

For Lewin [19] change has three steps: unfreezing, moving and refreezing. Minimizing obstacles to changes and maximizing the opportunities of a change effort are accentuated in the unfreezing process. In the moving stage, recognition of need for change and the acceptance of change have to take place in the workforce. Accordingly, managers as change agents have to restore or reinforce the new system actively with all employees in the refreezing step. This simple three-step model explains the importance of implementing successful change by unfreezing the existing situation followed by change movement and making the new behaviours and norms stick. Throughout the course of action, managers need to ensure that all communication channels contribute to information sharing and accurate absorption of relevant information by all employees [8].

LeBlanc and Mills [18] state that the efficiency in the restaurant industry is dependent only on employees. According to Enz [10] since in restaurants there is not much physical distance among staff and managers, relationship between managers and employees directly influences on restaurant's performance. Namely, when a change takes place employees may display resistance to change emotionally, for example anger as defence mechanism, fear as anxiety, or sadness as low in spirits [16]. They may also blame management for not acting in their interests and perform work with bad working attitudes towards customers to express their dissatisfaction and frustration [13]. Walkup [26] states that a motivated employee will perform more efficiently in serving customers better. In the labour-intensive foodservice industry, getting a group of motivated workforce is not an easy task as each employee is a different individual with dissimilar personalities and attitudes [5]. According to Catlette and Hadden [7], the biggest challenge restaurant manager faces today is having qualified and motivated workforce for as long as possible. Hence, creating a good place to work for employees in order to motivate them to perform

better is very much in the interest of manager. That is why the role of manager in imposing change in restaurants is of vital importance to succeed in improved organisational performance [23] [12] [1].

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

METHODOLOGY

We have chosen Melbourne - with its famous cuisine and restaurants and as one of Australia's major cities marketed for people who focus on food and the dining out experience [25] - to find out what managers should pay attention to when initiating and implementing changes in order to achieve organisational sustained competitive advantage.

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

For interviews Palmerino's approach has been adopted [21]. We conducted semi-structured and audio-taped interviews with an average duration of 60 minutes within two months period of time, June-August 2004. Two different interview questionnaires were used - one interview questionnaire for managers, the other for employees. Topics covered in both interview questionnaires were the same with few different questions for each group of interviewees.

The research questions consisted of three parts: perspectives of organisational change, impacts of organisational change and implications of implementation of organisational change. The first part aimed to enquire to what extent the perspectives of managers on applied change differ from employees' perspectives if they do at all. In the second part, employees' true feelings and opinions on impact of organisational change were obtained. Issues covered in the third part of questionnaire intended to generate effective and efficient implications for managers' actions in imposing and conducting strategic changes.

Open-ended questions were carefully worded to be as neutral as possible without creating awkward situation or offending interviewees [22]. Interview questionnaires for both manager and employee were pilot tested to check whether there is any ambiguity or confusion of questions.

Data collected from questions in all interviews were transcribed. Post-defined coding was used by identifying emergent themes and patterns [20]. We have also used, NUD*IST Vivo software because of its user-friendliness and its design to perform complicated analyses of text data contextually [9].

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

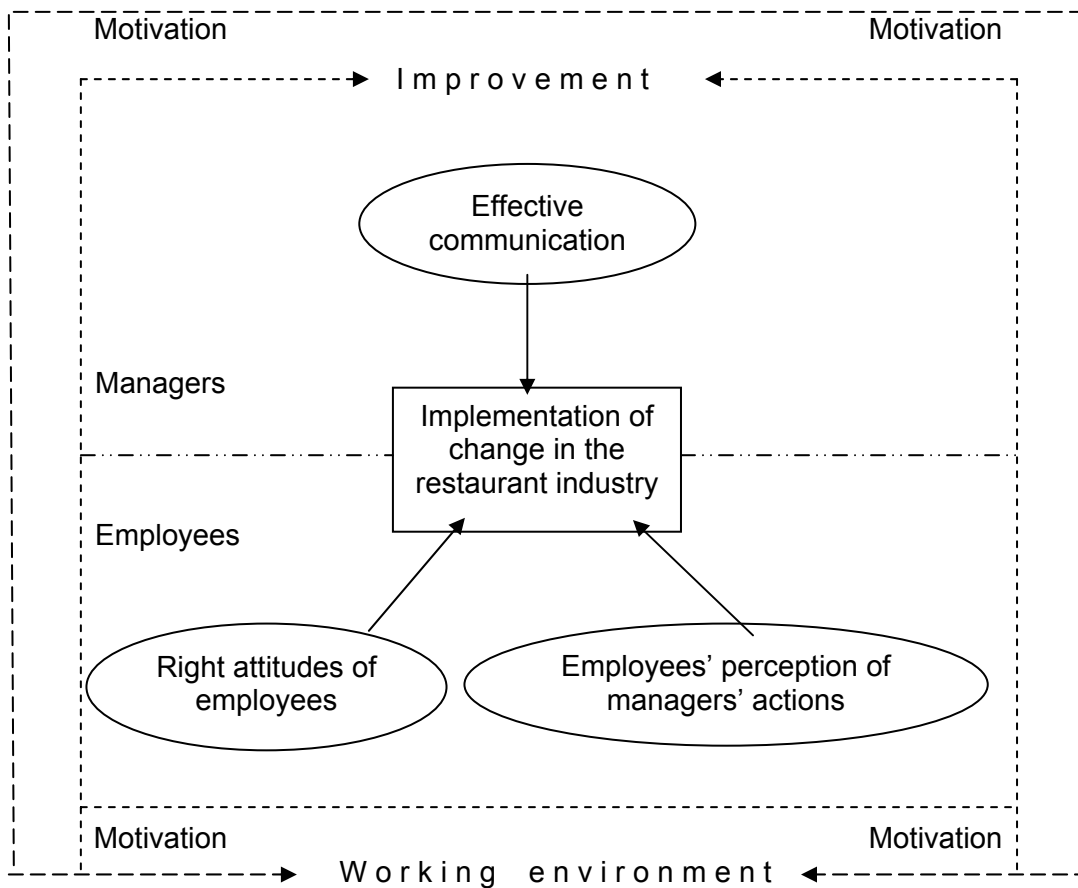
Also, there was difficulty at the stage of data collection in the research process. Since this research project only involved voluntary participations, it was challenging at approaching managers of restaurants in seeking for approval for conducting interviews. Most of the managers expressed

no enthusiasm or interest. As an alternative solution, a network of friends was used to search for potential participants who were willing to take part in this study.

RESEARCH FINDINGS

The results of the qualitative analysis are depicted in Figure 1 showing positions of both manager and employee during implementation of change in the restaurant industry.

Figure 1: Main actors in a restaurant industry organisational change



According to the diagram main players in implementation of change in the restaurant industry are two parties with different positions involved – managers and employees. Manager is the one who carries out change and employee has to accept and adopt it. Effective communication, employee’s attitude and perception of manager’s actions, and working environment are important to achieve better organisational performance.

Effective Communication

From the interviews conducted we have found that effective communication plays a significant role in ensuring smooth restaurant’s operations and increasing employees’ productivity. Communication is important among managers and employees, and also among employees. Most of the interviewed employees agreed that listening skills, as part of effective communication, are one of the competencies that manager should possess at all times. Before, during and after the implementation of change, managers should listen to employees’ opinion and understand their perception and feelings of imposed change. That would help them lead to an improvement on the organisational change applied.

Employee's Attitude and Perception of Manager's Actions

The research findings indicate that in order to make change successful in the restaurant industry managers should be alert at all times of employee's reaction to change. If employees do not cooperate with managers and do not collaborate with workmates, customer service delivery will be negatively affected. Further, when employees resist a change, conflict among them and between them and managers might appear. As a result, employees may provide customer service of low performance affecting good restaurant reputation. They may also quit their job. To prevent both bad customer service and losing employees, it seems it is important for managers to understand that without employees' willingness and agreement to apply change, the restaurants' competency might be jeopardised. Most of the interviewees among employees suggested that managers should in fact provide encouragement and stimulation for their staff to maintain and enhance good customer service performances.

Continuous Improvement, Working Environment and Motivation

This research has found that managers and most employees agree there is always room for improvement in restaurant businesses. This is presented in the Figure 1 with a frame of Improvement. The frame indicates that both managers and employees should look for a better way of getting things done. To managers, very often, ongoing change in the restaurant industry is inevitable and change has to be applied for survival. The concept of *there is always room for improvement* goes along with application of change. If there is no improvement, the restaurant business most likely will become stagnant, in particular when exceptional events occur from external environment, and find it difficult to keep pace with other competitors.

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

Motivation being placed between the frame of Improvement and the Working Environment frame in Figure 1, points to relevance of employees performance to sustain restaurant's competitiveness. Knowing that organisational change is *conditio sine qua non*, without support from managers, employees might become de-motivated and thus be in low spirits. If having good communication with managers and as a consequence proper information of strategic relevance of imposed organisational change, employees may easier accept and apply change to improve restaurant performance. Therefore, employees' motivation is accentuated on importance in achieving sustained competitive advantage in the restaurant industry.

IMPLICATIONS TO MANAGERS

This research has revealed suggestions for managers in the restaurant industry - recognised as volatile and vulnerable businesses to external environment - to what actions to take in order to smoothly implement organisational change.

When a decision to apply organisational change occurs in the restaurant industry, managers as being responsible for a success of organisational change should pay attention to communication with their employees, employees' attitude, perception of managers' actions, employees' motivation and continuous improvement of working environment.

Before implementing a change in a restaurant, managers should understand that different individuals hold dissimilar opinions about change. Also, not all employees are outspoken and

willing to be honest with their managers. Therefore, managers should have the initiative to interact with employees and keep them informed about any organisational change.

During the implementation of organisational change, it seems vital to have employees' involvement to contribute change to succeed. Without their involvement, change effort may be in vain. Leadership is required from managers at this stage because the manager's role is to guide and direct employees along the way. Throughout the process, motivation is essential to support and encourage employees from being de-motivated and having low morale that could affect other workmates.

As soon as the change is implemented, managers should be aware of employees' reactions. By being attentive, they can discover to what extent change affects employees. Organisational change impacts that bring positive results into the restaurant industry do not necessary bring positive outcome to employees. For example, managers should be aware that change of working system may increase employees' income with extra workload creating fatigue and low spirits.

Consequently, it is important for managers to have thorough analysis of the implementation of organisational change in determining to what extent the change is beneficial to both better restaurant performance and employees. Since the restaurant industry requires a high labour input, managers should pay attention to different kinds of impacts imposed on employees. They should, in particular, keep in mind employees' motivation and create an environment that encourages employees to accept change and sustain restaurant's competitive advantage.

Further research interests will consider the longitudinal importance of the size of a restaurant to the relationship between managers and employees when organisational change occurs and an analysis of attitude and behaviour of employees.

REFERENCES

- [1] Anonymous, (2003), "Making change work – for real", HR Focus, Vol. 80, No. 1, pp. S1-S2.
- [2] Australian Bureau of Statistics, (2000), Cafes and Restaurants Industry 1998/99, Canberra.
- [3] Australian Bureau of Statistics, (2004), Population by Age and Sex, Victoria – Electronic Delivery, Canberra.
- [4] Bayless, M. (2003), "Staff training: Maintaining and strengthening culture as your organisation grows", Gourmet Retailer, 1 Aug.
- [5] Bowers, D. K. (1995), "Confidentiality challenges", Marketing Research, Vol. 7, No. 3, pp. 34-35.
- [6] Burns, R. (1993), Managing People in Changing Times, Allen & Unwin, New South Wales.
- [7] Catlette, B. & Hadden, R. (2000), "Prepared to go, but eager to stay", Workforce, Vol. 79, No. 8, pp.32-33.
- [8] Dale, H. (1989), "The elements of successful organisational change", Industrial Management, Vol. 31, No. 2, pp. 4-5.
- [9] Durian, D. (2002), "Corpus-based text analysis from a qualitative perspective: A closer look at NVivo", Style, Vol. 36, No. 4, pp. 738-743.
- [10] Enz, C. A. (2002), "From the Executive Director: Promoting the human spirit: Key to business success", Cornell Hotel and Restaurant Administration Quarterly, Vol. 43, No. 4, p. 2.
- [11] Graetz, F., Rimmer, M. Lawrence, A. & Smith, A. (2002), Managing Organisational Change, John Wiley & Sons Australia, Singapore.
- [12] Haddadj, S. (2003), "Organisation change and the complexity of succession: A longitudinal case study from France", Journal of Organisation Change Management, Vol. 16, No. 2, pp. 135-153.
- [13] Harper, S. C. (1998), "Leading organisational change in the 21st century," Industrial Management, Vol. 40, No. 3, pp. 25-30.
- [14] Hathaway, P. (2003), "Change for the better", Credit Union Management, Vol. 26, No. 3, p. 8.
- [15] IBISWorld, (2004), Cafes and Restaurants in Australia, 17 Aug, Sydney.
- [16] Johnson, S. (2001), Meeting the Challenge of Change, Eastern House, NSW.
- [17] Kotter, J. P. (1995), "Leading change: Why transformation efforts fail", Harvard Business Review, Vol. 73, No. 2, pp. 59-67.
- [18] LeBlanc, C. L. & Mills, K. E. (1994), "Retaining employees: Make them feel indispensable", Nation's Restaurant News, Vol. 28, No. 16, pp. 30-31.
- [19] Levasseur, R. E. (2001), "People Skills: Change Management Tools – Lewin's Change Model", Interfaces, Vol. 31, No. 4, pp. 71-73.
- [20] Miles, M. B. & Huberman, A. M. (1994), Qualitative Data Analysis, 2nd edn, SAGE Publications, California.
- [21] Palmerino, M. B. (1999), "Take a quality approach to qualitative research", Marketing News, Vol. 33, No. 12, pp. 35-36.
- [22] Patricia, D. & Gillian, M. (1997), "Asking 'why' questions in the reference interview: A theoretical justification", Library Quarterly, Vol. 67, No. 1, pp. 50-71.
- [23] Seel, R. (2001), "Anxiety and incompetence in the large group: A psychodynamic perspective", Journal of Organisational Change Management, Vol. 14, No. 5, pp. 493-503.

- [24] Seijts, G. H. & Farrell, G. (2003), "Engage the heart: Appealing to the emotions facilitates change", *Ivey Business Journal*, Vol. 67, No. 2, p. n/a.
- [25] Sparks, B. A., Wildman, K. L. & Bowen, J. T. (2001), "Restaurants as a contributor to tourist destination attractiveness", *Australian Journal of Hospitality Management*, Vol. 8, No. 2, pp. 17-30.
- [26] Walkup, C. (1997), "Build a positive culture by including personal values", *Nation's Restaurant News*, Vol. 31, No. 23, p. 70.