HOW WILL HELLENIC POST MANAGE THE LIBERATION

OF THE POSTAL MARKET

By

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DEDICATION

This thesis is dedicated to my beloved father whom I lost so early

Biography

Georgia A. Tsoni, Marketer

Georgia Tsoni is currently occupied at the Division of Marketing and Advertising at the Hellenic Post. The nature of the job is to approve collaborations with companies and organizations which want subsidies from Hellenic Post.

After working for a year as a postman in the centre of Athens and six years in two post offices as a cashier, Georgia Tsoni has a full and clear idea of the function of Hellenic Post. A graduate of High School, Georgia always felt the desire to work as a marketer in a big Advertising Company. In 2002, she begun working as a postman in the Hellenic Post and then as a cashier in post offices. After completing her undergraduate degree Marketing at Technological Educational Institution of Athens, she was promoted to the Central Department of Hellenic Post.

Abstract

The subject of the present study is the liberation of the postal market and the change from monopoly to a competitive environment. The present situation is that Hellenic Post functions in a monopolized postal environment. But by 2013, this situation will change, as the European Directive launches the liberation of the postal market. So how will the Hellenic Post handle this change, deal with this change successfully and keep the customer satisfied? The author will study this change; investigate the procedure of change and the best practices in similar situations that can be a guide for the Hellenic Post. The author hopes to reveal the successful enter of the Hellenic Post to the new, competitive market, maintain the customer's satisfaction and remain the leader among the other competitive organizations and companies.

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Chapter 1 - Introduction

1.1. Nature of study

It is a fact that by 2013 the postal market will be liberated and many competitors will enter the market. So far the Hellenic Post has the monopoly. But this will change and Hellenic Post must be ready to face this major change and the upheavals of change. Hellenic Post must deal with this change successfully and at the same time must keep the customer satisfied in order to survive and continue to be the leader in the postal market.

1.2. Needs Assessment

Customer satisfaction is the most important aspect in the maintenance and welfare of an organization. For the Hellenic Post customers are the oxygen and without them the organization will not exist.

With the stop of the monopoly and the beginning of a liberated, competitive market, new competitors will appear and will try to take a piece of the market share and of course will try to benefit.

1.3. Purpose of the Study

The purpose of this study will be that the Hellenic Post will manage the upcoming change successfully with the final outcome and aim to keep their customers satisfied.

1.4. Significance to the workplace

I am working as a marketer in the division of Marketing and Advertising in the Hellenic Post. The significance to my workplace is that as an employee of the Hellenic Post for eight years now, the major change, from monopoly to a liberated-free market that Hellenic Post will face, will affect me immediately and directly, as will affect the entire organization.

With this thesis I want to contribute to my organization and provide solutions from the area of Project Management that I study.

1.5. Relation to the Program of Study

The subject of my thesis has a direct relation with the following theories of the Project Management:

- PM513. Managing Project Change. The theory of this course will help me to analyze and compare the theories and models of change and apply them to my organization's change process.
- PM512. Customer in the project process. The ultimate goal for an organization as the Hellenic Post is to keep the customer satisfied, so as to remain faithful to the products and services of the Hellenic Post. With unsatisfied customers the organization ceases to exist.

Chapter 2

2.1. Problem Statement

With the end of its monopoly on mail services, the Hellenic Post may confront an immediate, considerable decrease of customers that could be devastating.

2.2. Rationale

Mail services in Greece are provided by the Hellenic Post, which so far is the only organization that has been monopolizing the market. Hellenic Post is the leader in the market. By 2013 the mail market will be liberated. This creates a major problem for the Hellenic Post because of the development of competitors. Competition will definitely divide customers and create new parameters.

Unless there is a prompt reaction by the upper level managers of the organization, it will not be ready in time to confront the major changes that are coming. The offer of some prepositions in order to keep the customer satisfied is needed. It is likely to be a rush away from the Hellenic Post, so a solution is to look ahead and make changes that will keep customers from leaving in the first place. Following an effective strategic plan can contribute to the preparation of the organization in order to survive among competitors.

The reason for undertaking this endeavor is that I am working in the Hellenic Post for eight years now and I would like to contribute to the organization. Moreover the bankruptcy of such an organization would affect thousands of working positions and this is of great importance and concern of me. Finally there is a great challenge of keeping the “old” still competitive with the “new”.

2.3. Hypothesis

The Hellenic Post, with a careful and focused management strategy can survive in a free market.

Chapter 3 - Review of Literature

This is the review of academic articles and textbooks which focus on the change and learning organization, structures and change and the patterns that control events. Moreover the impact of change and transition on the individual is emphasized in these sources. What does creating change mean and what are the challenges of creating change? Furthermore in the following sources there is useful information about the tools for change. Finally a significant area is that of keeping the customer satisfied.

The literature review will include three areas: (a) change, (b) change and learning organization, and (c) the customer satisfaction.

Change impacts all areas of the organization. It impacts not only the organization as a whole, but also each individual, and this level of change must be considered and tools provided for people to be successful (Bellman, 2001). Johnson (1998) also discusses how the individual can cope with the change and what must be done when an unexpected change occurs, while Neves (2009) examines how the readiness for change leads to changes in employee’s behaviors. At the project level the PMBOK Guide (2004) provides useful information for controlling changes to the project scope, to the project schedule and to the project budget.

As change impacts both the organization and its employees there are useful guidelines on how to deal with the change successfully and how to help the organization and its employees face this change (Luecke, 2003). Moreover Safar, Defields, Fulop, Dowd, and Zavod, (2006, p.1) “build a predictive model of organizational change impact that incorporates the achievement of strategic business goals”, while Recardo (2000, p.1) “discusses a recent study to identify leadership best practices for executives in industries and companies that are experiencing significant change”. Furthermore Elias (2009, p.1) focuses “on the employee commitment in times of change and evaluates the importance of attitudes toward organizational change". The employee commitment is a significant issue, because without it an organization cannot continue to make adjustments and modifications according to change.

To sum up, it is a fact that an upcoming change must affect the whole organization and its employees and sometimes the whole environment. Each division of Hellenic Post must ready to face this challenge and face it successfully in order to survive. So the organization must understand the change, accept it and use those tools provided in order to be successful. The Hellenic Post must share the vision to its employees to be united and ready for the change and always keep in mind to have the customers satisfied and provide the best products and services.

3.1. Brief Company Profile

After 180 years of continuous presence in the socio-economic process, the Hellenic Post continues to act as a catalyst for social and economic life of the country, trying to keep stable and reliable the traditional relationship of the Greek citizens with them. To this end, the company utilizes the positive elements of the past and plans with absolute accountability its new goals.

The Hellenic Post holds the leading position in the Greek postal market and has been playing for over 180 years a significant role in both the social and the business environment of the country. Hellenic Post is an integral part of the Greek society and its history begins with the constitution of the Greek modern State. In 1828 the Hellenic Post was established as a Public Service, following a decree of the first Governor of the liberated and newly founded Greek State, Ioannis Kapodistrias.

In 1970, the postal service acquires the status of the Legal Entity of Private Law, entitled "Hellenic Post" (ELTA), and in 1996 turns into limit liability company, under the brand name ELTA S.A.

In 1998, a major and ambitious modernization and restructuring program strikes out, aiming at improving the quality of the provided services, increasing the productivity and optimizing the utilization of the company's human resources. 1999 is the first year during which the company registers a profitable output and lays the foundation for a substantial growth.

In 2004, ELTA, always taking the field in major events, is appointed Grand National Sponsor of the Athens Olympic Games.

2006 is a milestone in the history of the Company, since the implementation of an investment program amounting to 200 million € reaches its peak, covering the 5-year period 2004-2008. At the same time this very year marks the starting point of the company's new developmental course, which is characterized by the expansion of its products portfolio, the enhancement of financial products and services and the formation of strategic alliances.

The acquisition of shares and the new commercial corporation with the Greek Postal Savings Bank in 2006 gives ELTA the prospect to shape a fresh developmental course, through which it will make the best possible utilization of the country's most extensive network.

The role of Hellenic Post today particularly characterized by the responsibility that they have undertaken to provide universal postal services and services of general economic interest.

The strong commitment to citizens and businesses to provide high quality postal services at affordable prices remains a major concern of the company. In this context, the Hellenic Post creates sophisticated integrated value added solutions to meet the needs of their clients, whether individuals or companies and organizations.

To remain faithful the company in its commitment to accountability, professionalism, efficiency and sensitivity, operates an extensive network with crowded post offices and agencies across the country, making it possible to offer reliable services throughout Greece.

Hellenic Post has today 847 stores with 2,500 windows service, 826 agents and 3,000 dealers of stamps, 19 sorting centres, 81 distribution units and other special units of production, distribution centre parcel, two parcels clearance services, transit centre, 900 rural and 2,400 urban postmen. This huge network of physical presence of the Post Office uses a unique expertise, knowledge and experience in providing high quality services to everyone, wherever they are.

3.1.1. Vision of Hellenic Post

The Hellenic Post invests in quality and in people for a modern effective, innovative organization, a leader in all areas with a strong presence in the new economy. The Hellenic Post is providing high quality, speed and reliability:

- universal postal services of general interest at affordable prices
- integrated-specific value-added solutions to meet the need of clients
- financial services and products, and retail services, using its extensive postal network and the possibilities of new technologies

3.1.2. Values

The values of an organization are the main basis for the operation and determine how it tries to achieve its objectives. They are principles which permeate the daily operation of the organization and at all levels and establish rules of conduct for customers, partners and colleagues. On this basis the values of the Post Office are:

- teamwork
- accountability-professionalism

- loyalty
- effectiveness initiative-entrepreneurship
- integrity
- meritocracy
- social awareness

3.1.3. Prospects of growth

The company is riding high in the new century and has evolved into a contemporary, integrated Group that provides services, offers a wide range of postal and financial services both to private users and firms, and records 100 million transactions and 60 million customer visits on its premises per year.

Development of ELTA means:

- High quality in the provision of services and in customer service
- Respect for the Customer
- Continuous development of Human Resources
- Investments in high-end technology
- Increased revenues and wider profitability margin

A set of actions and interventions has been designed and is currently being implemented, with a view to transforming ELTA in a modern, automated and at the same time socially sensitive company.

Planning and solidly implementing this action plan for the continuation of our upward course for the years to come. ELTA gives flesh and blood to its Vision for a contemporary, efficient and innovative Organization, leader in every field of action it is involved in and with a powerful presence in the New Economy.

The integrated solutions for direct mail, the banking services and insurance products, as well as the internet services represent significance choices for a steady development.

In parallel, the various investments in infrastructure are rising to the occasion in order to complement and support these choices.

The automated Sorting Centre of A.M.U and the Sorting Centre of Attica are already in full operation, while the plants are being erected and the automatization systems are being installed, at a fast pace, for two major Sorting Centres in Thessaloniki and in Patra.

The strategic objective behind the investment is for ELTA to own and operate a state-of-the-art network of automated sorting centres, capable of processing 85% of the total mail volume of Greece, by 2008 and now has succeeded it.

The basic tool of the company's development is I.T., which is why the organization has maximized investments in this sector, such as counter automation, upgrade of the Integrated Information System, installation and operation of infrastructure for Hybrid Mail, Internet Service Stations and Telematics Systems for monitoring ELTA's vehicle fleet.

The Company places great importance on its human resources and the "Economy of Knowledge" as sector of utmost importance. To this, end a long-range project of training activities is under implementation, with a view to developing and expanding the knowledge and skills of its personnel, so that they will be in a position to incorporate most effectively the investments under way as well as the changes to be brought about in the organization of the production chain.

3.1.4. With eyes facing the future

ELTA is rapidly changing, is getting stronger, is improving and is laying the foundation to maintain its importance role in the Greek Economy, in order to contribute to the national effort of development.

Planning and striving will not confined in the present era, but will go on through the elaboration of a new frame of action, which will carry the group to the following decade, not only as a leader but also as a pioneer of development, innovation and value creation for the social partners while playing particular attention to its People and Society.

3.1.5. Laws and Objectives according to European Community

Postal services are vital for business users and consumers and are of general economic interest (SGEI). Postal markets are dynamic and rapidly evolving together with the increasingly open markets of communications, advertising and electronic commerce.

Overall in the EU, postal services are estimated to handle 135 billion items per year, reflecting turnover of approximately 90 € billion, or about 1% of EU gross domestic product (GDP). About two - thirds of this turnover is generated by postal services. This reminder is generated by parcels and express services, which have been already opened to competition (ie, the market is fully open to competitors).

The objective of the EU postal policy is to achieve a single market for postal services and ensuring high quality universal postal service under the Lisbon Agenda. So it is focused on postal customers, both business and consumers. These objectives are pursued by opening the sector to competition in a gradual and controlled way under the regulatory framework of the Postal Directive (Directive 97/67/EC as amended by Directive 2002/39/EC) and as amended by Directive 2008/06 / EC). Improving the quality of service, especially on performance delivery and easy access are key aspects of this policy. The Commission shall monitor and ensure proper implementation of the regulatory framework and, where appropriate, propose amendments to this framework to deliver postal policy objectives of the Community.

In the 3rd Postal Directive (Directive 2008/06/EC), the full market opening will be completed by December 31, 2010, for the majority of Member States with a further two years allowed for 11 Member States.

The monitoring of market, technology and regulations should be continued after full market opening in order to safeguard the EU postal policy objectives and the sustainable development of postal services in the European Union.

In fact, with the adoption of Directive 2008/06/EC, the EU postal reform has entered a new phase. Only if all stakeholders continue to be truly committed to pursuing them and to actively contributing to them, will the objectives of the EU postal reform and the internal postal market should be achieved and will the European Union and citizens benefit. The Commission is committed to assist Member States and all stakeholders in these efforts and activities. (Retrieved from http://ec.europa.eu/internal_market/post/index_en.htm)

3.2. Change management

According to Rahschulte (2007), "broadly, change management is the planning, organizing, and controlling of organizational change endeavours" (p.3). Huq (2005) noted that, relative to change management, there are six primary issues of concern. The six change management issues are "leadership, implementation of change and control, barriers to change, communication, people culture factor, and change review" (p. 454). Thus, according to Rahschulte (2007), organizational change management simply involves what needs to be changed and how it will be changed; however, complexly change management involves the dynamics of leadership, organizational structure, people, tasks, and technology at minimum and expands to include ongoing organizational operations, external environment, and organizational culture. Conner (1998) noted that working in complex and dynamic markets of the 21st century means "at any given point in time, what should have worked but did not, or what did work but no longer does, must be replaced with a new approach" (p. 54) thus causing a change within the organization. Weick and Quinn (1999) noted that change "routinely occurs in the context of failure of some sort" (p. 362). Furthermore, Stone (2002) suggested that the need for change is determined based on there being a gap between actual performance and desired performance.

3.2.1. Meaning and types of organizational change

With the term organizational change, we mean "the conversion of an existing situation with a new one" (Bourandas, 2005, p.98). In this sense, the change involves the concept of transformation of the organization, and the concept of transition from the current situation to a new one. The organizational changes may involve any part of the organization such as strategy, structures, systems, procedures, regulations, policies, culture, skills, attitudes, technology, business, etc.

The organizational changes may differ as to the purpose and content, extent and consequences. Pascale (1995) distinguishes change from the transformation. It uses the concept of change to express progressive (incremental) improvements in existing data of an enterprise - organization. He considers that the purpose of change is to make things better, or at least different. The transformation, as opposed to change, is not the improvement of those exists, but the creation of what is not there. For example, conversion means the transformation of caterpillar to butterfly. It defines transformation the creation of a new framework (context) - new space (realm) features, which did not previously exist. Nadler and Tushman (1998) distinguish the organization change, on one hand, according to their importance (marginal or progressive - incremental and strategies) and on the other hand, according to the basis of the stimulus for change (reactive - proactive). Reactive changes are those made to respond to a stimulus, event or pressure. It is those changes whose aim is to adapt to the evolution of the environment. Proactive changes are these changes, which are made on the basis of forecasts about what will happen or wish for a better future, and therefore those changes which create progress.

3.2.2. Attitudes and resistance to change

According to Bourandas (2005) despite the fact that change is a key element of human nature and we need it, often we resist. At each organizational change occur almost all the stops to the continuum, from the "active support" to the "active denial". Therefore, the implementation of organizational change, among other things, requires an effective confrontation towards those resistances. Dealing of negative attitudes to changes requires firstly an understanding of the causes that create them and secondly, knowledge of the methods by which these could be addressed. According to the existing literature and empirical research, the main sources of resistance to change are the following (Bourandas, 2005):

Fear. Each change leads to a new situation, which more or less linked to uncertainty about the characteristics and effects on the people. This uncertainty is a natural cause in many people the feeling of fear, which makes them react negatively to change.

Feeling lost. Besides the uncertainty in many cases of change, people feel that change can lead to the loss of valuable to them satisfactions (strength, value, usefulness, job content, status) which they enjoy in the current situation.

Habit. This habit leads to inertia and thus resistance to change, because it is connected with stereotypes and a sense of “tiding over” in the incumbent state. The habit as a source of resistance to change is particularly important when it comes to change attitudes, thinking and behaviour of humans.

Not understanding the usefulness of the change. Often, in large organizations, many employees do not understand the direct or indirect use of the changes for themselves and for the general good due to lack of effective communication with managers of change. Therefore they have no reason to accept and support them.

Different perceptions. The organizational changes are usually the result of values, beliefs, subjective perceptions, assumptions, judgments, goals and choices. It is natural that there are several different concepts towards them. This of course leads to passive and active denial of those they disagree with the content, and/or the way of introduction of change.

Reacting to the agent of change. Several times causes of negative attitudes to change are the content and consequences, but individuals or groups that initiate and seek changes. Lack of trust and confidence of those who suggest changes, the notations of the positions held, the management style, etc., may cause negative attitudes to change.

Adverse effects. Finally, the cause of negative attitudes to change are actually causing negative consequences may be changes in people. Such negative effects may be direct or indirect and relate to anything that the person has value.

Davis and Newstrom (2007) describe the following three types of resistance to change:

Logic resistance, based on rational reasoning and knowledge. Logic resistance has to do with the time needed to adapt to the new situation, the extra effort needed for learning, the likelihood of appearance of less desirable - negative situations, such as reducing capacity, the economic cost of change and the questionable effectiveness.

Psychological resistance based on emotions and attitudes. This type of resistance includes fear of the unknown, the small resistance to change, lack of trust to others and the need for security, namely the wish to maintain the existing order.

Sociological resistance, based on the interests and values of the group. The sociological resistance refers to political alliances, to opposing values of groups, to a limited and narrow view, to the vested interests and the desire to maintain social relationships and balance of interests that exist.

According to Rahschulte (2007), organizational change primarily occurs due to performance deficiency or planned performance deficiency. As such, organizational change success, while unique to organizations and change projects, is typically determined by performance measures of cost, quality, and satisfaction. Additionally, organizational change success is determined by project standards of cost, quality, scope, and timeliness.

Why is it so difficult to change an organization? According to Rahschulte (2007), findings to date suggest that successfully planning, leading, and sustaining organizational change is difficult and the probability of success is low. Cameron and Quinn (1999) noted that most change efforts fall short of attaining their desired outcomes. Burke (2002) noted that most efforts to change an organization “do not work” (p. 1). Many others have noted that organizational change efforts, especially large-scale organizational change efforts, which are those that impact fundamental aspects of the organization and seek to significantly enhance performance, fail to achieve objectives (Bowman, Singh, Useem, & Bhadury, 1999; Cameron, 1998; DeMeuse, Vanderheiden, & Bergmann, 1994; McKinley, Zhao, & Rust, 2000). According to Champy (1995), two-thirds of total quality management and change related projects fail, or at best are less than successful. Similarly, Kotter’s (1996) evaluation of organizational change initiatives concluded that many fail, only a few succeed, and most produce results that are less than expected. Later, and more precisely, Kotter (1998) noted that fewer than 15% of companies successfully transform themselves to address the pressures of change. These findings suggest that organizational change is not only difficult, but also that success rates are diminishing over time. This is because the pressures to change abound. Some have noted advancements in technology (Drucker, 1988; Handy, 1996; Klein & Ralls, 1995; Lai & Guynes, 1997; S. A. Morhman & Morhman, 1989; Nadler & Shaw, 1995, global markets (Ghoshal, 1987), fluctuating economy (Hoskisson, Eden, Lau, & Wright, 2000; Simon, 1991), and the diversity in customers and employees (Dwyer, Richard, & Shepard, 1998; Richard, 2000) to be the causes and pressures to change.

3.2.3 Understanding the Phenomenon Organizational Change

According to Rahschulte (2007) "to understand the phenomenon organizational change, each term—organization and change—must first be understood" (p.3). Relative to the former, von Bertalanffy (1968) noted that organizations are mere social extensions of the human biological system. Carney (1999) concurred with these sentiments suggesting, "Organizations . . . are governed by the same laws of change that govern living things" (p. 8). Further, as supported by the living system theory, it is generally recognized that everything is connected to everything else and that the universe is holonic, or comprised of nested systems (Wilber, 2001). According to Rahschulte (2007) a change in a single element affects all parts of everything throughout the nested system—essentially the universe. But, what does change mean? Simply, change means to alter, make different, or to transform (Merriam-Webster, 1996). As change occurs, evolution occurs, which is a transformation. Organizational change thus means a transformation of interdependent living system. Merriam-Webster (1996) defined organizations as an association, society, or functional structure characterized by "conformity to . . . standards and requirements" (p. 819). According to Rahschulte (2007) with standards and requirements in place, organizations would seem rather structured and stable and therefore have little need for change let alone change implementation theory. In isolation, this could be true. However, organizations are not isolated, but rather participants in a larger context of an environment or market. A. G. Johnson (1997) noted the importance of understanding that we, individually and organizationally, "participate in something larger than ourselves" (p. 13). In doing so, we influence and are influenced by others and as such address the pressures to change in adaptation to the larger context of the environment.

Change too was defined earlier as to make different or alter, or to make radically different or transform (Merriam-Webster, 1996). Organizations change. As they change, they evolve. Evolution is subject to constant internal and external pressures such as task, technology, structure, and people (Leavitt, 1965). These pressures lead to a need for change (Beer, Eisenstat, & Spector, 1990; Cayer & Weschler, 1988; Cummings & Worley, 1993; Lawler, 1989; Rainey, 1991). Thus, due to the interdependencies of task, technology, structure, people, and collectively organizations, change is constant in the world and offers no immunity to either people or organizations (Rahschulte, 2007). Furthermore, change is not a one-time event, but rather a dynamic process of experience, insight, reflection, and behavioural occurrences. Prochaska, Norcross, and DiClemente (1995) noted that change is a process that likely begins long before any action is contemplated. Once contemplated, and once it is implemented, change is cyclical thus involving iterations among the individuals and their environment.

Organizational change has been described as a process (Beer, 1980; Burke, 1982) of transformation that creates a sustainable metamorphosis from a vision that produces radical change in an organization’s products/services, customers/clients, market channels, skills, sources of margin, competitive advantage, and persona, integrating these changes with core competencies. Organizational change has been defined in a number of other ways as well. Tushman and Romaelli (1985) defined transformational (organizational) change as a substantial change that impacts the organization’s culture, strategy, power distribution, structure, and control systems.

Salthe (1993) defined developmental emergence (organizational change) as a “sudden shift of a system from a condition that is understandable. . . . to another condition that is not fully explicable” (p. 243).

M. E. Smith (2002) suggested that organizational change is an “intentional change in the way the organization does business” (p. 26). Daft (1998) defined organizational change as “the adoption of a new idea or behaviour by an organization” (p. 291). Wagner and Hollenbeck (1998) defined change as “the act of varying or altering conventional ways of thinking or behaving” (p. 345).

3.2.4. The Organizational Pressures to Change

The pressures to change abound. Zorn, Page, and Cheney (2000) claimed organizational change is unpredictable due to pressures from globalization, competition, technology, and customer demands. J. J. Kline (2002) supported the documentation of these organizational pressures to change, concluding that the necessity to change due to technology, competition, globalization, and interconnectedness is obvious. Others too have noted that pressures to change include advancements in technology (Drucker, 1988; Handy, 1996; Klein & Ralls, 1995; Lai & Guynes, 1997), global markets (Ghoshal, 1987), fluctuating economy (Hoskisson et al., 2000; Simon, 1991), and the diversity in customers and employees (Dwyer et al., 1998; Richard, 2000). These pressures are generated from within and outside the organization and share the common denominator, performance.

Performance demands are derived from external and internal pressures. Internal pressures are those downward pressures originating from the organization or upward pressures based on employee demands. Thus, internal pressures are those that address and react to internal processes and relationships. Conversely, external pressures stem from the organization’s relationship with social, economic, and political environments. These external pressures include government regulation, globalization, competition, and consumer behaviour.

According to Rahschulte (2007) to understand the mounting pressures to change, consider the following chronology. Toffler (1970) warned of the oncoming acceleration of change. Hellriegel and Slocum (1980) stated, “Never before people had been as concerned with organizational change as they are now" (p. 35). Corner (1992) noted, "Never before has so much changed so fast and with such dramatic implications for the entire world. Life is transforming as we live it" (p. 3). Kotter (1996) noted, "By any objective measure, the amount of significant, often traumatic, change in organizations has grown tremendously over the past two decades" (p. 8). Druhl et al. (2001) pointedly stated, "Organizational change is a central topic in our time" (paragraph 1). Goleman et al. (2002) further noted the importance of change claiming, "Leaders everywhere confront a set of irrevocable imperatives, changing realities driven by profound social, political, economic, and technological changes" (p. 246). Drucker (2003) noted, "Major Changes—both the major threats and the major opportunities—will dominate the executive's task in the next 10 to 15 years, maybe even longer" (p. 3).

Dervitsiotis (1998) wrote, "Many companies today are under severe pressure to proceed with needed organization transformation in order to cope with increasing rates of environmental change and turbulence" (p. 109).

The scientific management goals of Taylor (1911/1998) were to help managers "to secure the maximum prosperity for the employer, coupled with the maximum prosperity for each employee" (p. 1).

3.2.5. Process of effective implementation of change

The ability of a firm to design and implement effective change depends largely on how the executives responsible for these changes capture and follow effective procedures and play their roles to be about them. The literature has suggested various vehicles on the stages and subsequent steps introducing changes in organizations. Here are some popular models.

3.2.5.1. The model of Lewin - Schein

Lewin (1936) and Schein (1992) argued that any change is implemented through three stages:

• (unfreezing)

• (change)

• (refreezing)

In the first stage of the “unfreezing”, “the ice is melting” of the established situation. People are beginning to challenge the status quo and to realize the need for change. Essentially, it is created a state of "readiness for change." Schein (1992) argues that this can not happen without some pressure, imbalance, anxiety or pain that leads people to unlearn - forget the old ways of thinking and act. Also important at this stage is to create positive expectations (visions) for a new desired situation. The second stage involves the activities related to implementing the change. The new situation is formed by changing the knowledge, skills, attitudes, behaviours, structures, processes, systems, technology, etc. In the third stage “refreezing”, change must be established, meaning that the new situation made again is routine or re-establishment. Schein (1992) argues that if this does not happen, then the change may be temporary and thus revert to the one before.

3.2.5.2. The model of J. Kotter

Kotter (1996) promoted an eight-step process to address change. The eight steps are to establish a sense of urgency, form a powerful guiding coalition, create a vision, communicate the vision, empower others to act on the vision, plan for and create short-term wins, consolidate improvements and produce more change, and institutionalize new approaches. Kotter (1996) recommended these eight steps be followed sequentially. According to Kotter (1996), when the steps are not followed in order or not addressed at all, change initiatives fail. Skipping or inadequately addressing any step is usually due to time constraints and other pressures to speed the change process along to its completion. This consists of the following eight phases:

Develop a "sense of urgency." At this stage, the factors which lead to complacency , should reduce or eliminate and change must be realized. The requirements, pressures and environmental threats (customers, competitors, technology, etc.), poor performance, future risks, opportunities for a better future are key factors that the organization's members must be aware of, so as to understand the imperative of change. Of course, the leaders have a responsibility to create this "sense of urgency" among humans through communication that will make them see reality as it is.

Create a group mentoring. The design and implementation of major changes require the union forces and the coalition authority officials who held several important positions in the organization. These executives should have broad experience, reliability and significant leadership and administrative skills. This team provides leadership and is the driving force of change.

Formulation of vision and strategy. The commitment and motivation of employees to major changes can not be achieved without an appealing vision, which describes a desired future for the employees, shareholders, customers, etc. Simultaneously, the development of an effective strategy for moving toward a vision of change is critical.

Spreading the vision of change. The prevalence of vision does not change ownership, but disclosure of the organization's members. The prevalence of vision is achieved through communication with simple and clear messages, quotes, analogies and examples, dialogue, exchange views, exemplary and symbolic acts and attitudes of leaders. Prerequisite for diffusion and acceptance of the vision of change is the credibility, enthusiasm and passion of staff responsible for the change, and persuasion of workers to the benefits from it, both for business and for themselves.

Empowerment and broad participation. Implementing change requires the empowerment and participation of a significant "mass" of people. This to happen requires the removal of key barriers such as rigid structures, lack of capacity, the problematic directors and incompatible systems (Human Resources Management, Information, etc.).

Create short-term successes. The vision clearly linked a long term horizon. However, it is important to set and achieve short-term objectives, which will be perceived as interim success - victories (quick wins) towards the vision. These wins work very positive, creating optimism and motivation and empowerment to people, because they see that their efforts and sacrifices have concrete results. Furthermore, short-term successes help to the (momentum) change, because they turn those who react to supporters of change.

Consolidation of results and promotion of further changes. Using as arguments and motives the short-term results, further changes to systems are forwarded. Individuals who can contribute to the vision of change are promoted and developed.

New culture of ownership. Finally, in order the changes become permanent, it is very critical the new situation to be incorporated into the corporate culture (anchoring).

D. Anderson and Ackerman-Anderson (2001) developed a nine-phased change process, which includes preparing to lead the change, creating an organizational vision of the change as well as commitment and capacity, assessing the situation to determine design requirements, designing the desired state, analyzing the impact of the change, planning and organizing for implementation, implementing the change, celebrating and integrating the new state, and learning.

3.2.6. Methods to address resistance to change

According to Rahschulte (2007), although there is no unique change strategy or process applicable for every change situation, there are some characteristics which are connected to successful change. Upon review of the aforementioned models and processes of organizational change, there are similarities to people and relationships, hierarchical structure and design, organizational culture and work unit climate, communication and decision-making, and assessment tools and support mechanisms. Furthermore, consider that Lewin (1951, 1952), Cummings and Worley (1993), Kotter (1996), and D. Anderson and Ackerman-Anderson (2001) all called for the need of a change vision to affect successful organizational change. The application of reinforcement was noted as rewards, feedback, and other general support. Relative to support, most authors noted the importance of teamwork and elements of personnel and human relations. Communication too was heavily referenced.

3.2.7. Organizational Leadership and Change Management

Fox and Amichai-Hamburger (2001) noted, "The central strategic challenge of managers is managing changes" (p. 84). As noted by Fox and Amichai-Hamburger, change "requires moving through several stages and executing tasks: organizational diagnosis, planning, formulating a vision, communicating, persuading others, and consolidating the change." The cumulative effort is the responsibility of the organization's leader—senior management—because "nowhere does the burden for leading change land harder than on the shoulders of senior management" (Jaworski, 1998, p. 1). This suggests that organizational leaders must be knowledgeable of not only the business, but also of project management, change management, and social science skills such as organizational diagnosis and intricate aspects of human resources, relations, and development (Rahschulte, 2007).

3.2.8. Communication: a successful factor to leading change

According to Jones, Wilson, Gardner, and Gallois (2004), "Communication is a central process in planning and implementing change" (p. 735). Grensing-Pophal (2004) noted, "Strong and frequent communication is critical" (p. 53) during times of change. Communication can therefore be "a significant factor in helping employees understands both the need for change and the personal effects of the proposed change" (Goodman & Truss, p. 217).

Furthermore, according to Goodman and Truss (2004), both timing and medium of the communication are important issues during times of change. V. D. Miller, Johnson, and Grau (1994) claimed that the information employees receive about change impacts their willingness to support and participate in the change. Further, based on the claim from Fox and Amichai-Hamburger (2001), requisite pieces of communication must address both rational and emotional thought processes. Conveying the need for change and personal effects of change suggests that successful communication relative to organizational change is at least emotional and rational (Fox & Amichai-Hamburger).

According to Rahschulte (2007) communication to the emotional side of people takes on a different form than the words, numbers, graphs, and analysis of rational communication. Communicating to the emotions includes the use of the senses—colours, voice, music, taste, smell. This type of communication includes “the identification with a person” (Fox & Amichai-Hamburger, 2001, p. 87). As such, the communication of change needs to address how the change benefits the employee as well as other stakeholders.

In addition to the rational and emotional communication, Rorty (1989) noted that effective leaders of change need “a talent for speaking differently rather than arguing well” (p. 7). This idea of speaking differently is “the chief instrument of cultural change” initiatives and takes the form of comprehensive communication. This includes listening. Szpekman (2004), Moorcroft (2004), and Hitchmough (2004) all agreed that to listen, and keep listening to employees is a critical element in organizational change and change communication. This indicates that effective change involves more than simple transactional communication, which is typically assumed as unidirectional from leader to follower (Eisenberg & Goodall, 2004). Thus, the form of dialogue supersedes the need for mere transactional communication. The need for dialogue amid change is supported by Weick and Quinn (1999) as they noted, “the role of the change agent becomes one of managing language, dialogue, and identity” (p.

381) rather than simply a provider of data and information. In managing effective dialogue, the acknowledgement, understanding, support, adoption, and ownership of the change is affected. Barrett, Thomas, and Hocevar (1995) and Dixon (1997) noted the most powerful intervention in times of change is conversation, the dialogue that "occurs at the level of everyday conversation" (Weick & Quinn, p. 381). Thus, as noted, while simple conversation may not be the critical success factor of successful organizational change, it is a critical success factor of successful organizational change. Supporting this notion, Beeson and Davis (2000) noted that "Change is produced . . . by the meaningful and value-laden interaction of already complex individual human beings" (p. 181).

In contrast to comprehensive communication, "any failure to communicate leaves employees uncertain about their futures and it is often that uncertainty, rather than the changes themselves" (Schweiger & Denisi, 1991, p. 110) that cause resistance, which can lead to change failure. Further, any miscommunication or falsities in communication will jeopardize the effectiveness of any change initiative. Gorman (2004) claimed, "It is absolutely essential that subordinates know that they can rely on management for honest, complete information about company matters" (p. 5). According to Rahschulte (2007) the need for communication supports the need for leaders of organizational change to recognize the importance of, and to take care of, the human factor during times of change.

3.2.9. The Human Factor in Change Management

Joiner (1987) noted, "To lead change the leader must believe without question that people are the most important asset of an organization" (p. 21). As noted by Joiner, leaders of change trust people, their strengths, and their contribution. To be sure, organizational change is effective only because of the people involved in the change effort are effective.

Suffice it to say, for most people, change is not easy and therefore, change can be stressful (Robinson & Griffiths, 2005). With the human factor involved in organizational change, the sheer possibility of change manifests resistance. Individual resistance can be found in personal anxiety and fear due to uncertainty. Uncertainty is a primary source of stress during times of change. Olson and Tetrick (1988) noted, “an inevitable consequence of change is the replacement of a predictable and certain environment with one that is uncertain and ambiguous” (p. 374). Organizationally, resistance can stem from satisfaction with existing procedures, policies, and culture. Judson (1991) outlined six determinants of organizational resistance to change including feelings about the change, conflict between the existing culture and what is to be changed, the number of unanswered questions that arise during the change effort, historic events, the extent that the change threatens basic needs, and the extent that the change impacts self-worth. Essentially, resistance is associated with the loss of control (Conner, 1992) and rooted in anxiety (Nohria & Khurana, 1993). Thus, supporting personnel in times of change means to provide them with a sense of control and reduce anxiety. Cummings and Worley (1993) suggested that to overcome resistance, leaders of the change should provide empathy and support, communicate effectively, and encourage participation and involvement. Additionally, as already noted, listening is important during times of change and active listening helps to determine why resistance may be present in the change. Further, communicating specific information about the change and its consequences is valuable.

Duetschman (2005) noted that central to change is never strategy, structure, or system, but rather people. As such, he opined that changing the behaviour of people is the most important challenge of business in the world. Since Frances (1999) noted, “our [human] capacity to accommodate change is impressive” (p. 60), it seems that while people can in fact change, it is their unwillingness to do so that needs addressed as a critical success factor in organizational change. This is supported by Fox and Amichai-Hamburger (2001) who noted that “change commonly evoke disturbing responses, such as denial, objections, feelings of stress and cynicism, and reduced organizational commitment” (p. 85).

Suran (2003) declared, “People are the driving force in successfully accomplishing change” (p. 31). This suggests that, while planning and monitoring any change initiative may be important, it is the attention to people that effects successful change. Cameron and Green (2004) supported this notion concluding that “individual change is at the heart of everything that is achieved in organizations” (p. 7).

Here are some reasons why people do not change:

- Habit
- Not accepting criticism
- Fear of error
- Arrogance
- Non-awareness of the need for change
- Lack of time
- Fear of new
- Smugness Lack of discipline and perseverance
- Lack of motivation
- Fear of failure
- Comfort with the established situation
- Fuzzy benefits of change
- Lack of self-confidence

3.2.10. Why is there resistance

Where there is change resistance exists. And it exists for the following reasons:

- Lack of awareness
- Lack of involvement

- Lack of skilled assets in the right job
- Bias toward inaction
- Normal resistance-psychological implications

  The following feeling exist when there is resistance:

- We have never done it before
- It will not work here
- We do not have the money, time, people
- It is too radical for us
- Defence mechanism
- Potential loss
- Fear of the unknown
- Resentment
- Protection of personal best interest

3.2.11. How you deal with these challenges

The best way to deal with these challenges is with leadership, which creates the processes and circumstances that directly affect and guide the organization and with management, which keeps the operation of the organization running smoothly.

Leadership:

- Establish direction
- Align people
- Motivate and inspire
- Produce change

Management:

  - Planning and budgeting

- Organizing and staffing
- Controlling and problem solving
- Producing order and consistency

The actions that the leaders must take are:

- Build commitment
- Communicate first by listening
- Provide incentives
- establish targets
- Define decision authority and processes
- Build skills in people
- Generate awareness
- Offer tools
- Motivate

The techniques for development support and readiness for change are:

- Education and communication
    - Information on the change
    - When the change will be introduced
    - How the change will be introduced
    - Why the change is necessary
    - Logic behind the change
    - Objectives that the change is expected to accomplish
- Participation and involvement
    - Help define need
    - Help define objectives
    - Help define change

  - ➢ Help define change process
  - ➢ Help lead change process
  - ➢ Participate in trials
- Facilitative support
  - ➢ Time
  - ➢ skills training
  - ➢ Funding
  - ➢ Consultation
  - ➢ Technology
- Emotional support
  - ➢ Information on common reaction
  - ➢ Reasonable goals
  - ➢ Expectation of and support for anxiety
  - ➢ Understanding
  - ➢ Formal Programs
- Incentives
  - ➢ Responsibility
  - ➢ Challenge
  - ➢ Growth opportunity
  - ➢ Visibility
  - ➢ Intrinsic rewards
  - ➢ Recognition
  - ➢ Promotion

The second point of focus is change and learning organization. “The majority of the literature defines a learning organization as acquiring, improving, and transferring knowledge that improves individual learning" (Campbell & Cairns, 1994). While a significant change is occurred an organization must understand the system and the laws of system thinking must know the processes of change and must create a shared vision among its employees (Senge, 1994). Senge, Roberts, Ross, Smith, and Kleiner (1994) examine change and the learning organization, the impact of mental models on change, the challenges of creating change and the tools for change.

3.3. Learning

Change is often described as a process of development, or learning. Freire (1970) highlighted the need for learning to realize change. Handy (1989) wrote, "Change is only another word for learning" (p. 56). Senge (1990a, 1990b) then noted that organizational learning is the best way to influence change and that effective leadership is necessary for organizational learning to occur. Daft and Huber (1987) and Huber (1991) further noted the need for a better understanding of organizational learning and its relationship with organizational change.

3.3.1. The concept of learning

According to Bourandas (2005), learning is the motivation and direction of forces for the best possible adaptation to the natural and historic environment. It is the acquisition of the ability and the means to change, modify, restitution and rehabilitation of the environment, to achieve the satisfaction of the needs and aspirations.

Learning does not mean mere acquisition of knowledge. The acquisition of knowledge in modern times is quite easy. Anyone with a very low cost via the Internet, the bookstore and library can obtain almost any knowledge that is needed. But this is not enough for development and progress of the individual and the organization. According to Argyris and Schon (1978), learning takes place only when new knowledge is translated into different behaviour, which may be repeated. By the same logic, Senge (1994) believes that the concept of learning is almost synonymous with the "repentance" in which the individual realizes the "wrong" thoughts, attitudes and behaviours and changes them to the “correctness”. Therefore, learning is the constant change in thinking, attitudes and behaviours, resulting from direct or indirect result of knowledge and experience. According to this definition, when the acquisition of new knowledge - information is not translated into a different behaviour or change the range of possible behaviours, it is not learning. A key element of individual’s learning is changing in meanings, “understanding”, mental maps or models, i.e. systems of knowledge, values, beliefs, assumptions, meanings which are listed in the “brain” and plan the action and person's behaviour, such as a computer software determines what and how it can do. The learning involves first the “unlearning”, i.e. the removal of existing elements of mental maps and putting them into “new knowledge”, which is essential for changing the thinking and behaviour. The new “knowledge” is obtained through the course of “experience”, of “research”, and “experiment”. Learning, more detailed, can be made in the following areas - levels:

- Acquisition of knowledge about events, procedures or processes that can be used in familiar situations with small changes.
- Develop new skills, which are used in situations other than normal.
- Learning to adapt in the sense of dealing with dynamic and complex situations which require new - innovative solutions through experimentation, and use the lessons learned from successes and failures.
- Learning to learn, a process that we do more to plan ahead and define the environment rather than adapt to it.

3.3.2. What is a learning organization

The learning of people does not necessarily mean a learning organization. For example, if a person leaves the organization and does not remain in what was known, then of course the organization has not learned. The organizations are totality and not sum of people, although there can be no organizations without such sum. So, the organizational learning is not the sum of individual learning, although the organization learns only through experience and the acts of individuals (Argyris and Schon, 1978). Fiol and Lyles (1985) designate as “organizational learning” the process to improve operations through better knowledge of meaning and “understanding”, while for Huber (1991), organizational learning means the "processing of information in order to increase the range of potential behaviours" (p.5.). Ulrich (1998), defines the organizational learning capacity of the entire capacity for innovation (new knowledge, attitudes, etc.) and the generalization ability of learning throughout the organization (OLC = IC, where OLC = organizational learning capacity, I = innovation, C = capacity of generalization of learning). According to these ideas, organizational learning means, firstly, the existence of common concepts of cognitive or mental maps - models, which are common reference points for individuals and groups. Secondly, organizational learning as a concept is directly linked to the organizational concept of memory. Organizational memory is the ability of the organization to store knowledge accessible to all members so they can make it their own. Thirdly, organizational learning, in proportion to the individual, it means the ability of the organization to change behaviour, to adapt to new circumstances, to be renewed, to be constantly transformed with the acquisition or creation of new knowledge and common cognitive models. The common cognitive models (common reference) consists of common knowledge, meanings, principles, concepts, understandings, assumptions, values, beliefs and images.

3.3.3. The organization that learns

With background of previous concepts, the last decade, considerable efforts have been made to develop definitions and describe the characteristics of the learning organisation. Senge (1994), defines it as "the organization where people continually expand their capacity to create results that truly desire, where new and creative ways of thinking are cultivated, where collective aspirations and claims are expressed deliberately, where people continually learn how to learn collaboratively, and continually discover the reality and how to change it. According to the definition of Senge (1994), the learning organization is that organization, which through the conscious and deliberate use of learning processes at individual, team and organizational level, the continued use of experience and continuous experimentation, constantly learns, creates a new and common knowledge, develops new mental models to achieve adaptation to the environment and adapt this environment, and thus constantly ensures the future that desires. Senge (1994) surmised that “leaders in learning organizations are responsible for building organizations where people are continually expanding their capabilities to shape their future—that is, leaders are responsible for learning” (p. 9). In taking this advice, it would seem that leaders of successful change initiatives plan to develop proficiencies in individual learning and understand that such learning leads to organizational learning. Thus, it seems that realizing a successful change initiative requires learning and perhaps enhancing the capacity for individual and organizational learning. This leader attribute of planning and developing the time and capacity for learning was a benchmark during the research process.

According to Senge (1994) the fifth discipline is the cornerstone of the learning organization. The laws of the fifth discipline according to Senge (1994) are:

- Today’s problem’s come from yesterday’s “solutions”
- The harder you push, the harder the system pushes back

- Behavior grows better before it grows worse
- The easy way out usually leads back in
- The cure can be worse than the disease
- Faster is slower
- Cause and effect are not closely related in time and space
- Small changes can produce big results-but the areas of highest leverage are often the least obvious
- You can have your cake and eat it too- but not at once
- Dividing an elephant in half does not produce two small elephants
- There is no blame

According to Senge (1994) the core disciplines of building the learning organization are: personal mastery, mental models, shared vision, team learning and systems thinking.

Senge (1994) stated that “organizations learn only through individuals who learn. Individual learning does not guarantee organizational learning. But without it no organizational learning occur” (p.129).

Personal Mastery. According to Senge (1994) personal mastery “means approaching one’s life as a creative work, living life from a creative as opposed to reactive viewpoint. When personal mastery becomes a discipline – an activity we integrate into our lives – it embodies two underlying movements. The first is continually clarifying what is important to us and the second is continually learning how to see current reality more clearly” (p. 132).

The cell of learning is certainly the human. People who have a high level of "personal sovereignty" realize who they are, where they are, where they want to go and how to go, the consequences of actions, emotions and their effects. Distinguished, i.e., from self-awareness, a sense of mission and willingness to continued growth; this is the foundation of learning. More specifically, according to Senge (1994), “personal mastery” means:

- Develop the ability to clear up what is important and why it matters.
- The awareness of a gap between the existing and a desired situation which has resulted in a “creative tension”, which, in turn, motivates the person to fill the gap, i.e. the improvement and development.
- Creating the opportunity to bridge the gap (self-development).
- The ability and effort of everyone to clear up and show his/her personal vision, to focus on its actions, to learn, to persist, to be patient, and to deal with the reality more objectively.
- The continued development of free will and creative imagination.
- The self-awareness.
- The leadership of oneself (self-motivation, self-control)

Mental Models. According to Senge (1994) mental models are “what we carry in our heads are images, assumptions and stories. Our mental models determine not only how we make sense of the world, but how we take action” (p.164).

Mental models consisting of assumptions, generalizations, meanings, pictures, etc., which determine how we perceive and understand ourselves, the world or reality, how we think and act. Mental models of people are bound to be different, involving different conceptions and disputes. Collaborative learning requires both the awareness and clarification of our own mental models, and understanding the mental models of others. Certainly, the development of new common mental models is an essential element of organizational learning.

Team Learning. The importance of team learning resulting from the significant synergies that can reach people when they learn in groups. Team learning is the ability to develop “collective intelligence”, and common knowledge. Team learning means dialogue, involving all the creation and sharing of knowledge, building of knowledge upon the knowledge of the other, understanding the mental models of others and creating common mental models. Group learning also means learning each team member from the experiences, successes, mistakes and failures of others.

Shared Vision. According to Senge (1994) “a shared vision is vital for the learning organization because it provides the focus and energy for learning. A vision is truly shared when you and I have a similar picture and are committed to one another having it” (p.192). The shared vision triggers - motivates people to share improvements and progress. The willingness to learn, and for organizational learning, can not exist unless it has meaning. This makes sense creates a common vision, which reflects a personal vision, personal and collective aspirations, desires and dreams. More specifically, the shared vision contributes to organizational learning as:

- Enable - mobilizing people through motivation and commitment to it.
- It enhances the ability to create aspirations for the future.
- Converts the reactionary mood – before action attitude, and creative tension.
- It pushes for continuous improvement and progress.

Systems Thinking. Systems thinking is a basic principle of learning because it converts and increases ability:

- To understand and comprehend the whole and not just the parts.
- To understand, analyze and synthesize interrelationships, interdependencies and interactions between the parties that constitute the whole.
- Identify and understand root causes and symptoms and the relationships between them.
- Use a common language and a common tool for understanding, analysis and synthesis of complex phenomena.

3.3.4. Tools for organizational learning

To support organizational learning a large number of tools has developed - tools that have begun to use the innovative businesses and organizations. Some of these tools are listed below:

First-generation tools

- Systems employee proposals
- Benchmarking
- Quality Circles
- Redesign business processes
- Employee satisfaction surveys
- Customer Satisfaction Surveys
- Diagnostic studies, feedback, and advisory assistance from external consultants
- Laboratory training programs (seminars)

Second Generation Tools

- Dialogue (common thought process, building knowledge of a more knowledge of the other)
- Systems administration knowledge (Knowledge Management)
- Scenarios (describe alternative and desirable images for the future Cases "what-if")
- Learning from practice (Action learning, learning by addressing real problems)
- Workshops of self-awareness, change of mental maps
- Workshops - Meetings of strategic analysis, planning and improvement
- mentoring, coaching,

- Simulations - Games
- Appreciative inquiry (learning through in-depth analysis of experiences, awareness of the positive forces)

3.3.5. Organizational barriers and learning disabilities

Senge (1994) has analyzed three major organizational barriers to the learning: the fragmentation - segmentation, competition, and the reactionary logic - attitude. The separation of operational functions into sections (addresses, etc.) is not just geographic or organizational, but constitutes an element of mental models, i.e. the way we think. So it leads to a one-dimensional approach, to lack of synergies, and to inability to learn and develop common mental - cognitive models. People from all functional specialization see only one side of the larger problem, which means “fragmentation” of the problem that prevent the overall picture and the “horizontal learning” of the organization. Also fragmentation is the inability of managers to see the relationship between short-term actions and long-term results, and the relationships of cause - effect. Fragmentations involves also the separation of hierarchies expressed with the inability of executives of higher and lower hierarchical levels to understand the cooperation between them, which requires essential interactions of decisions, actions and behaviours. The competition, despite the positive elements (invention, boldness, effort, perseverance, etc.) and despite being a key motivation for learning and improvement, several times, is a barrier to learning. Often misleads (enchants) people and make them compete even with people who should be cooperate with. This individualism certainly prevents the team and organizational learning, which is an eminently collective process. The reactive logic – attitude expresses the habit of people to alter or to learn only in response to external stimuli (i.e. when problems occur). It is essentially an attitude of inertia, which has as cause complacency and smugness. This attitude prevents the presence of a “creative tension”, which is essential to learning.

3.3.6. Characteristics of an organization that does not learn

- Fragmentation - Opportunistic education
- Lack of organizational memory
- Focus on Part
- Competition
- Reaction
- Cartesian logic / right hemisphere
- Punishment failures / errors
- Status quo - Stagnation
- Symptoms / Events

3.3.7. Learning Disabilities

- The phenomenon of inertia resulting from the complacency and smugness
- Lack of self-knowing, selfishness, arrogance
- Not understanding the effects of long-term results of short-term actions
- Focus on individual work rather than the overall aim
- Ignorance of the consequences of our actions on other
- Performance of responsibility to others when things go awry, creating an alibi
- Focus on short-term events and lack of monitoring of mild and gradual but cumulative significant developments and changes, which are not detected until it is too late
- The teams operate effectively in routine, but it is full of internal conflicts, which occur in stress situations or crisis
- Lack of motivation, fear of mistakes - failures and the fear of “the new”

3.3.8. How a learning organization evolves

According to Bourandas (2005), the ability of learning organization in an enterprise depends essentially from all the other aspects of the Model of Continued Success, such as fundamental ideology, strategy, culture, people, systems, structures and leadership. Firstly, condition for the development of learning organization is to constitute a key element of the fundamental ideology and be located in the heart of the strategy. For example, technology leadership and continuous renewal of 3M products through continuous innovation is the core of the fundamental ideology and the basis upon which development strategies and competition rely on. Where the strategic importance of organizational learning is understood and it does not remain substantial in rhetoric, then its development requires the configuration of culture, structures and systems that not only facilitate and support, but contributes directly to achieving learning. Besides these, of course, training / development as a core function, and leadership behaviour of managers of all hierarchies identify directly and substantially the growth of learning.

Then briefly present basic thoughts on how to develop organizational learning in practice (Bourandas, 2005).

Culture - learning environment. Creating a culture - a culture of learning and a climate - atmosphere, are essential prerequisites for its development. First, the corporate culture must include elements concerning the importance and the value of learning. People need to understand the concept of learning, namely that learning does not mean acquiring knowledge, but continued improvement in thinking and behaviour. The adoption of the value of learning by all employees practically means, firstly, that they understand its meaning for the progress and success of the enterprise and for their prosperity. They believe that progress and prosperity resulting not from the “doing things better”, but mainly by doing things differently”. In other words to believe in the value of creativity, diversity, continuous search for new solutions - ideas, innovation, continuous improvement and "the exceptional". They must understand and believe in their own role in individual and organizational learning by adopting elements such as "live and learn", acceptance of negative criticism and disagreement, systematic exploitation of individual and collective experiences, mistakes, failures and successes, support for dialogue, respect for other's knowledge, initiative and risk, and experimentation of new solutions and ideas. Key elements of a culture of learning are how learning is achieved. Such specific elements are the dialogue, the creative dissent and criticism, the constant comparison with the best and the exemplary practices, sharing experiences, training, ongoing "raise the bar" in the sense that "good is never enough" . Undoubtedly, the culture of learning must be complemented, supported and backed by a favourable climate that discerns from items such as: pleasant - informal atmosphere, encouraging and rewarding creative new ideas, even if they are not feasible, the reward of sharing of knowledge, dialogue and disagreements and the freedom of questioning the status quo. As far as learning climate is concerned, it must be emphasized the freedom of expression of ideas, opinions and disagreements as an antidote to organizational silence. Also, a key element of culture and learning climate is responding to the failures and mistakes. The fear of error makes people not to take initiative and risk. They do not try new ideas – solutions, they do not experiment and resist change. Therefore, learning requires even reward of the mistakes when all these are made after a serious, responsible, disciplined thought and action. A typical example is the General Manager of a large multinational, once a senior has to resign for a bad decision that cost tens of millions of dollars, he replied: "But I paid so much to learn and now we will let you leave?"

Structures / processes. The structures of the enterprise may hinder or facilitate and enhance organizational learning. It is obvious that impede organizational learning the vertical and bureaucratic structures that characterized by concentration of power and information, by strict controls and limits on impervious (silos) between organizational units, hierarchies and associates of the environment (e.g. customers, suppliers). On the contrary, organizational learning is supported by structures characterized by simple and horizontal processes, interdepartmental groups, networks, alliances, and horizontal processes of "bottom-up" communication, dialogue process, proposals from all employees, customers and suppliers.

Systems. Organizational learning can and should be supported from management systems and information systems. Firstly, highly likely to contribute to organizational learning are the systems of Human Resource Management. The employee evaluation systems should include clear criteria for continuous improvement and learning and the total of assessment should aim at continuous development of the worker. Pay systems must recognize, reward the efforts and performance that lead to individual and organizational learning. The education systems consist typical of individual systems and organizational learning. Moreover, substantially contribute to organizational learning systems for measuring performance (Key performance Indicators) and further comparison with the exemplary practices and outstanding performance of other companies (Benchmarking) or other organizational units of the same company (internal Benchmarking). These performance measurements and comparisons allow identifying weaknesses - areas for improvement and are a source of learning. Finally, information systems and new technologies are particularly useful for storing and disseminating knowledge (such as Intranet, Internet, e-learning), cooperation between people and organizational units of distance, experimentation, use of learning techniques as simulation, hypothesis testing, mathematical models, etc.

People. Both the individual and organizational learning is related to a significant extent and the nature of human beings. The arrogance, the narcissism, selfishness, the spirit of competition, lack of appetite and risk initiatives are elements of nature that prevent both the individual and collective learning. Businesses seeking to organizational learning are very strict in not hiring workers with such characteristics. Carefully they select workers who are distinguished by a spirit of cooperation towards the creation and continuous improvement, creativity and open mind.

The third point of focus is the customer satisfaction. The customers are the oxygen of Hellenic Post. Without them the organization cannot survive. So facing this major change, from the monopoly to the liberation of the postal market and the entry of the competitors, the Hellenic Post must do their best in order to keep the customer satisfied and the customer remains loyal to the products and services of the Hellenic Post. The proposed resource for the customer satisfaction is CH2MHILL (2001), which will give me the basis to build strong relationship between my organization, Hellenic Post and the customers.

3.4. Customer Satisfaction

The customer satisfaction, according to an exhaustive overview of Yi (1991), is defined in two main ways: either as an outcome, or as a process. The first approach defines satisfaction as a final state or as a result of the experience of consumption or use of a product or a service. According to Howard and Sheth (1996) the satisfaction is a cognitive state of the customer in terms of sufficient or insufficient reward for the sacrifices and efforts made.

According to Westbrook and Reilly (1983) satisfaction is an emotional reaction to the customer experience, which is related either to specific products and services or to purchasing procedures, or even to specific features of the customer.

Alternatively, satisfaction can be seen as a process, with emphasis on psychological factors of perception and evaluation that influence it: According to Hunt (1977) satisfaction is an evaluation process based on whether the actual experience was good as the client believed to be and according to Engel and Blackwell (1982) satisfaction is an evaluation process, which examines whether the specific choice is compatible with previous beliefs of the customer. Finally according to Tse and Wilton (1988) satisfaction is the reaction of consumers in the evaluation process, which examines the discrepancies between prior expectations and actual performance level of the product as perceived by the consumer after use.

In general, the most popular definitions of customer satisfaction are based on the fulfilment of customer’s expectations. As Oliver (1996), Hill (1996), Gerson (1993) and Vavra (1997) reported, satisfaction is a measure of how the total offered product or service meets customer expectations.

In a business environment of high competition, the customer satisfaction is of vital importance and crucial for the survival and the acquisition of comparative advantage of the company. According to Massnick (1997) the measurement customer satisfaction is one of the major issues of interest to businesses and organizations. The principle of measurement is one of the five main functions of administrative science and enables understanding, analysis and improvement. In recent decades, all businesses and organizations have realized the importance of measuring customer satisfaction, which may be regarded as the most reliable system for reporting information about the company, as it provides a meaningful and direct customer standpoint. In this way, measuring customer satisfaction provides an overall efficiency for the company and the probable superiority over the competition. According to Woodruff and Gardial (1996) and Honomichl (1993) in U.S.A. businesses and organizations have spent millions of dollars for research and satisfaction programs the period 1990-1995. In 1995 they spent more than 350 million USD. The measurement of customer satisfaction can assist in strategy development and decision making by companies. When a company wants to keep its customers satisfied, in order to achieve the goal will have to develop an environment of conformity initially so as to try to integrate the customer's potential. As a basic principle of the company in order to achieve this objective is the use of customer complaints and resolve them. The measurement of customer satisfaction can reveal any opportunities that exist in this market to exploit them properly if the company can make in its favour.

The results and conclusions derived from the measurement of customer satisfaction are those that reflect the needs and desires of customers on the basis of which must be decided and carried out needs for improvement. The measurement of customer satisfaction may reveal a wider range of perceptions, needs, aspirations and desires of customers and thereby help the company to analyze these factors in its favour, but also in favour of the customers.

Finally, with the measurement of customer satisfaction are given the option of reducing the differences between the company and the customer while the company learns to correct its mistakes.

In general, according to Customer Satisfaction Council (1995), the main reasons of measurement the customer satisfaction are focusing in the following points:

1. Customer satisfaction becomes objective market information. So the business has the opportunity to realize the current situation of the market and make accordingly its future programs.
2. A large portion of customers avoid complaining or expressing dissatisfaction from the use of products / services or the service of the company either due to specific culture or because they do not believe that the company will make certain corrective changes.
3. The measurement of customer satisfaction is in position to specify possible opportunities to the specific of the market.
4. Applying the principles of continuous improvement requires a specific procedure for measuring customer satisfaction. In this way the improvement actions based on standards that are consistent with the needs and desires of customers.

5. The measurement of satisfaction can assist in understanding the general concepts of the customer and specifically in the identification and analysis of needs, aspirations and desires of the client.

According to Edosomwan (1993) a customer-oriented company is one that is committed to providing high quality and competitive products and services designed to meet the needs and desires of customers in a clear defined market segment. Such a company analyzes the market and offers products and services that meet their needs, while it considers its customers as the final judges of products and services offered.

According to Dutka (1995), Naumann and Giel (1995) and Czarnecki (1999) the most significant advantages of a survey measurement customer satisfaction are the following:

1. The satisfaction measurement programs, if they are sustained and systematic efforts of the company, improve communication with all customers.

2. The company can see whether the services meet customer expectations. Additionally, given the opportunity to study whether new actions, efforts and programs impacting on business customers.

3. Identify the critical dimensions of satisfaction, which must be improved and the ways to achieve this improvement.

4. Identify the major advantages and disadvantages of a company relative to competition, according to the opinions and perceptions of customers.

5. Given an incentive for company personnel to increase productivity, and attempts to improve the services offered are evaluated by the customers themselves.

Finally, it should be noted that although customer satisfaction is not a sufficient condition for the economic viability of a company, several studies have shown a strong correlation between satisfaction and the degree to customer base and profitability (Naumann and Ciel, 1995). Additionally, there appears to higher levels of customer satisfaction in cases of highly competitive markets (Dutka, 1995).

According to CH2M Hill (2001) “All projects begin and end with the customer. Throughout the life of the project, the project manager is charged with marshaling the forces needed to serve the customer. In this area of responsibility, the project manager is given the full support og the entire management of the enterprise, including the customer service manager or the account manager” (p. 13).

Furthermore CH2M Hill (2001) stated that “in focusing on the customer, the project manager’s duties are to understand the customer’s business needs and expectations, both for the project and for the services, develop the project vision and generate alignment around it, plan for customer involvement, communication, and service and gain endorsement of the project workplan and team charter early and maintain endorsement through meaningful dialogue with the customer during the project” (p. 13).

Moreover, CH2M Hill (2001) noted that there are methods for focusing on the customer such as: get to know the customer and start building a good relationship with him by discussing the project definition and the customer’s vision and expectations and learning about the customer’s nature and working environment.

Another method is communicate continually with the customer as CH2M Hill (2001) noted “keeping the customer up-to-date on the project’s progress, building relationships with customer staff and helping to analyze and define issues and develop alternative course of action. This will require contact with the customer” (p. 14).

Furthermore, CH2M Hill (2001) stated that cultivate the relationship is “perhaps the most important method for maintaining a customer focus. Establishing a one-to- one, professional relationship between the project managers is a minimal requirement for project success” (p. 14).

Chapter 4 – Methodologies and Procedures Used in the Study

The methodology that is followed for the completion of the thesis is descriptive and evaluative. The current situation is demonstrated with the use of real data taken from other organizations that were facing the same situation as the Hellenic Post. This data is of great help, because I examine and study what these organizations had done in order to deal with the change successfully and evaluates whether I can adopt this data to my organization.

The high failure rate in change management leads to more intensive research efforts for analyzing issues related to this. Part of the methodology for the analysis of these issues is the case study which aims to present a comprehensive manner and documented the facts as they occurred under certain conditions. Using multiple sources ensures the reliability and validity of information and contributes to comprehensive and objective presentation of the case study.

The case study appears as a very important research method because it helps in understanding the concepts, theories and practices by presenting real-life situations, circumstances and events. This presentation familiarizes the recipient of these situations by enhancing the ability to apply the theoretical framework. The case study method is particularly useful for analyzing and understanding the issues of management changes since the area is characterized by complexity and lack of best practices and tools.

A fuller understanding of a case study based on information covering the following topics:

1. History: This section is intended to present the core elements in the creation and evolution of the company and the milestone which has significantly influenced its course.
2. Analysis and assessment of external and internal environment of the organization: it is necessary to provide information in order to be

understood the strengths of the organization and the areas for improvement, opportunities and threats. An attempt to identify opportunities and threats arising from the external environment or to micro-level (competition, suppliers, customers, substitutes, new entry), or macro-level (political, economic, technological, socio-cultural, demographic). Also information is given for the internal environment of the organization, structure, culture, leadership, the human resource management, strategy, etc.

3. Company Profile and Strategy: At this point there is an attempt to include information relevant to the mission, vision and values of the company and the type of strategies developed and followed.

4. Analysis of Structures and Systems: Here is information about the organizational characteristics such as organizational structure (organizational chart), the systems that contribute to the implementation and enforcement strategy, such as systems of human resource management (performance management, etc.). Also at this point an attempt is made for assessment of the adequacy of those systems and structures.

The first case study refers the role of leadership in OTEnet. Both the style of management and leadership by example supported the implementation of drastic changes which have aimed to promote quality, innovation and customer orientation.

The second case study describes and analyzes an agenda of changes in a public service, whose objective was the introduction of technology to serve better the citizens. The resistance to change, namely the lack of support of the program, makes its appearance very difficult to achieve this. Also interesting are the reactions of different groups of the public service to the impending change and the handling of the administrative team.

After the presentation and justification of the problem, the thesis will try to find solutions for the organization by using methods taken out of the bibliography. The final end point will be an extensive evaluation of these solutions and their examination of whether is applicable to my organization and whether my organization can use them or not.

Chapter 5 - Results

5.1. Introduction

This chapter is the core essence of this thesis since firstly is the outcome of the whole research and secondly provides food for thought for the development of the next chapter. It is the results as they derived from the procedures and processes described in methodology.

5.1.1 Introduction of the first case study

OTEnet has become the leader in providing products and Internet services. Having become active in a rapidly growing, and changing sector, OTEnet decides to implement changes, realizing that a bureaucratic, cumbersome and far from the client organization is impossible to survive and evolve.

The drastic changes that were implemented in OTEnet, are based on the promotion of three dimensions: quality, innovation and customer orientation. OTEnet aims at creating a large number of new products and services, at creating a new vision and strategy and at growing rapidly, from around 60 employees to 300 at the end of 2004, and in two subsidiaries companies (Voice @ net and OTEnet Telecommunications Cyprus with a total of 70 employees). The main objectives of the drastic changes that attempted to OTEnet, focus on: a) change the image of the organization b) to create a network of partners, c) to reset the Internet of the organization, d) to operate data centre, e) to establish a new company in Cyprus, g) developing a large number of new products and services and, finally,) the development of many programs in order to improve internal processes (billing system, ERP, CRM)

5.1.2. Developments in the technology sector in Greece

The technology sector in Greece is relatively small but with enormous opportunities. Reports of the European Union show that Greece has delayed to take advantage of Internet services. This is mainly due to lower than the EU average living standards and high access charges.

In 2000 the World Bank reports that there are 71 computers per 1,000 inhabitants compared to Germany, where 336 computers corresponding to 1,000 people or 180 computers per 1,000 inhabitants in Italy. It is worth noting that in other countries such as America, the Internet is an integral part of almost all business plans (Stafford and Gonier, 2004). The Economist Intelligence Unit (1997) gives the 26th place in Greece from 60 countries on criteria the capability and readiness to adopt e-business services.

More specifically, the National Network of Research Science and Technology shows that 27.1% use a computer and from this percentage, 19.9% use the Internet. The research was conducted in 2003 shows an increase of 6.5 points compared to 2001.

5.1.3. Company Profile

OTEnet founded in 1996 by initiative of the Hellenic Telecommunications Organisation (OTE), in order to penetrate the dynamic field of new technologies. OTEnet is a limited company supplying products and Internet services with the main shareholder OTE, while shareholders with smaller percentages are public education and research institutions. OTEnet is managed by board of nine people and is supported by approximately 300 employees.

In the highly competitive Internet market, OTEnet wanted to distinguish and to become the leading organization providing Internet services (Internet Provider) with the most reliable network and innovative services. Today, the organization offers the following services:

- Access services (OTEnet gates).
- Telecommunications services (IP-Telecom Solutions).
- E-business (e-Solutions).
- Content services (Info Exchange).
- Services OnDSL.

The vision of the organization is outlined in the following strategic goals: to realize the national strategy in order to maximize the dissemination of Internet in Greece as a lever for development and modernization of the country, while also making OTEnet the undisputed leader in this process.

OTEnet is an example of a company that ignored the boundaries between different disciplines and also turned this feature into a competitive advantage. The company has erupted in the telecommunications sector with the creation of both new products and services. The company could not only survive as a supplier of Internet services, as the country's legislative framework for the operation of these companies is very restrictive.

The company relies heavily on strategic alliances, which broadens from simple trade agreements to and use of the same customer base. The process of creating this network of associates is a gradual but very significant for the company. Examples of these partners are technology providers involved in the development of new products, retailers, and consultants who are involved in developing proposals for competitions.

The company invests 3% of its revenues in research and development and education of workers. The management of knowledge is very important for the company and that's why invests to create new ways of development.

5.1.4. Strategic Analysis

The strategy, as the central and comprehensive understanding of how to achieve the objectives, consists of five elements and answered five questions (Hambrick and Fredrickson, 2001):

- Location. – Where is the company operating?

  The company is based on two product categories: telecommunication products and services based on technology and on providing technological services. The segmentation of the market consists of both business and private donors. Geographically it covers Greece and Cyprus, with prospects for expansion in Romania and Bulgaria.

- Means to achieve strategic objectives. - By what means will reach the company to its objectives?

  The company focuses on: a) domestic development with an emphasis on innovation, quality, customer-focused orientation in the development of technological systems of high standards and b) the creation of strategic alliances for collaboration with key companies in this industry (and are likely acquisitions of smaller companies with specific technical skills).

- Data modulation. - How does the company differentiate in the market?
- OTEnet invest: a) its corporate image in order to attract the most capable human resources and talented associates, b) standardization, c) low prices and d) the reliability of products and services.
- Stage of achievement the strategic objectives. - What is the speed and sequence of activities?

  The company has passed through a period of drastic change. The success is due to three objectives (innovation, quality and client centric orientation). The implementation of changes through parallel projects has proven successful. The strategy of trial and error and further adjustment was a key factor for success.

- Financial planning. - How to evaluate a company's performance?
  With lower cost by standardizing products, which allow the reproduction without great cost, while maintaining the differentiation from competitors.

5.1.5. Procedure and goals of the change

The main objectives of this major change was to improve the quality, the company give emphasis on innovation and finally to obtain customer-centric orientation. The first goal (better quality) includes quality products and services, which translates into speed, reliable Internet access and high customer service standards. The emphasis on innovation includes new products and services but more important is the strategic reorientation of the company, which leaves space for organizational innovation at various levels. Finally, the client centric focus includes the drastic improvement of services, including customer service after sales.

Although the company was in need of drastic changes to survive and develop further in a very dynamic field, there were no supportive mechanisms toward the change with a result the company to be stagnant and to be characterized by the attitudes of the public sector. The CEO describes the situation was the company in 1999: “When I arrived in the company, it was stagnating. It ran for three years of public service and attitude was evident. The first thing I realized was that all were moving slowly”.

The Executive Director, George Ioannidis, decided that in order to implement these changes, must be created the following supportive, towards the change, mechanisms:

A) Create a leadership group

The leadership team was needed, in order to effectively delegate tasks and participation in change processes. The initial leading group consisted of 10 managers who reported directly to CEO. The three came from OTE and was decided to select seven from the market.

The group has participated in several meetings, in order to develop the company strategy and gain a common code of communication. The leadership team decided to involve managers and supervisors in that process, in order to clear up the responsibilities, to delegate duties and responsibilities and to clarify the purpose and process of change. Very important questions about the strategy and the changes were given to be analyzed by the groups of managers, in order to edit and make suggestions. This process facilitated the building of the groups and ensured the participation of foramen in a process of solving problems.

B) Create a sense of urgency

The leadership team begins to broadcast the message that we “must all run”, otherwise we will not survive as a company. This was supported by the leader and leadership team through the attitude, the perseverance and hard work. Focus was given on communication facilitated by the decentralization of information. Also, the creation of several special programs (about 80), which started out together, introduced a climate change, as everyone began to see that "something happens". These activities aim to highlight the emphasis, which the organization gave to the results and responsibility of those who were responsible or were members of groups that were implementing these programs. The responsibility for a specific project has increased the sense of "I'm part of that change" and therefore had a positive impact on commitment to the organization.

C) Implementation of immediate changes in organizational structure

The leadership team decided that the organization should adopt a more flat organizational structure, in order to be more flexible with shorter decision-making and communication. The structure was based on two sales departments staffed with teams of service individuals and businesses respectively. This structure has the advantage that engineers and developers of new products were in constant contact with the customer's needs. Both divisions were supported by technical services, marketing (in the previous structure the share of sales and marketing was integrated), project management, legal department, etc. It was established a department of economic management in order to support the company as an independent department. Cost calculation models developed in order to know the organization how much each energy costs. It was also created a division of computer technology, in order to support both internal and external processes.

D) Focus on human resource management

The organization had to grow up fast with result to start intensive process of attracting people who admittedly had the necessary qualifications and would fit in with the new culture, which began to emerge. Currently the telephone customer call centre is a centre of development of the people of OTEnet. With someone there to work, the Internet learns and obtains customer-centric orientation. Often these people are placed in positions with different responsibilities, such as new product development. Call centre customer service is the basis of internal attraction. The agency has tripled its human resources within six months. The CEO noted: "With so much new staff was normal to disappear old attitudes. It was also developed procedures for assessing performance, with emphasis on the use of the system of 360 degree feedback. This process is not completed yet.

Very important, both for the credibility of executives and for the morale of employees were to ensure some positive first impressions and outcomes (quick wins) for the changes taking place. The new vision was too ambitious and may cause fear in people. OTEnet chose to "speak openly about what was to be done", starting with the relationships with customers, i.e. the creation of corporate image. The slogans "next to you" and "next to B" for businesses were a milestone for the creation of a new era, which is characterized by the emphasis on the customer.

In various phases of the program of changes there were reactions to varying degrees. Too remarkable employees could not abandon the old mindset. When, for example, some employees with technical infrastructure were transferred in the division of business service, there were strong reactions. A member of the company stresses that: “The reactions were normal. We have changed radically from the more simple procedures, like how you order a computer, to more difficult things like the responsibilities and roles of employees”.

5.1.6. Future Prospects case 1:

The changes implemented have improved the quality of offered products and services. This improvement is reflected both in the ability to connect to the network and the connection speed. The emphasis on innovation is quite obvious and is recognized both by the competitors of the company and the Greek market. One example is the use of sms through the Internet, where OTEnet is the leader in the implementation and use of this service. Of course, the margins for improvement and development of new products is large and the company aims to maintain its first position, which is currently on the market, offering products and services, which are available everywhere and easy to use them. Greater emphasis, however, is given on customer service as the company knows that only the efficiency in this sector can maintain its first position. The drastic changes diversify the company's image to the outside and began to formulate a new type of organizational culture. There is not characterized by stagnation and culture of public service, but the leader in its field, working with private sector standards. The change was supported by a strong leadership team, which realized the "urgency" of change and took a series of decisions, such as new organizational structure or the creation of new human resource management systems, in order to facilitate the implementation of these changes.

5.2. Introduction of the second case study

A public agency decides to introduce technology with aim the better and faster service to citizens. This effort faced many hurdles, and especially the resistance of workers to implement this technology project. The resistance to this effort, namely the refusal to accept change and support from stakeholders, is a known cause of failure of change programs (Kotter; 1996, Oreg; 2003).

This case study aims to describe the current situation, analyze the process of implementing the program changes and to present how the decisions were taken and the reactions that followed. The name of the service is not revealed to preserve the confidentiality and anonymity of information provided. It has also preserved the anonymity of the people interviewed, since their content is seen as strictly confidential.

5.2.1. Description of current situation

The service is owned by the state and employs 500 workers. The average age of employees is forty eight years and their educational level is: 10% hold a master university degree, 25% University graduates, 60% high school graduates and 5% high school and primary school graduates. The organization characterized by stability and bureaucratic control. The organizational structure is strict and promotions are based on years of service. There are strict procedures for all functions, which are followed correctly. The organization's management and workers' choices for positions of administrative responsibility are influenced by the political situation in the country.

The organization is characterized by low productivity, which in some cases, requests from citizens are processed in ten months to two years, while the corresponding services of the European Union average time takes two to three months. The low productivity has reached the press, because people always complain that are served very slowly. Apart from the time of service, people mention poor quality services, such as incomplete information, rudeness, queues and bureaucracy. In offices of the Department, there are tensions among everyday citizens and workers with the effect of delaying the process of servicing people but also to create a negative climate among employees.

Employees feel badly paid and without opportunities of evolution and development. Also, they believe that they offered too much in their service without being recognized. The results of the interviews showed that some workers consider that, although typically promotions are based on years of experience, there are cases of colleagues who "promoted" with other criteria, such as relationship, acquaintances, etc. A common perception, expressed by all interviewees was that nothing will be changed to the service, since it is such a feature on a consolidated state. Also believe that every new administration that comes, wants to make changes, but in the end, however, is carried a very small percentage of the originally planned.

The management believes that employees are working in ideal conditions, since the permanence is assured and there is no pressure for results. Still it believes that the fees are relatively low, but represent a small workload and stress free in the working environment. It also believes that many times in the past are made efforts to modernize the service, have foundered, however, because the workers themselves do not support them.

The Administration Department, in terms of modernization of public services, decided to implement a technology program to provide faster and more efficient service to citizens. This project includes equipping all offices with computers; transfer all the files electronically to the appropriate software and training employees to acquire the appropriate expertise to use them.

5.2.2. The time for change

This decision by the management followed a competition to find the right company that will help the department to introduce the necessary technology successfully. The administration informed the directors of the departments for this initiative, which will change completely the way performed by the organization's affairs up to this point in time. At this meeting it was decided to inform employees about this change and raise funds to meet the educational needs of computer operating skills. The personnel manager says: “According to a rough calculation, about 30% of employees know how to handle the program Word”. Management invites the workers to attend a meeting, announced the launch of the program changes.

After three months, the people of the company that made the work appear in the service, trying to record procedures and data. Frequent meetings are made between people of the company and the employees of the department to exchange information. These meetings began to create problems and first reactions are felt. The first comments heard in the corridors are: “There's no way I can use this thing, better to continue working as I knew, was a joy”, “I'm just before retirement”, “What I know now, seems a bad idea, but I can not sit extra hours to learn.” The comments and rumours created turmoil that led to the first signs of negative change.

The administration first calls directors and announces its intentions, requiring cooperation from all. The managers commented that the education has not yet started and nobody will be able to use computers when they are installed.

The next two months are crucial for the progress of this change, since the company which undertook the project faces many delays because of the volume of information that was not calculated correctly and because of the lack of cooperation of certain groups of workers. The work record of proceedings reveals that some groups of workers strongly resist to the installation of computers, as the previous situation was beneficial for them.

There are two specific groups, the first and biggest of these resists, because the use of computers will make the procedures transparent and measurable. This means that whereas before the workers could have an excuse for delays, such as lack of coordination between departments or delay their colleagues now has to “close” in some cases this time. A worker with a Master and two years' experience and service in the private sector, states: “When I came to work I had no object of work. Two weeks later the supervisor came and left me this file in my office. Asking colleagues to figure out how to handle it I was surprised by their knowledge, and they were very cooperative. To handle the matters entrusted to me, I asked for a computer. I was told that it is locked in an office and that only one employee from the department uses. I spoke to him and seemed reluctant to help until the time I told him to do it on my own. Within a month, I finished all the cases and was ready to present them in my supervisor. Some of my department stopped me, saying that “we will not ruin the rank” and prevented to do so. In a conversation I had with my manager, I figured that the deal of cases was made twice a year, so the deadline is a ... semester.

The second group of workers to resist is characterized by anxiety and uncertainty about whether it can "use the new system and how long it takes to learn to handle it. There are some isolated groups of workers who have seen positive changes and began to support them. An employee shall state: “It was high time something to be done in this service”.

The administration decided that there are enough employees who can handle the system and can therefore take steps to train and rest of the employees. The solution adopted by the administration immediately after the necessary funds for education have not yet been approved and it is doubtful when we can use them. The administration also believes that this is the best way for this training to be direct and effective.

5.2.3. The implementation phase

After eighteen months the system is ready to start working. The new system was decided to work with the old so as not to cause further disturbances. The first three months of service implementation find the service unprepared. Employees, who have undertaken the role of trainer, were not sufficient for the following reasons: a) there were cases of divisions where there were no workers with such knowledge; b) there were sections where the lower level in rank employees had computer knowledge with result their superior's colleagues to have difficulties in seeking help. These tensions begin to escalate, since the only visible effect for employees at this time is that the new system is causing turmoil in the way they work and some speak openly about returning to previous state.

The directors of departments faced every day negative reactions without supporting employees as they themselves have problems with the new system. The administration decided to propose to pay overtime to begin the workers to use the new system. Unfortunately, the response was small (20%). Delays and rising complaints from citizens are beginning to threaten the image and future of the service.

These complaints started coming in the press alarmed the government, workers and the union. The government suddenly decides to stop the parallel operation of old and new system and demands the use of the new system.

5.2.4. The final phase

Although this decision and led to normalization after a year, it had the following disadvantages: a) the cost of implementation far exceeded the original budget, b) the constant tension created a very negative climate, c) there were more frequent absences from work and although decreased by 30% processing time of requests, civil service is still considered unsatisfactory. The management believes that employees had to respond positively to the program and recognizes that it should have been imposed from the beginning. It considers that it should not have proposed additional work, and to support the continued smooth operation of the program, created two new jobs to help workers in any difficulties, questions or problems encountered with the system.

5.2.5. Future Prospects Case 2:

Eventually the program continues to function, although there are still difficulties regarding the use of a portion of workers. The administration is preparing for further improvements that will soon be announced, aiming to further reduce the processing time of cases.

Chapter 6 - Discussion, Conclusions and Recommendations

6.1. Discussion

Organizational change happens when an organization decides or is obliged to increase its ability to create value or improve its effectiveness. Organizational change is a process by which an organization moves from the current situation which is a desirable situation in order to increase its effectiveness. The management changes based on methods, theoretical models and best practices designed to support the transition and ensure its success. The most common active programs or gradual changes are:

- Mergers and acquisitions.
- Introduction of technology.
- Change culture.
- Restructuring of business processes.
- Change policies.
- Total Quality Management.
- Changes in organizational structure, reconstruction.

Although there have been many steps in the management of change and there are best practices and models of management changes, the program changes have a very high failure rate. Beer and Nohria (2000) argue that a 70% change programs fail. According to Hammer and Champy (1993) only 30% of all business plans redesign to succeed, only 23% of all mergers and acquisitions earn their fees and only 43% of quality improvement efforts are progressing well. The main reasons are summarized in the following list:

1. Lack of vision and strategy: An organization cannot wish to change, if it does not know where it goes. To mimic a body of its competitors without knowing why or not having a clear development path means that it is not ready for the design or implementation changes.

2. Arrogance: Many organizations believe that the strength of its market would give them the opportunity to stay in top positions in their markets. Unfortunately, the changes are so unexpected that to "rest on its laurels" means an organism that jeopardizes its survival.

3. Lack of commitment of the leadership / senior management. Without the commitment of the leadership to the change which will not only think and convey the new vision but will support change at every step, the program is doomed to failure. The commitment of the leadership change is a factor essential for future change. If exists then the most likely outcome is ongoing conflicts by informal or formal groups who will benefit most from change.

4. Resistance to change: Another failure of change programs is the resistance to change which means lack of support for the program of change or prevention its implementation. Many programs have been discontinued or have led to failure because they were not supported or accepted for various reasons, such as fear of the unknown and the loss of acquired rights or privileges, lack of capacity of management changes, etc.

5. Lack of resources: These programs of change, like other programs, need administration, budget and planning. In many cases, especially in large-scale changes, we need many resources which hamper agencies both to determine and carry out changes. Apart from money programs of change burden the already busy schedule of workers, leading to problems in the administration of the program changes due to lack of availability of stakeholders.

6. Poor communication: Many change programs fail because they are not sufficiently explained the purpose of change and its importance for the organization. Besides general information, employees should know how to change their everyday practices and what they have to gain from the proposed changes.

Change impacts all areas of the organization. It impacts not only the organization as a whole, but also each individual, and this level of change must be considered and tools provided for people to be successful (Bellman, 2001).

Joiner (1987) noted, “To lead change the leader must believe without question that people are the most important asset of an organization” (p. 21). As noted by Joiner, leaders of change trust people, their strengths, and their contribution. To be sure, organizational change is effective only because of the people involved in the change effort are effective.

Communication is a successful factor to leading change. Communication can therefore be “a significant factor in helping employees understands both the need for change and the personal effects of the proposed change” (Goodman & Truss, p. 217).

Another essential issue is the learning organization. Change is often described as a process of development, or learning. Freire (1970) highlighted the need for learning to realize change. Handy (1989) wrote, “Change is only another word for learning” (p. 56). Senge (1990a, 1990b) then noted that organizational learning is the best way to influence change and that effective leadership is necessary for organizational learning to occur.

The third point of focus is the customer satisfaction. The customers are the oxygen of Hellenic Post. Without them the organization cannot survive. So facing this major change, from the monopoly to the liberation of the postal market and the entry of the competitors, the Hellenic Post must do their best in order to keep the customer satisfied and the customer remains loyal to the products and services of the Hellenic Post. So the Hellenic Post must make surveys and see what the customer wants and needs. They must take into consideration these results and offer the best products and services with the best prices to the customers. Without the customers the organization ceases to exist.

6.2. Conclusion

According to Rahschulte (2007), findings to date suggest that successfully planning, leading, and sustaining organizational change is difficult and the probability of success is low. Cameron and Quinn (1999) noted that most change efforts fall short of attaining their desired outcomes. Burke (2002) noted that most efforts to change an organization “do not work” (p. 1). Many others have noted that organizational change efforts, especially large-scale organizational change efforts, which are those that impact fundamental aspects of the organization and seek to significantly enhance performance, fail to achieve objectives (Bowman, Singh, Useem, & Bhadury, 1999; Cameron, 1998; DeMeuse, Vanderheiden, & Bergmann, 1994; McKinley, Zhao, & Rust, 2000). According to Champy (1995), two-thirds of total quality management and change related projects fail, or at best are less than successful. Similarly, Kotter’s (1996) evaluation of organizational change initiatives concluded that many fail, only a few succeed, and most produce results that are less than expected. Later, and more precisely, Kotter (1998) noted that fewer than 15% of companies successfully transform themselves to address the pressures of change. These findings suggest that organizational change is not only difficult, but also that success rates are diminishing over time. This is because the pressures to change abound. Some have noted advancements in technology (Drucker, 1988; Handy, 1996; Klein & Ralls, 1995; Lai & Guynes, 1997; S. A. Morhman & Morhman, 1989; Nadler & Shaw, 1995, global markets (Ghoshal, 1987), fluctuating economy (Hoskisson, Eden, Lau, & Wright, 2000; Simon, 1991), and the diversity in customers and employees (Dwyer, Richard, & Shepard, 1998; Richard, 2000) to be the causes and pressures to change.

It is a fact that by 2013 the Greek postal market will be liberated and many competitors will entry the market. So Hellenic Post will face a major change and must cope with it successfully. The organization must be ready when this time will come. It must build a strong direction that will handle the change and keep an eye to the competitors and to the customer's needs and wants. The customers are above all and Hellenic Post must serve them and treat them as best as they can, if they want to survive and continue to be the leader of the postal market.

So Hellenic Post must be ready to face this major change and transfer this vision to their employees. The employees must understand that if there is no change the organization will not last and this could be devastated both for the organization and for its employees.

6.3. Recommendations

When organizations are going to face a major change the must take it seriously and respond. They must ready to face the change, otherwise they have no future. Although there is no unique change strategy or process applicable for every change situation, there are some characteristics which are connected to successful change. Consider that Lewin (1951, 1952), Cummings and Worley (1993), Kotter (1996), and D. Anderson and Ackerman-Anderson (2001) all called for the need of a change vision to affect successful organizational change. The application of reinforcement was noted as rewards, feedback, and other general support. Relative to support, most authors noted the importance of teamwork and elements of personnel and human relations. Communication too was heavily referenced. The model of Kotter is a very good approach to address change. Organizations must establish a sense of urgency, create and communicate the vision and empower others to act on the vision. The employees and the management must cooperate all together for the good of the organization.

According to Rahschulte (2007), although there is no unique change strategy or process applicable for every change situation, there are some characteristics which are connected to successful change. Upon review of the aforementioned models and processes of organizational change, there are similarities to people and relationships, hierarchical structure and design, organizational culture and work unit climate, communication and decision-making, and assessment tools and support mechanisms.

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