

TABLE OF CONTENT

| | Page |
|---------------------------------------|-------|
| TITLE PAGE | i |
| APPROVAL PAGE | ii |
| ABSTRACT | iii |
| DECLARATION | v |
| ACKNOWLEDGMENT | vi |
| TABLE OF CONTENT | viii |
| LIST OF TABLES | xii |
| LIST OF FIGURES..... | xviii |
| LIST OF APPENDICES | xxiii |
| CHAPTER I INTRODUCTION | |
| 1.1 Background | 1 |
| 1.2 Problem Formulation..... | 4 |
| 1.3 Research Objectives | 4 |
| 1.4 Expected Research Benefits | 5 |
| CHAPTER II THEORITICAL BACKGROUND | |
| 2.1 Managing Change | 6 |
| 2.1.1 Forces to Change | 7 |
| 2.1.2 Types of Change..... | 9 |



| | | |
|---------|--|----|
| 2.1.3 | Two Different Approaches to Change | 10 |
| 2.1.4 | Stages in Reaction to Change | 13 |
| 2.2 | Readiness for Change | 16 |
| 2.2.1 | Organization Readiness for Change | 17 |
| 2.2.2 | Employee Readiness for Change | 23 |
| 2.2.2.1 | Employee level of dissatisfaction with current situation | 25 |
| 2.2.2.2 | Employee perceived personal risk from change | 27 |
| 2.2.2.3 | Characteristics of employees | 30 |
| 2.3 | Research Question and Hypothesis | 31 |

CHAPTER III RESEARCH METHOD

| | | |
|-------|---|----|
| 3.1 | Sources of Data | 33 |
| 3.2 | Method of Data Collection | 33 |
| 3.3 | Sampling Method | 34 |
| 3.4 | Research Instrument | 35 |
| 3.5 | Data Analysis Method | 36 |
| 3.6 | Company Profile | 40 |
| 3.6.1 | Company History | 41 |
| 3.6.2 | Organizational Structure | 41 |
| 3.6.3 | Employees of VICO INDONESIA | 45 |
| 3.6.4 | Employee Welfare | 46 |
| 3.6.5 | The Restructuring Program of VICO INDONESIA | 47 |

CHAPTER IV RESULT AND ANALYSIS

| | | |
|---------|--|-----|
| 4.1 | Description of Respondents | 51 |
| 4.1.1 | The Respondents of Organization Readiness for Change Questionnaire | 51 |
| 4.1.2 | The Respondents of Employee Readiness for Change Questionnaire | 52 |
| 4.2 | Validity and Reliability Test Result | 53 |
| 4.2.1 | Validity Test Result of Organization Readiness for Change | 53 |
| 4.2.2 | Reliability Test Result of Organization Readiness for Change..... | 54 |
| 4.2.3 | Validity Test Result of Employee Readiness for Change | 54 |
| 4.2.4 | Reliability Test Result of Employee Readiness for Change | 55 |
| 4.3 | Descriptive Statistics | 55 |
| 4.3.1 | Organization Readiness for Change | 56 |
| 4.3.1.1 | Analysis of organization readiness for change questionnaire based on frequency | 56 |
| 4.3.1.2 | Analysis of organization readiness for change weight value | 81 |
| 4.3.2 | Employee Readiness for Change..... | 83 |
| 4.3.2.1 | Analysis of employees' level dissatisfaction with current situation | 83 |
| 4.3.2.2 | Analysis of perceived personal risk from change | 138 |
| 4.3.2.3 | The level of employee readiness for change | 177 |
| 4.4 | Inferential Statistics..... | 180 |



| | | |
|---|--|-----|
| 4.4.1 | The Differences of Employees' Dissatisfaction Level with Current Situation | 187 |
| 4.4.2 | The Differences of Employee Perceived Personal Risk from Change..... | 192 |
| 4.5 | Summary of Descriptive Statistics Analysis | 203 |
| 4.5.1 | Summary of Organization Readiness for Change Analysis | 203 |
| 4.5.2 | Summary of Employee Readiness for Change Analysis..... | 204 |
| 4.6 | Summary of Hypothesis Test Result | 207 |
| 4.7 | Discussion | 210 |
| 4.7.1 | Discussion of top level employees' interview result..... | 210 |
| 4.7.2 | Discussion of Organization Readiness for Change Analysis Result..... | 216 |
| 4.7.3 | Discussion of Employee Readiness for Change Analysis Result | 220 |
| 4.7.4 | Discussion of Employee Readiness for Change Differences Based on Employee's Characteristics | 234 |
| CHAPTER V CONCLUSION, LIMITATION AND RECOMMENDATION | | |
| 5.1 | Conclusion..... | 235 |
| 5.2 | Limitation of the Study | 237 |
| 5.3 | Recommendation..... | 238 |
| BIBLIOGRAPHY | | |
| | | 241 |
| APPENDICES..... | | |
| | | 243 |

LIST OF TABLES

| | | |
|------------|---|----|
| Table 2.1 | Key Factors in Theory E and Theory O Change..... | 12 |
| Table 4.1 | Number of Employees based on Level of Education..... | 52 |
| Table 4.2 | Number of Employees based on Position | 52 |
| Table 4.3 | Number of Employees based on Tenure | 53 |
| Table 4.4 | Number of Employees based on Age..... | 53 |
| Table 4.5 | The Reliability Test Result of Employee Readiness for Change Questionnaire | 55 |
| Table 4.6 | The Frequency of Respondent Answers about “Sponsorship to Change Process from CEO” | 56 |
| Table 4.7 | The Frequency of Respondent Answers about “Commitment to Change from All Levels of Management” | 58 |
| Table 4.8 | The Frequency of Respondent Answers about “Organizational Cultures Encourages Risk Taking” | 59 |
| Table 4.9 | The Frequency of Respondent Answers about “Organizational Cultures Encourages and Rewards Continuous Improvement” | 61 |
| Table 4.10 | The Frequency of Respondent Answers about “Clear Direction of the Need for Change from Senior Management” | 62 |



| | | |
|------------|--|----|
| Table 4.11 | The Frequency of Respondent Answers about “Clear Direction of Vision about a Positive Future from Senior Management” | 64 |
| Table 4.12 | The Frequency of Respondent Answers about “The Usage of Specific Measures in Organizational Performance Measurement System to Assess Business Performance” | 65 |
| Table 4.13 | The Frequency of Respondent Answers about “Change Effort in Supporting Other Major Activities in the Organization” | 67 |
| Table 4.14 | The Frequency of Respondent Answers about “Organizational Benchmarking against World-Class Companies” | 68 |
| Table 4.15 | The Frequency of Respondent Answers about “Employee Knowledge of the Customers’ Needs” | 70 |
| Table 4.16 | The Frequency of Respondent Answers about “Individuals and/or Teams Rewards for being Innovative and Looking For Root Causes of Organizational Problems” | 72 |
| Table 4.17 | The Frequency of Respondent Answers about “Flexibility of Organizational Structure and Its Ability to Encourage Cooperation Between Departments and Employees” | 73 |

| | | |
|------------|---|-----|
| Table 4.18 | The Frequency of Respondent Answers about “Effective Communication by Management with All Levels of the Organization” | 75 |
| Table 4.19 | The Frequency of Respondent Answers about “Organizational Success in Implementing Other Change Programs” | 76 |
| Table 4.20 | The Frequency of Respondent Answers about “Employees’ Personal Responsibility for Their Behavior” | 78 |
| Table 4.21 | The Frequency of Respondent Answers about “Quick Decision Making in the Company” | 79 |
| Table 4.22 | The Interval of Each Element..... | 81 |
| Table 4.23 | The Weight Value of Organization Readiness for Change | 81 |
| Table 4.24 | The Weight Value of S1-S3 Employees’ Dissatisfaction | 84 |
| Table 4.25 | The Weight Value of D3 Employees’ Dissatisfaction | 89 |
| Table 4.26 | The Weight Value of Managers’ Dissatisfaction Level | 94 |
| Table 4.27 | The Weight Value of Supervisors’ Dissatisfaction Level..... | 98 |
| Table 4.28 | The Weight Value of Engineers’ Dissatisfaction Level..... | 103 |
| Table 4.29 | The Weight Value of Employees’ Dissatisfaction Level (with Working Time Less Than 10 Years)..... | 108 |
| Table 4.30 | The Weight Value of Employees’ Dissatisfaction Level (with Working Time between 10-20 Years) | 113 |
| Table 4.31 | The Weight Value of Employees’ Dissatisfaction Level (with Working Time more than 20 Years) | 118 |

| | | |
|------------|---|-----|
| Table 4.32 | The Weight Value of Employees' Dissatisfaction Level (with Age Less 30 Years)..... | 123 |
| Table 4.33 | The Weight Value of Employees' Dissatisfaction Level (with Age Between 30-40 Years)..... | 128 |
| Table 4.34 | The Weight Value of Employees' Dissatisfaction Level (with Age More Than 40 Years) | 133 |
| Table 4.35 | The Weight Value of Perceived Personal Risk of S1-S3 Employees | 139 |
| Table 4.36 | The Weight Value of Perceived Personal Risk of D3 Employees | 142 |
| Table 4.37 | The Weight Value of Perceived Personal Risk of Managers | 146 |
| Table 4.38 | The Weight Value of Perceived Personal Risk of Supervisors | 149 |
| Table 4.39 | The Weight Value of Perceived Personal Risk of Engineers | 153 |
| Table 4.40 | The Weight Value of Perceived Personal Risk of Employees (with Working Time Less Than 10 Years)..... | 156 |
| Table 4.41 | The Weight Value of Perceived Personal Risk of Employees (with Working Time Between 10-20 Years) | 160 |
| Table 4.42 | The Weight Value of Perceived Personal Risk of Employees (with Working Time More Than 20 Years)..... | 163 |

| | | |
|------------|---|-----|
| Table 4.43 | The Weight Value of Perceived Personal Risk of Employees (with Age Less Than 30 Years)..... | 167 |
| Table 4.44 | The Weight Value of Perceived Personal Risk of Employees (with Age Between 30-40 Years)..... | 171 |
| Table 4.45 | The Weight Value of Perceived Personal Risk of Employees (with Age More Than 40 Years) | 174 |
| Table 4.46 | The Frequency of Employee Dissatisfaction Level with Current Situation | 178 |
| Table 4.47 | The Frequency of Employee Perceived Personal Risk from Change | 179 |
| Table 4.48 | The Weight Value of Each Group Based on Education..... | 180 |
| Table 4.49 | The Weight Value of Each Group Based on Position..... | 183 |
| Table 4.50 | The Weight Value of Each Group Based on Tenure..... | 186 |
| Table 4.51 | The Weight Value of Each Group Based on Age | 189 |
| Table 4.52 | The Weight Value of Each Group Based on Education..... | 193 |
| Table 4.53 | The Weight Value of Each Group Based on Position..... | 195 |
| Table 4.54 | The Weight Value of Each Group Based on Tenure..... | 198 |
| Table 4.55 | The Weight Value of Each Group Based on Age | 200 |
| Table 4.56 | Factors of Organization Readiness to Change that Support and Block the Change Process | 203 |
| Table 4.57 | Factors of Employee Level of Dissatisfaction with Current Situation that Support and Block Change Process..... | 205 |



UNIVERSITAS
GADJAH MADA

Organization and employee readiness for change of restructuring process in Vico Indonesia
WIDAYANA, Edward Kadek, Diah Retno Wulandaru, Dra.,MBA
Universitas Gadjah Mada, 2007 | Diunduh dari <http://etd.repository.ugm.ac.id/>

| | | |
|------------|--|-----|
| Table 4.58 | Factors of Employee Perceived Personal Risk from | |
| | Change that Support and Block the Change Process | 207 |

LIST OF FIGURES

| | | |
|------------|--|----|
| Figure 2.1 | The Readiness for Change Matrix | 24 |
| Figure 4.1 | The Frequency of Respondent Answer about “Sponsorship to Change Process from CEO” | 57 |
| Figure 4.2 | The Frequency of Respondent Answers about ‘Commitment to Change from All Levels of Management’ | 58 |
| Figure 4.3 | The Frequency of Respondent Answers about “Organizational Cultures Encourages Risk Taking” | 60 |
| Figure 4.4 | The Frequency of Respondent Answers about “Organizational Cultures Encourages and Rewards Continuous Improvement” | 61 |
| Figure 4.5 | The Frequency of Respondent Answers about “Clear Direction of the Need for Change from Senior Management” | 53 |
| Figure 4.6 | The Frequency of Respondent Answers about “Clear Direction of Vision about a Positive Future from Senior Management” | 64 |
| Figure 4.7 | The Frequency of Respondent Answers about “The Usage of Specific Measures in Organizational Performance Measurement System to Assess Business Performance” | 66 |

| | | |
|-------------|--|----|
| Figure 4.8 | The Frequency of Respondent Answers about “Change Effort in Supporting Other Major Activities in the Organization” | 67 |
| Figure 4.9 | The Frequency of Respondent Answers about “Organizational Benchmarking against World-Class Companies” | 69 |
| Figure 4.10 | The Frequency of Respondent Answers about “Employee Knowledge of the Customers’ Needs” | 70 |
| Figure 4.11 | The Frequency of Respondent Answers about “Individuals and/or Teams Rewards for being Innovative and Looking For Root Causes of Organizational Problems” | 72 |
| Figure 4.12 | The Frequency of Respondent Answers about “Flexibility of Organizational Structure and Its Ability to Encourage Cooperation Between Departments and Employees” | 74 |
| Figure 4.13 | The Frequency of Respondent Answers about “Effective Communication by Management with All Levels of the Organization” | 75 |
| Figure 4.14 | The Frequency of Respondent Answers about “Organizational Success in Implementing Other Change Programs” | 77 |
| Figure 4.15 | The Frequency of Respondent Answers about “Employees’ Personal Responsibility for Their Behavior” | 78 |

| | |
|-------------|--|
| Figure 4.16 | The Frequency of Respondent Answers about “Quick Decision Making in the Company” 79 |
|-------------|--|

LIST OF APPENDICES

| | |
|-------------|--|
| Appendix 1 | Questionnaire |
| Appendix 2a | The Respondent Answer of Organization Readiness for Change |
| Appendix 2b | The Respondent Answer of Employee Level of Dissatisfaction with Current Situation |
| Appendix 2c | The Respondent Answer of Employee Perceived Personal Risk from Change |
| Appendix 3a | Validity Test Result for Organization Readiness for Change |
| Appendix 3b | Reliability Test Result for Organization Readiness for Change |
| Appendix 4a | Validity Test Result for Employee Level of Dissatisfaction with Current Situation |
| Appendix 4b | Reliability Test Result for Employee Level of Dissatisfaction with Current Situation |
| Appendix 5a | Validity Test Result for Employee Perceived Personal Risk from Change |
| Appendix 5b | Reliability Test Result for Employee Perceived Personal Risk from Change |
| Appendix 6a | The Frequency of S1-S3 Dissatisfaction Level Answer |
| Appendix 6b | The Frequency of D3 Dissatisfaction Level Answer |
| Appendix 6c | The Frequency of Manager Dissatisfaction Level Answer |
| Appendix 6d | The Frequency of Supervisor Dissatisfaction Level Answer |
| Appendix 6e | The Frequency of Engineer Dissatisfaction Level Answer |

- Appendix 6f The Frequency of Employees with Working Time less than 10 Years Dissatisfaction Level Answer
- Appendix 6g The Frequency of Employees with Working Time between 10-20 Years Dissatisfaction Level Answer
- Appendix 6h The Frequency of Employees with Working Time between 10-20 Years Dissatisfaction Level Answer
- Appendix 6i The Frequency of Employees with Age less than 30 Years Dissatisfaction Level Answer
- Appendix 6j The Frequency of Employees with Age between 30-40 Years Dissatisfaction Level Answer
- Appendix 6k The Frequency of Employees with Age more than 40 Years Dissatisfaction Level Answer
- Appendix 7a The Frequency of S1-S3 Perceived Personal Risk Answer
- Appendix 7b The Frequency of D3 Perceived Personal Risk Answer
- Appendix 7c The Frequency of Manager Perceived Personal Risk Answer
- Appendix 7d The Frequency of Supervisor Perceived Personal Risk Answer
- Appendix 7e The Frequency of Engineer Perceived Personal Risk Answer
- Appendix 7f The Frequency of Employees with Working Time less than 10 Years Perceived Personal Risk Answer
- Appendix 7g The Frequency of Employees with Working Time between 10-20 Years Perceived Personal Risk Answer
- Appendix 7h The Frequency of Employees with Working Time more than 20 Years Perceived Personal Risk Answer



- Appendix 7i The Frequency of Employees with Age less than 30 Years
Perceived Personal Risk Answer
- Appendix 7j The Frequency of Employees with Age between 30-40 Years
Perceived Personal Risk Answer
- Appendix 7k The Frequency of Employees with Age more than 40 Years
Perceived Personal Risk Answer
- Appendix 8a The Independent Sample t-test for Employee Level of
Dissatisfaction with Current Situation based on Education
- Appendix 8b The ANOVA Test for Employee Level of Dissatisfaction with
Current Situation based on Position
- Appendix 8c The ANOVA Test for Employee Level of Dissatisfaction with
Current Situation based on Tenure
- Appendix 8d The ANOVA test for Employee Level of Dissatisfaction with
Current Situation based on Age
- Appendix 9a The Independent Sample t-test for Employee Perceived Personal
Risk from Change based on Education
- Appendix 9b The ANOVA Test for Employee Perceived Personal Risk from
Change based on Position
- Appendix 9c The ANOVA Test for Employee Perceived Personal Risk from
Change based on Tenure
- Appendix 9d The ANOVA Test for Employee Perceived Personal Risk from
Change based on Age