A study on re-organizations in the Swedish public sector

- Are employees in on change?

Authors:
Edouard Bourgeois 861017
Kinga Jeleniewska 790826
Joel Ulvenfalk-Edman 821117

Supervisor
Dr. Richard Nakamura

Examinators
Dr. Richard Nakamura
Mikael Holmgren Caicedo
Acknowledgements

“Work expands to fill the time available” – C.N. Parkinson

It has been a busy semester with a lot of work but all things must come to an end and it sure feels great this end has finally come. A lot of time has been spent out on the field conducting interviews and meeting interesting people. Countless hours have been spent in front of a computer typing various letters in different combinations. Seminars, tutoring sessions, lunches, discussions, laughter, coffee and a bottle of champagne, to finally see all this hard work be finalized in a master thesis ready for submission is a moment of true joy and relief. But it could not have been made possible without the contribution of people we crossed path with on our journey. Therefore we would like to take the opportunity to thank:

All our interviewees at the Swedish Forest Agency, the Swedish Tax Agency, the Swedish Social Insurance Agency and the Swedish Public Employment Agency for their pleasant treatment and for lending us their time to help us with our research. An honorable mention also goes to the people in these organizations we first came in contact with who helped us make these interviews possible.

Our peer-review groups for their support and feedback during seminars which helped us improve our work and keep our feet on the ground.

Our supervisor Dr. Richard Nakamura for his guidance and constructive feedback which helped us stay on track and to focus on what lay ahead of us.

And let us not forget Mikael Holmgren Caicedo who came with valuable input during the final seminar and made us see things from a different perspective.

Växjö, June 2008

Edouard Bourgeois  Kinga Jeleniewska  Joel Ulvenfalk-Edman
Introduction: The constantly evolving external environment forces organizations to realise organizational change to stay competitive. This kind of change now also occurs to a wider extent in public organizations which are becoming more business oriented. To make changes successful organizations need to consider employee behaviour in terms of acceptance and commitment to new situations.

Objective(s): Our aim is to examine how employees in Swedish public organizations respond to organizational change and to get a wider understanding of potential resistances. From this, we would like to give recommendations on how management can influence the employee response in order to improve the commitment and enhance the chance of success of a re-organization.

Method: We will use a hermeneutic research philosophy with a deductive approach. To catch information concerning the change process and employees’ behaviour our empirical data is gathered using qualitative interviews. The theoretical framework includes research concerning the change implementation and the use of power, communication, resistance, and acceptance during the change process.

Conclusion: Our results show that the efficiency of the organization decreases with the implementation of change programs, employees are now less committed, less motivated and takes fewer own decisions. Problems come from a lack of trust between lower and higher levels in the organization, communication, and limited possibilities for employees to influence the change process. Top-management need to engage more people into the change process at an early stage and empower first-line managers in order to create a climate of confidence and a sustainable change process that can lead to a successful implementation.
1. INTRODUCTION

1.1 BACKGROUND
1.2 PROBLEM DISCUSSION
1.3 PROBLEM FORMULATION
1.4 OBJECTIVES
1.5 LIMITATIONS
1.6 ORGANIZATIONAL PROFILES
   1.6.1 The Swedish Forest Agency
   1.6.2 The Swedish Tax Agency
   1.6.3 The Swedish Social Insurance Agency
   1.6.4 The Swedish Public Employment Agency

2. METHOD

2.1 SCIENTIFIC APPROACH
2.2 RESEARCH APPROACH
2.3 QUANTITATIVE AND QUALITATIVE RESEARCH
2.4 VALIDITY
2.5 RELIABILITY
2.6 DATA COLLECTION
   2.6.1 Conversational interviews
   2.6.2 Selection of interviewees
2.7 SUMMARY

3. THEORY

3.1 CHANGE MANAGEMENT
   3.1.1 Change in public organizations
   3.1.2 Kotter’s eight-step model to implement change
   3.1.3 Communicating change
3.2 THE USE OF POWER TO IMPLEMENT CHANGE
   3.2.1 Power over the organizational structure
   3.2.2 Power over individuals
3.3 RESISTANCE TO CHANGE
3.4 OVERCOME RESISTANCE TO CHANGE
   3.4.1 Different ways to create a more positive attitude
   3.4.2 How to create employee commitment
   3.4.3 Limitations of employee commitment
3.5 SUMMARY

4. RESULT

4.1 THE SWEDISH FOREST AGENCY
   4.1.1 Presentation of the change and reactions towards it
   4.1.2 Realization and reception of the re-organization
   4.1.3 Effects and handling of the re-organization
   4.1.4 The interviewees’ view on how their managers handled the re-organization
4.2 THE SWEDISH TAX AGENCY
   4.2.1 Presentation of the change and reactions towards it
   4.2.2 Realization and reception of the re-organization
   4.2.3 Effects and handling of the re-organization
   4.2.4 The interviewees’ view on how their managers handled the re-organization
4.3 THE SWEDISH SOCIAL INSURANCE AGENCY
   4.3.1 Presentation of the change and reactions towards it
   4.3.2 Realization and reception of the re-organization
   4.3.3 Effects and handling of the re-organization

- 4 -
1. **Introduction**

1.1 **Background**

Globalization, the opening of new markets and deregulations in exchange markets offer new growth possibilities; but it also entails a growing competitive environment. Given the limited resources, an organization needs to be more efficient and maximize its output to be able to compete (Grey 1995).

To adapt to new stakes, companies need to be flexible and lead strategic and organizational changes more often than in past decades. The success of change is never taken for granted and many elements, both in the internal and the external environment, can harm change results. Ineffective change involves loss of time, resources, money, and trust; which can lead to fatal consequences. Ineffective change can also be to not give the change full commitment and support, or simply just talk about change without put it into practice. By going from being willing to change to actually put the change into practice, in order to obtain result, provides competitive advantages. However, change is an ongoing process and to stay successful an organization need to re-evaluate their situation every fourth or fifth year (Kotter & Schlesinger 1979). If they neglect their environment the consequences can be dramatic, “Looking at the Fortune 500 companies over the last few decades, 40 per cent of those who were there 20 years ago are no longer there” (Badham et. al. 2003:715).
During the recent century, organizational structures have changed radically. During the industrialization, structure was bureaucratic, power came from the top, tasks were put into routine, and employees were not supposed to take part in the decision-making process. Today, employees are not simply practitioners, they now have closer social relations with the external environment, and organizations need to consider employee satisfaction and commitment as a strategic element (Grey 1995). It permits to increase participation, productivity, and to decrease employee turnover.

This kind of change usually occurs in private companies; but the demand on organizations in the public sector has also changed. They are expected to be more cost efficient, more focused on customer expectation, and this shifts the organizations in the public sector to become more business oriented (Diefenbach 2007).

1.2 Problem discussion

“It must be considered that there is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things.” (Niccolò Machiavelli, *The Prince* [Kotter & Schlesinger 1979:106]).

Today, like for private organizations, public organizations are increasingly put under the looming axe of ideas of ‘efficiency’ and ‘cost-cutting’. These words are catchphrases used in the new ideas of reshaping public services that have developed during the recent decades. Together, these ideas amass under the name of New Public Management. The common denominator is the thought that public services can ‘work better and cost less’ if
the organizations strive towards centralization and specialization of sub-units. The general idea is to let managers shape their public organizations so that they better can reach specified goals in exchange for rewards and “proportionate” career risk (Hood 2001). What is not mentioned is that managers in public organizations do not have the same possibilities to direct their subordinates due to strict hierarchal structures and “red tape”, referring to counteracting effects on outcomes because of extensive need of documentation at work (Boyne 2002). Still, according to McHugh’s study (1997), ideas of implementing change in public sector organizations with objectives to create slimmer organizations, in order to increase efficiency, is gaining momentum.

The structure of these change processes varies with the organization but the impact of these changes creates stress, as is the case in private organizations, but maybe more so in a public organization (Scharitzer & Korunka 2000). However, there are opposing thoughts claiming that employees in public sectors are on the contrary used to quick changes and demands of quick results due to political pressure (Boyne 2002).

Further arguments are implying that organizational commitment is lower in public organizations because the link between individual work efforts and its results on the organization is harder to connect (Boyne 2002). Kotter (1995) argues that commitment from employees is a very important factor if an organizational change is going to be successful or not.
Whether employees in public organizations react differently, or have different experiences compared to employees in private organizations may be answered by the existing theories on change. With a study on four public organizations which has recently undergone organizational change, this master thesis will hopefully shed some light on the different aspects of a public organizational change programme and the employees’ response to the latter.

1.3 Problem formulation

How do employees in a public organization respond to organizational changes?

1.4 Objectives

In the fieldwork prior to this master thesis we analyzed how employees in the Swedish Forest Agency responded to organizational change; we will carry on this research with a wider sample of Swedish public organizations. Using the fieldwork as a starting point, our aim is to analyze the different aspects of a public organizational change program and to provide advices to improve employees’ response during re-organizations. This is made to provide a higher explanatory degree to our findings on how organizational changes are received in public organizations.
1.5 Limitations

Our main limitation will be the time to conduct our research. We have chosen to study four Swedish public organizations. However, due to the size of these organizations we will only be able to focus on one office each. As for every qualitative research, we will have to cope with the subjectivity of respondents during interviews. We will also have to select respondents, thus it will not be possible to catch every employee point of view.

1.6 Organizational profiles

1.6.1 The Swedish Forest Agency

The Swedish Forest Agency’s (SFA) mission is to make sure that the Swedish forests, both public and private, are preserved and maintained in such way that the biological diversity can flourish and that a sustainable growth of timber can be secured. Their work is mainly funded by, and on the behalf of, the government but they also offer some services to private forest owners (www.skogsstyrelsen.se).

Previously SFA consisted of ten autonomous authorities but in 2006 the SFA got a centralized organization, divided into five geographical regions, with an average of 9 districts in each region. There are also two supporting units, one providing expert knowledge to the districts and the other is taking care of the administration for all districts (www.skogsstyrelsen.se).
1.6.2 The Swedish Tax Agency

The Swedish Tax Agency (STA) is in charge of all errands concerning tax, inventory of estate, national registration, economical crime investigations and the states debt receivables. In 2005, taxes collected by the Government amounted to 51 per cent of GDP. The general tax on labor in Sweden is 31 per cent (2005) and on average every Swedish citizen pays approximately 150 thousand SEK in tax per year, including tax on labor, capital and consumption (www.skatteverket.se).

Previously the STA was organized autonomous in each county but in September 2005 STA had an organizational change and now it consists of seven tax-regions serving people and small companies and a tax office for larger companies. Apart from that the organization also has an office in charge of administration and other supporting functions to local offices in all regions. (www.skatteverket.se).

1.6.3 The Swedish Social Insurance Agency

The Swedish Social Insurance Agency (SSIA) is the Swedish peoples’ safety system if they are unable to work due to illness, different disabilities, or family matters. When people need help they apply for it at SSIA which handle these matters, deciding upon what kind of help is needed. The SSIA spent approximately 15 per cent of the Swedish GDP in 2006 which amounted to 409 billions SEK (www.forsakringskassan.se).

The SSIA is organized in three main units; the national- and local insurance centers which handle and take decisions on errands applied for by people, and a customer service
center which is a self-service for simpler matters. The insurance centers have access to special units which assists and provide information requested by employees. This organizational structure is new as of 2008 and replaced the old structure which consisted of three main units and was organized county-wise were the handling of matters was carried out locally (www.forsakringskassan.se).

1.6.4 The Swedish Public Employment Agency

The Swedish Public Employment Agency (SPEA) serves as a link between employers and potential employees in order to make the labor market more efficient. They also analyze and evaluate how the labor market is changing, and in which segments there will be a lack of employees in the future, in order to secure a good employment rate (www.arbetsformedlingen.se).

Previously, SPEA consisted of autonomous offices in each county. In 2008 the organization was divided into four main areas which in turn were divided into 64 market areas based on where people move and where most companies recruit labor. The core organization also has supporting units which provides special help to the local offices (www.arbetsformedlingen.se).
2. Method

2.1 Scientific approach

To study a phenomenon is to develop knowledge in a field of interest, but in order for the results from a research to be considered scientific they need to be conducted in a way that can be seen as a formal language in the scientific world. It creates norms for how to create theories and how to support them or how to explain certain outcomes by using existing theories (Hartman 2004). Therefore the way a research is conducted also determines what method to use when collecting data and how this data should be analyzed. There are different research philosophies which offer different ways of looking and interpreting the world but, the two most common philosophies are the Positivistic and the Hermeneutic.

The positivistic approach develops hypothesis on existing theories. Only observable data that can be quantified, and by modern positivism also measured, is collected and it should not be influenced by the researchers’ personal views. The aim is to find answers that can be seen as laws or facts and give a cause-and-effect interpretation (Saunders et. al. 2007).

The Hermeneutic approach on the other hand, advocates a personal interpretation of the data collected with the aim to get a deeper understanding of why certain effects can be seen. The researcher’s own interpretations are combined with the systematic analysis in order to get more specific answers to what has been observed (Gummesson 2000).
This master thesis aims at identifying factors that can cause different effects on an organizational change in public organizations, and to identify the manager’s impact on the employees’ responses towards a change. By using a Hermeneutic approach, we will go in-depth in our chosen organizations in order to enhance our chance to get a deeper knowledge of reactions and attitudes towards change and the reasons behind them. By conducting interviews we hope to obtain the kind of knowledge which, with a positivistic approach, would not otherwise be possible to get. In a reflective empirical research style, we will capture the intonations, insinuations and such which can not be measured by an instrument, nor analyzed through a questionnaire, in order to help us analyze and draw conclusions (Alvesson & Sköldberg, 2007). This kind of valuable information is what we hope to benefit from, in addition to the answers from our interviewees, when we analyze our data.

As Alvesson & Sköldberg (2007) point out, data and facts are the constructions or results of interpretation. With this in mind, we have to be aware of the fact that the data we collect are to some point the result of how we, the interviewers, interpret the answers of our interviewees. A risk when conducting a research in the way this thesis will be done is the possibility our data will be too colored by our own translations of the gathered data rather than mirroring the “reality” the interviewees are trying to describe to us. Furthermore, with the use of interviews we limit our number of data sources. Given the amount of time we have to our disposal we could, with a positivistic approach, reach out (e.g. by using a questionnaire) to a greater number of people working in the public sector.
2.2 Research approach

According to Saunders et. al. (2007) the research approach determines how data should be collected and analyzed and Grønmo (2006) explains it as a link between theory and data. There are two main research approaches, deductive and inductive. If the aim of a research is to test if existing theories holds, hypothesis are created from the existing theory and then data is collected in order to test the hypothesis. This is referred to as a deductive approach and is mostly used in areas highly explored and studied. In fields that have not been studied to a greater extent the inductive approach is mostly used. The aim of the inductive approach is usually the opposite, by collecting empirical data and analyse it in the light of existing theories, the researcher tries to develop new theories (Grønmo 2006). However, to use an inductive approach requires a lot of time and the time available for this thesis is not sufficient for using the inductive approach.

There are a lot of theories covering our field of interest and we want to examine if those theories on employee behaviours are applicable in a public organization, just as in the private sector where most of the research has been conducted. The aim of our findings is the possibility to serve as an explanation of behaviours during re-organizations in public organizations. In addition, we want to examine how the use of power, by top-management, can affect the outcomes of the re-organization. Therefore we have chosen a deductive approach.

With the deductive approach, this thesis can explain and anticipate the reactions and attitudes of employees in public organizations with the help of theories within this
subject. With this thesis we have chosen to pursue a deductive approach but, as Alvesson & Sköldberg (2008) argue, it is important to acknowledge there are different perspectives available and the approach chosen is not the one true approach.

2.3 Quantitative and qualitative research

The difference between quantitative and qualitative research are the methods by how data is collected and processed. The quantitative method collects data that is made measurable and studies questions like “how many” or “how much”. This data can be collected through questionnaires and is easier to compile. The preparation and decisions on what kind of data should be collected is of great importance since no changes of the data can be made once it is collected (Johannesen & Tufte 2003).

The qualitative research on the other hand tries to get an answer to why certain outcomes appear by studying e.g. how a person perceive something based on his/her view on the world. This data can be collected by personal interviews where the researcher can analyze thoughts and feelings that appear during the interview. This also gives a greater flexibility to make changes and to complement the data if needed (Johannesen & Tufte 2003).

Our methodological approach will be relying on a qualitative way of gathering data. With this type of data gathering we hope to give an in-depth conclusion to our problem formulation. This is our goal, and this also means we claim to give a generalized picture of how it “is” in Swedish public-sector organizations. A question surface from this though, and like Alvesson & Sköldberg (2008) argues, why would a pattern or outcome
observed once be applied to future occasions? To generalize in this manner, only a statistical survey can give such an answer, with the given probability, as to rule out any inference from data based on coincidence. This is something that needs to be considered when analyzing.

2.4 Validity

Validity refers to the relevance of the data collected to the problem studied. The results from the data collection should reflect the reality being examined. Therefore the data collection has to be carried out in such a way that biases can be eliminated. This means that if we are studying a causal relationship of two variables we need to make sure that there is not something else, outside our study, causing the relationship (Saunders et. al. 2007).

There is always a validity risk but by qualitative interviews, we have a chance to collect as much information as possible.

2.5 Reliability

For a study it is important that the data collected has a high reliability. This means that it is important that the techniques used, to collect and analyze data, will give the same findings if the study would be repeated. There are different threats that can lower reliability, e.g. individuals that do not answer what they really think or do not want to
share information they feel is sensitive. The interviewers can also decrease reliability since their ways of choosing questions and asking them differs (Saunders et. al. 2007).

We have tried to overcome these kinds of threats by preparing and using the same questions during the interviews which will give us a similar outline for every employee. We are aware of how body language and tone of voice can affect the respondent and therefore we will try to be as empathic as possible during the interviews.

2.6 Data collection

2.6.1 Conversational interviews

We will realize 18 face to face interviews. This kind of qualitative research has different advantages. According to Weiss (1995), interviews permit to develop detailed descriptions about events, and to understand how events are interpreted with perceptions and reactions. According to Patton (2000), face to face interviews help to interpret body language, feelings, and voice intonations. However, it has often been claimed that the qualitative research interview lack objectivity, due in particular to the human interaction inherent in the interview situation.

In order to have a scientific approach we will base our interview methodology on the seven stages of qualitative analyze (Kvale 1996).
-The thematization refers to the formulation of the purpose of the investigation and describes the theoretical approach of the topic investigated. To ensure the scientific relevance of our research we will create questions based on theories we use.

-In the designing part, we plan the design of the study and prepare the methodical procedure to obtain the intended knowledge; so we have to select who to interview, where and when. We will prepare open-ended questions in order not to influence or anticipate responses.

-During the interview, knowledge is constructed through the interaction of the interviewer and the interviewee. In order to conduct a good interview we need to consider the importance of interpersonal relations and theoretical relevance of the questions asked. It will encourage the respondent to be open about personal and emotional experiences. The questions should be easy to understand, short, and without academic language. The main question should be in a descriptive form: “What happened and how did it happen?” “How did you feel?”

-Then we will transcribe the responses from oral to written text; this phase permits to prepare the analysis. We will strive to stay as close as possible of the context, and feelings we perceive.

-Finally, the last three stages: Analyzing, Verifying, and Reporting focus on the way of making the knowledge explicit, and to ensure the reliability and validity of the analysis.

2.6.2 Selection of interviewees

Following the previous mentioned framework, we will interview employees and our aim with this is to collect information about their opinion concerning the change process.
To have our empirical data describe how employees react as good as possible, the interviewees should be randomly selected. In our thesis we will not be able to do this. Instead, the interviewees were advised to us by the contact person we had in each public organization.

Interviews will be held at the offices of the Swedish Forest Agency, the Swedish Tax Agency, the Swedish Insurance Agency and the Swedish Employment Agency in Växjö, during the course of March through May 2008. We will interview between four and five employees, none with a managerial position, in each organization. The employees work in different departments in each organization and therefore mostly have different responsibilities and tasks.

2.7 Summary

We have chosen to follow a Hermeneutic scientific approach where we will go in-depth into our chosen organizations to obtain knowledge of reactions and attitudes towards change and the reasons behind them. We think this would not be possible to the same extent if we would be using a Positivistic approach.

Our research approach is deductive and with a knowledge based on existing theories we will examine if these theories can explain reactions in public organizations. The aim of our findings is the possibility to serve as a prediction or an explanation of behaviours during re-organizations in public organizations.
For this thesis we have chosen a qualitative approach in the gathering of our data. This also reflects our aim of obtaining a deeper understanding and knowledge of attitudes and reactions towards change. We will conduct semi-structured interviews which form the base of our empirical data from where we then make our analysis and draw our conclusions.
3. Theory

The chance of a successful change program in an organization is fairly low, an exact figure is hard to find but roughly 70 per cent\textsuperscript{1} of all change programs fail. With this in mind, the importance of a leading change management is of great importance.

In this chapter we will describe theoretical concepts related to the field of change management. We will begin by an understanding of specificities of change in public organizations. We will then explain how to develop and conduct an efficient change with a specific focus on communication and the use of power. Finally we will show how to overcome resistance to change and gain employees’ acceptance.

3.1 Change management

Leading change is one of the most important and difficult leadership responsibilities. Balogun & Hailey (2004) refer to the change management as the \textit{change agent(s)}, the person(s) responsible for implementing change in an organization. Change management requires development of clear plans but also knowledge of the organizational culture in order to have an insight on how the change might be resisted and how it effectively can be dealt with.

It is the responsibility of the change agent to diagnostic what is wrong in the business, to monitor the change process with an understanding of dynamics and relationship in the

\textsuperscript{1} Mentioned by Balogun & Hailey (2004) but they do argue that this is a speculative figure since an exact number is virtually impossible to find
organization (Yukl 2006), to ensure that what is planned also is carried out in reality, and deal with unexpected events that might occur (Balogun & Hailey 2004).

Forms of change are various and depend of the new organization’s objectives. According to Beck (1987) change occurs in an organization around four elements: strategy, culture, technology, and people. The mix of these elements creates an organizational change. Strategic change seeks to redefine the place of the company in its environment. It engages deeply the whole organization to adapt to new environmental expectations. Cultural change occurs through a transformative process in the common set of rules, interpersonal relations, slogans, myths, stories, or legends. It aims to make stronger, or to redefine the common vision, goal, or set of values. Technological change permits to adapt to new possibilities in term of communication, customer relation management, productivity, and cost reduction. Change of people permits to bring new ideas and dynamics.

We will now see that change in public sectors present some specificities and can be more difficult to achieve than in private ones.

3.1.1 Change in public organizations

Nowadays if organizational change occurs more frequently in public organizations, it stayed often a recent movement. Reasons to change are principally linked to the necessity of cost-cutting and the need for a higher efficiency in terms of customer service. Most public organizations now try to be as competitive as private ones (Chary 2007).
To reach the goal of a slimmer and more efficient organization, public organizations often seek recourse to information and communication technologies. It permits a wider and quicker access to information, more communication, less bureaucratic tasks, and a loss of geographic boundaries (Chary 2007).

However, change in public organizations is seldom a success. According to studies in Sweden (McHugh 1997), and in the UK (Coram & Burnes 2001), organizational change in public organizations create stress, takes longer time than allowed, and entail a period of muddle. Change is often initiated by the government. In most of cases change is decided and planned well in advance but without any dialog with employees, or collaborative efforts.

Centralization entails a distance between decision-makers and employees. This loss of empowerment in the change processes does not allow a feeling of commitment and optimism for the chances of success (Yukl 2006). However, it is difficult to go from a stable environment with well understood rules and few potential losses to a chaotic environment with the necessity of staff cutback. In these conditions there is a clash between employees’ desire of security and political desire of speed. Employees become stressed and try to slow down the process by increasing union militancy, creating rumors or working slowly. This situation is often difficult to solve because few managers in public organizations have skills and experience to conduct organizational change. Well scheduled change processes do not anticipate enough evolving in situations but instead
try to adapt to present dysfunctions. In well managed situations managers should think ahead of potential resistances and provide support to decrease the level of stress.

The transition stage can be difficult for employees who have had the same job their entire life. According to McHugh (1997), stress resulting from bad management of a change process can entail lack of motivation, poor job performance, absenteeism, or higher employee turnover. It is important to manage stress on a case by case basis because stress is not an objective element. Anxiety depends of the degree which individuals perceive the presence of support and constraints within their work environment. In the event of a change process it comes more specifically from the perceived inability to cope with the challenge presented by a new, competitive, and turbulent climate. Employees in public organizations are especially concerned by stress problems because they are seldom used to go out of a treadmill job and to take decisions.

So to be more efficient, change in a public organization should be an open-ended and bottom-up process. Managers should be able to be proactive, to manage stress-related issues and to anticipate potential problems. To highlight how change could be implemented in public companies we will use Kotter’s eight-step model.

### 3.1.2 Kotter’s eight-step model to implement change

Change is a complex and uncertain process with many dangers. So, to decrease the risk of failure, it is important to envisage the change as a transversal project which involves individuals from top-management to first line employees, and to consider change under a
technical aspect, personal compact, and communicative facet. To highlight these elements we will use a chronologic perspective divided into 8 steps as described by Kotter (1995). The first critical thing to do is to establish a sense of urgency, it is because change requires the cooperation of many individuals and in every part of the organization. To gather people around a new project it is important to communicate enough about the strategic importance of the change process. Executive managers should consider that the actual situation is no longer acceptable. Afterward to be able to make the situation evolve you need to form a powerful guiding coalition, to have influential supporters in the hierarchy and a high level of trust and communication between these persons.

Then you have to create a clear vision and develop a strategy to achieve it. When the vision is built up, you need to ensure that a wide part of managers follow this idea and present it to all employees with every communication channel possible. It is important to ensure that the vision is easy to understand and to develop in practice.

Empowering individuals to act and give opinion on the organizational view is necessary to remove obstacles to change, like self-interests or organizational structure. Afterward managers should encourage innovative ideas and risk taking, to involve employees deeply in the new organizational structure.

When a large part of the company begins to work with the new process, it is important to plan for, and create, short-term wins. It permits to motivate and encourage people to continue to work in the right direction. If there are no rapid results people will join the rank of people opposing the change. However, obtaining rapid results can be difficult when we know that major changes usually entail a period of decline in performances
(Lord & Maher 1991). So a manager can be encouraged to select a solution with rapid result, even if it is not the more efficient one in a long term perspective (Yukl 2006). When success arrive it is imperative to not stop the change process and to not declare victory too soon because the new approach is fragile and subject to regression. Decisions taken by managers have different outcome, including unpredicted side-effects. If the leader does not demonstrate its continued commitment during the entire change period employees will no longer make efforts to implement the change (Yukl 2006). Thus according to Lord and Maher (1991) it can take up to five years to verify the success of the change.

Finally, it is important to institutionalize the change into the corporate culture. It is crucial to highlight how the new approach helped to improve procedures and make sure that the new generation of top managers will really adopt the new approach.

This model seems to be relevant to conduct an efficient change because it advocates spreading the vision on a broad scale; with strong support for change at an early stage and to engage management and employees on all levels to effectively reach results. All these phases are very important and skipping or making a critical mistake in only one of them could entail the failure of the project. Nevertheless, to improve the chance of success it is also essential to pay more attention to how change is communicated and to the influence of power in change decisions.

### 3.1.3 Communicating change

Only few managers obtain expected effects when they communicate strategic change to their employees. Kotter (1995) argues that transmitting vision to employees and using
every communication channel possible are central elements in the success of a change. More recent research from Larkin and Larkin (1996) precise more efficient ways to present change to employees, and describe the appropriate communication channels to use. Even if managers are receptive at meetings, and understand values, vision, and mission, this process is not efficient with employees. With employees you need to communicate facts, and to present value through action, not through words. In general, half of employees believe that management cheats and lies, that is why talking about values suggests that fraud is near. Employees adhere to values only if they are convinced that those values will enable them to reach their personal goals (Larkin & Larkin 1996).

Larkin and Larkin (1996) suggest that groundless rumors can undermine chances of success, so it is important to choose appropriate media and to begin to communicate at an early stage in the change process to avoid misunderstandings.

Video is the worst way to communicate major change; it is only effective for information directly applicable, or to prepare a discussion. Publication are not really better, they can be difficult for employees to understand and are often perceived as untrustworthy. Publications are more efficient when it is used to guide face-to-face discussions. These methods inhibit the transmission of information and restrict communication. In comparison the first line manager is often seen as sincere and telling the truth, employees explain that they prefer to receive information from their managers rather than from head office; so face-to-face discussions and meetings with only few people are the most efficient methods to transmit information. These solutions permit a real discussion; front
line managers can identify employees’ reluctances, respond to questions, and provide feedback to top-managers (Larkin & Larkin 1996).

3.2 The use of power to implement change

To be effective as a change agent it is necessary to influence individuals to perform requests. Hardy (1996) argues that power has a central role in this process and studies how the use of power can guide an organization and its members throughout a change process. According to Jackson and Carter (2000) there are two kinds of forces in an organization: power and authority. They identify the forces of power as being “the ability to get someone to do something that they do not particularly want to do”. Whereas authority assumes that “the person is willing to obey, and accepts the right of the person doing the ordering to expect compliance”. They further argue that in a routine situation managers need to use mainly authority, which is no longer the case during a change process. In this situation managers need to use power to enforce compliance and to deal with employees’ resistance. The wider the change is, the more power you require. Hardy (1996) reasons that in order to use power it is necessary to understand what it involves and defines four dimensions of power; power of resources, power of process, power of meaning and power of the system. The three first dimensions of power need to be used in combination and the purpose is to affect the imbedded power of the fourth dimension, the power of the system, which can constrain the possibility for an organization to change.
3.2.1 Power over the organizational structure

Power of resources describe the way on how to influence decision outcomes, face resistance and opposition, through investment of resources of which others are dependent on. By encouraging certain behaviour with rewards a desired change can be carried out. It has, however, a limited impact because it is task-oriented and dependent on continuous “funding” of the desirable behaviour (Hardy 1996).

Power of processes concerns the elimination of resistance to change, by implementing procedures and routines which will lead to a desirable outcome. By having control over the physical and technological environment, along with control over the organization of work, provides an opportunity for influence over individuals. Further, it allows change agents to determine outcomes by not letting un-wanted ideas and issues be put under discussion or to exclude subordinates from the decision-making, and thus having the change more smoothly carried out in a desired direction (Hardy 1996).

Power of meaning is about putting meaning to specific behaviours in order to carry out change. Change agents can, for example, base their decisions on economic reports and presentations to justify their changes. They have the opportunity to influence perception of information (Kuhn 1963). To further give meaning and reason to their decision they can come up with redundancy compensation to emphasize credibility and good-will. The result would come out as a change which is justified, legitimate and even unavoidable based on economical figures and such, but with management doing as much as possible to ease the “unavoidable” redundancy (Hardy 1996). Some agents use their control over
meaning to distort information to enhance their vision of change, or to increase subordinate dependence (Pfeffer 1977).

The last dimension, power of the system, is the power of routines and processes already embedded in an organization. These routines and processes are created within the organizational culture that form norms and values that members act and interpret information through. It is a power with high inertia because culture is created by a complex interaction between all members in an organization and it is not something stated by e.g. top-management. Therefore, the stronger the culture the harder it becomes to overcome the power to resist a change of the culture (Hardy 1996). It is much easier for a leader to influence the culture in small or new organizations with weak established values (Yukl 2006).

### 3.2.2 Power over individuals

On the other hand, according to Yukl (2006) managers can not control everything without participation, delegation, or staff empowerment. For example, during a change process when a situation evolves quickly, delegating power to skilled and committed employees permits a more dynamic adjustment to the current situation. In these circumstances the change agent should use his “Reward Power”, “Coercive Power”, “Referent Power”, and “Expert Power” to influence and integrate individuals in the change process (French and Raven 1959). With the reward power the individual comply in order to obtain desired reward controlled by the change agent. Compliance is more efficient if the reward is something valued by the target person, and if the change agent is perceived as a credible
source of reward. However, it can create negative feelings among employees who do not like to feel dependent, or manipulated. With the coercive power the targeted individuals comply in order to avoid punishment controlled by the change agent. Compliance is greatest when the threat is perceived to be credible. However, this kind of feeling can entail harmful interpersonal relations and has negative outcomes. So the change agent should only use this technique to avoid behaviours against the change, like sabotage or disobedience to requests.

In many cases it is more efficient to convince employees of the need of change. Thus if reward and coercive power can be expensive, and entails mainly compliance; “Referent Power” and “Expert Power” are more likely to produce commitment. So they should be used in priority. Referent power comes from the desire of individuals to follow the change agent because they have a strong feeling of affection, admiration, and loyalty towards her/him (French and Raven 1959). It refers to a kind of personal identification. Referent power depends on the change agent’s ability to demonstrate trust, respect, and integrity among the employees involved in the change process. Expert power – the ability to use relevant skills, is another major source of influence. For the change agent, the best way to be perceived as a reliable source of advice, information, and expertise is to solve technical problems, and to take good decisions on visible projects (Yukl 2006). Expert and referent power depends on the personal quality of the change agent, so they can be more difficult to exercise, opposed to reward- and coercive power, if the change agent lacks of leadership skills.
3.3 Resistance to change

Resistance is a common response to change, and it can take place at any level in an organization. It is important not to ignore the resistance that develops with the change since it is a natural response. According to Kotter & Schlesinger (1979) there are four main reasons as to why people resist change. Even if a change is positive for the whole organization, employees can be reluctant to accept the change if they are afraid of losing something of value. Secondly, if the information regarding the change is inadequate, employees may misunderstand the change and its implications. Few organizations have a high level of truth but in a situation like this, information needs to be clear and understandable in order to stop groundless rumours. Thirdly, employees will resist if they feel the change makes no sense. This kind of resistance is often the result of asymmetric information between change initiators and frontline workers. Finally, people might resist because they fear they will not be able to develop new skills and behaviour required to achieve the new job and thus have a low tolerance towards change.

In addition to Kotter & Schlesinger’s view, Balogun & Hailey (2004) add the historical organizational factor of resistance. Traditions of conflict and rivalry between departments in an organization may lead to resistance. Resistance can be expressed in different ways, common problems in organizations, where the change is not widely supported, are resources being diverted; leading to the change process being slowed down (Balogun & Hailey 2004).
Finally, a lack of trust within the company or toward people in charge of change can spoil the change process. For example, if employees distrust the manager, they can envisage that something is hidden behind the will of change. If the suspicion is mutual, managers could reduce the amount of information given to employees. This process will again increase the level of opposition (Connor 1995). An active resistance indicates the presence of strong values and emotions that can be supported by people opposed to the change. It is therefore important to use tools to reduce misunderstandings, and gain employees’ acceptance to make the change happen (Yukl 2006).

3.4 Overcome resistance to change

3.4.1 Different ways to create a more positive attitude

Individuals resist change for a variety of reasons and during change periods, a large part of a manager’s work is to cope with resistance. If the manager can estimate reasons for why different employees resist, then s/he can take appropriate measurements to decrease employee reluctance towards change (Kotter & Schlesinger 1979). There are several ways of creating a more positive attitude towards a change.

The first step is to communicate and to educate employees. It is important to increase the level of trust and the understanding of the new situation. Managers should make face-to-face discussions and presentations. If the manager has a good relationship with the employees, then it is an efficient way of dealing with resistance; however it requires a lot of time, effort, and involves many people (Kotter & Schlesinger 1979).
Involving potential resistors in some aspect of the design and implementation of the change can help to cope with resistance. Managers do often have strong feelings of participation, both positive and negative; however when a change is urgently needed it can take too much time to involve many people (Kotter & Schlesinger 1979).

When employees are afraid or anxious about change, it is a good idea to provide skill training and emotional support. Nevertheless, to succeed you need a lot of time, money, and patience. This kind of reluctance is often underestimated by managers (Kotter & Schlesinger 1979).

Negotiation and agreement are appropriate when some people or groups in the company have something to lose in the change process. Then it is important to offer incentives in return of change acceptance, even if this situation can be expensive and offers the possibility of blackmailing (Kotter & Schlesinger 1979).

Manipulation and co-optation in the process of sharing information and giving power can be a really quick and inexpensive method to gain support. Conversely, if this strategy fails employees can react in a very negative way, and it can spoil all previous efforts. Finally, employers often choose to deal with resistance coercively with explicit or implicit threatening (loss of job) or rewards (promotion, more remuneration). However, people have strong feelings about forced choice (Kotter & Schlesinger 1979).
To maximize the chances of success the manager has to choose what processes to use and mix the different strategies. To do so, the manager need to appraise the situation realistically, sensitively, and be aware of strengths and limitations of these strategies (Kotter & Schlesinger 1979). In addition, the resistance to change must be dealt with on an organization-wide scale through the participation of as many as possible. According to Hinings (2004) change is more efficient when it is implemented slowly, with highly visible decisions and with the message that change will necessitate a long time effort.

Nevertheless, each employee is unique so tools to rise over resistance need to take different forms to be efficient. That is why it is not possible to generate a general understanding of resistance, based on a relevant appreciation of the basic principles of what makes each employee’s behaviour unique and what may influence that behaviour. Change is always a challenge and managers need experience and a good enough understanding of employees reluctances to be able to make the change a success (Jackson & Carter 2007).

3.4.2 How to create employee commitment

According to Yukl (2007) the term “commitment” describes a situation in which the individual agree with the decision and makes a great effort to carry out the decision effectively. However, the term “compliance” describes an outcome in which the individual accept to carry out the task but without being convinced of the purpose. In this situation the individual will do a minimal effort. To conduct effective change managers
should increase the legitimacy of change to try to reduce compliance at the benefit of commitment.

Increasing employees’ commitment is especially important when a decision must be implemented by subordinates, or has an influence on employees’ work and motivation. When a decision is taken in an autocratic way or without enough information employees are more likely to resist. On the contrary, involving employees in decision-making is often an efficient solution to increase commitment. It provides autonomy, responsibility and permits a climate of confidence between individuals. When employees perceive they have the opportunity to influence strategic decisions and the content of their work, they tend to identify themselves with the project. When this happens it increases motivation and enables a better understanding of stakes behind the change. Finally, participative decision-making seems to be more legitimate and reduce fear and anxiety.

At the opposite, if employees perceive that their participation has no influence on the final decision, if they feel manipulated or if they feel that delegation require an important increase of their workload it will produce a strong feeling against the change (Yukl 2006).

Employees and managers view on change radically differs. Managers often consider the change process as a personal opportunity to take risk, important decisions, and to develop their career, whereas employees consider change as an insecure and stressful period (Strebel 1996). It is crucial that managers consider employee behaviour as an important
element in the change process. If employees do not consider change as a necessity, or be opposed to the way the change occurs, they will resist.

When the change is in progress, managers need to reconsider the link between employees and the company in terms of personal compact. According to Strebel (1996), managers need to ensure employees’ acceptance in three different fields: The formal, the psychological and the social dimension of change.

In the formal dimension, the manager ensures employee commitment to the new responsibilities. Employees should have a clear view of their new role in the organization. They also need to know what support and resources they can use to perform their tasks, how they will be evaluated, and what remuneration they will receive.

With the psychological dimension, the manager needs to ensure employee commitment and loyalty to new organizational goals. Employees should recognise mutual expectations and reciprocal commitment that arise from feelings of trust and dependence between employee and employer. The manager needs to be objective about how difficult it will be to succeed with the job, and consider the different forms of reward and recognition that employees could receive.

With the social dimension, employees need to accept the tacit organizational rules about career development, promotion, decision-making, and resource allocation. If employees understand the tacit rules and share organizational values, it is easier to find an alignment between the organization’s statement, management’s behaviour and employee’s
commitment. Obtaining employee acceptance in these three fields should ensure their active commitment in the change process.

3.4.3 Limitations of employee commitment

By considering all of the preceding elements, chances of a successful change should increase dramatically. However, when we look toward practices in companies, we observe that few organizations ask for employees’ view on the implementation nor use a bottom-up approach as a management style in the change process. According to Yukl (2006) there are various reasons for that. Change processes involves confidential decisions that can not be easily communicated; even if it can infer a kind of dissatisfaction and suspicion from employees. Concerning participation, some managers argue that asking employees for their opinion is not natural when you already have a clear idea of the expected result (O’Toole 1995). Secondly, managers notice that if you encourage employee suggestions the result can be unrealistic or not enough consistent. Participation is time consuming, so it is not relevant when there is a tight schedule involved. Afterwards managers prefer to decide for themselves because if they hand over decisions to employees it can be interpreted as a sign of weakness. Participation is difficult when managers and employees can not find a common agreement, thus the first motivation to participate can be to defend self-interests or protect its environment. Finally, delegation is also a risk because if the project fails the final responsibility rest on the shoulder of the manager.
Finally, some people will never accept the change, they will resist. According to Yukl (2006) we can observe six different kinds of resistances. Employees can refuse to carry out requests, make excuses about why the request cannot be carried out, try to influence the change agent to withdraw or change the request, ask higher authorities to overrule the change agent’s request, delay acting in the hope that the change agent will forget about the request, or make a pretence of complying but try to sabotage the task. These elements affect the success of the change process and the interpersonal relationship in the organization.

3.5 Summary

One of the most important and difficult responsibility in an organization is to make a change process successful. Organizational change can be defined as a mix of four variables: strategic, cultural, technologic, and change in people. Change in public organizations creates stress, takes longer time than expected, and entail a period of muddle. Outcomes on employees go from a lack of motivation to a higher employee turnover. Consequently resistance becomes a normal defensive response to organizational change.

For a smooth implementation of organizational change it seems relevant to divide the change process into eight steps: establish a sense of urgency, use all channels possible to communicate, form a powerful guiding coalition, create a vision, empower others to act on the vision, plan for and create short-term wins, consolidate improvements and produce still more change, and institutionalize the new approach. However, these steps can not
always be enforced in practice, and to guarantee the success of the change process we need more knowledge on interpersonal interaction within the organization. So it is also essential to focus more deeply on the use of communication and power during the change period.

First line managers have a central role to communicate change because they are often seen as the most reliable source of information. Face-to-face discussions and small meetings are the most efficient way to transmit information because they permit a real discussion and to identify employee’s reluctance.

Power is essential to lead change and to enforce decisions. Power of system, process, meaning, and resources are more focused on the change agent’s influence over organizational structure. However, reward-, coercive-, referent- and expert power are more focused on the relation between the change agent and the individuals involved in the change process inside the organization. Effective change agents probably use a mix of different types of power (Kotter 1982).

Individuals are more or less tolerant to the change. Even if every employee is unique, there are four main reasons to employees’ resistance: loosing something of value, misunderstanding the change, thinking that the change has no sense, and thinking that we are not able to develop new skills and behaviours. Resistance can be expressed in different ways but outcomes can spoil chances of success. So overcoming resistance is a special challenge for the change agent. Solutions to decrease level of resistance depend
on the change agent’s influence, resources, and schedule to carry out the change. But according to Hinings (2004) change is more efficient when it is implemented slowly, with highly visible decisions and with the message that change will necessitate a long time effort.

Employees’ commitment is important when decisions must be implemented by employees and to increase motivation. So employees must accept the formal, psychological, and social dimension of change. Having a climate of trust and loyalty within the organization and permitting employees’ participation in decision-making are also important to insure active commitment in the change process.

These theories are relevant to develop our analysis in a sense where they emphasize stakes behind the change process concerning employee’s behaviours. They permit to analyse employees’ acceptance or reluctance toward the change, and to give solution to improve change perception.
4. Result

In this section we present our findings generated from our 18 interviews at the offices of the Swedish Forest Agency (SFA), the Swedish Tax Agency (STA), the Swedish Social Insurance Agency (SSIA) and the Swedish Public Employment Agency (SPEA). Our results are presented in a fluent text combining the answers from our interviewees in each of the agencies into their own sub-sections. This is made to give a better overview of what each agency answered and to make it easier for the reader to grasp.

4.1 The Swedish Forest Agency

4.1.1 Presentation of the change and reactions towards it

In general, re-organizations are not very common at the SFA. The last major re-organization prior to this one which started 2006, took place in 1995/96. The timeframe for the latest re-organization is set to three years.

Presented motives for the re-organization were that the SFA needed to save money in order to be better prepared for the future and to make the SFA a more sovereign authority and thus preventing it from being incorporated into another governmental authority. The way to do that was to create a centralized organization. Administration was now supposed to work as an “advisory” unit to the whole organization and the local offices were expected to handle more of these tasks by themselves. The economic department was moved to Sollefteå, also serving the whole organization. Other special support units
were created to assist the local offices with information regarding more complex and specific matters.

There is no recall among the interviewees of when the re-organization was first officially presented but they knew, through rumors, changes were ahead prior the official announcement and therefore many of them were already mentally prepared for it. Some of the interviewees remember having heard from their former manager about the re-organization; others that information was sent out via the Intranet.

The reactions were at first mixed among the interviewees. Some were a bit chastened, thinking “here we go again”, and felt it got more difficult during the course of time of the re-organization. Others felt curiosity on how the re-organization would develop and what it could bring, especially regarding their own work tasks and the possibilities to change them. As their working climate at the office permitted a very open discussion, many employees were involved in the debate on why this re-organization was necessary. People wondered why and on what grounds the re-organization was being decided. There was a widespread skepticism with a lot of emotions. The working climate was overall negative and there was a lot of anxiety, especially among those working with administration and economical matters whose jobs were at risk.

Most of the interviewees felt they had the chance to utter their thoughts regarding the re-organization. The Director General arranged a meeting in a conference hall where employees could vent their thoughts. There was however interviewees who felt that it
was no use in giving any view points because everything seemed to be pre-determined. Not many tried to influence the implementation process. One interviewee, together with some co-workers, tried to commit to the re-organization as much as possible prior to the change but in the end felt that no one was interested in their opinions. None of the interviewees believed in the arguments presented and they were received with skepticism. A thought was that the Director General probably wanted to leave an imprint of his period of government and therefore the change needed to be dramatic. Another comment was that, according to hearsay, the decision was based on the Director General’s intuition, or “gut feeling”.

At the start of the implementation turmoil broke out. Even if the employees understood the thoughts of centralization they were hard to review, e.g. how the contacts were going to be maintained when a lot of the units were spread all over the region. People did not know how to practically solve these issues and a lot of problems emerged during the implementation phase.

4.1.2 Realization and reception of the re-organization

The general opinion among the interviewees was that the re-organization to date, had not been a success and one and a half year into the re-organization, much is still not functioning well. The idea of creating a slimmer and more efficient organization has not had the wanted outcome. Overhead costs have risen and administration has become cumbersome, putting more pressure on employees; which now need to take care of more administrative tasks, tasks that were earlier managed by personnel at the office. Service
within the SFA has become worse and the re-organization suffers from inertia. In a way, the “old way” of doing things has become some sort of a surrogate system when new routines fail. This way of handling difficulties are seen by some at the office as a way of compensating top-managements’ lack in competence for the current organization.

There was an interview in media (“Land” and “ATL”) with the Director General who said the re-organization, especially the economic and personnel functions had been successful. Employees at the office on the other hand argued that those units were the ones working the worse. This contradictory description of the re-organization of the SFA is but one source of information building up frustration and irritation of how the re-organization was handled.

There are some streaks of light however; some units within the organization are now functioning well with new routines working as intended. The re-organization also offered new possibilities of work assignments which have, in some areas and units, been successful. Most interviewees say they are happy with their work tasks and their co-workers and that this is the reason why they chose to stay in the organization, even though they are not happy with how things have changed. However, the interviewees do not think the current structure of the organization will last. To some extent the organization has even gone back to former routines at the wish of managers. One example is the administrative unit which is supposed to work as an “advisory” unit but has to some extent changed back to what it used to do, offering practical help in addition.
One opinion was also that it is a difficult task to keep a unified authority with uniform routines throughout the organization given the regional differences in this country.

There were a lot of opinions on how the current organizational structure could be improved. A general consensus could be found regarding the need for the SFA to become more de-centralized. One interviewee expressed the concern that with the current centralization of the SFA, they could lose the good relationship with local forest owners when the SFA assumed a more authoritative role. Another interviewee thought that with better co-operation between districts and regions, the SFA could keep the local anchoring and still become a more unified governmental authority - without having to go through a re-organization.

The interviewees agreed that the way which the re-organization was implemented was not a good way of doing it. The lack of information created unnecessary stress and worry among the employees at the office. If top-management had been clearer in their intermediation of the re-organization and the presentation of the motives, it would have felt much better for everyone involved. What happened instead was that a lack of information created space for rumors which were hard to control and often exaggerated.

**4.1.3 Effects and handling of the re-organization**

The effects of the re-organization have been visible for all employees and more so for those working with economical and administrative tasks. All interviewees felt their main focus during the implementation was to carry out their work as good as possible. This
was so that people and organizations, dealing with the SFA, would not be affected by the problems in the organization. They tried to adapt to the new ways of working but the transition was not always smooth. As a result, they developed their own solutions for some of their tasks or just kept on working like they used to do before the implementation. The workload has also increased for some but there has not been any extra training for personnel to handle this situation. Still, with this in mind, the working climate has gradually become better. Even though the re-organization is a hot topic during coffee breaks, people have either come to resign and accommodate to the situation or simply accepted it. People are doing their tasks but without “going the extra mile”.

4.1.4 The interviewees’ view on how their managers handled the re-organization

Trust in top-management and the Director General is low, and the attitude towards the re-organization is negative. Even though not all interviewees outright spoke of their opinion regarding the top-management and the Director General, their discontent could not be mistaken. When the former Head of Office in Växjö did not receive support from top-management and was “maneuvered” away from the position, employees at the office supported the manager and mistrust and irritation towards the top-management grew. One interviewee expressed that there were managers who gave support and were committed even if they were not overrepresented. In large, employees felt their closest managers were not positive or committed to the re-organization. A comment was that if someone went to the manager for help he could get an answer like “Do not ask me, it is not my responsibility”. There were also managers who broke down, and had to go on sick-leave,
or looked elsewhere for new work. The managers’ positions were settled first and everybody felt the new managers were positive to the re-organization and that changes became more successful when they started to work. However, they could not offer much support since they did not have much more information than the employees and since they were unfamiliar with their new positions. In general, employees felt they had only the support of each other at the office during the whole process and problems with management also forced them to take bigger decisions themselves.

4.2 The Swedish Tax Agency

4.2.1 Presentation of the change and reactions towards it

According to the interviewees, re-organizations at the STA has been carried out every fourth year or so for the recent two decades. The last re-organization introduced in 2004 was said to be carried out within a period of six months, or as soon as possible.

Top-management stressed the importance of the STA being able to give “the right tax, in the right way”. Further motives were that of cutting costs and increase efficiency as well as giving equal treatment to all customers (tax payers). To be able to reach this, uniform work routines were introduced throughout the country and centralized units with expert knowledge, allowing support and treatment of tax payers within a certain tax field to be more uniform and equal.
News about the re-organization first came as rumors and there were a lot of speculations and discussions on this topic among the employees. The opinion on exactly how and when the re-organization was first made official differs among the interviewees but most of them recall having read about it on the STA’s Intranet. There were also meetings held by office managers and by the Regional Taxation Manager.

The interviewees witness of an anxious and uncertain atmosphere at the office due to the news of the re-organization. It was not a very welcome change; most of the employees were against the re-organization and those who were most affected were also the ones most negative and top-management was not looked upon with soft eyes. Even though employees lost their spirit there were also those who thought that, whatever may come, everything will work out in the end.

There were acknowledgements of the necessity of re-organizations when change is needed, but employees thought this one was not based on any real needs but rather because of top-management wishing so. It did not feel well planned and went very fast, or “brutal” as one interviewee put it. Top-management just presented the changes and expected employees to be quiet and go through with them, even though employees are supposed to have “joint decision-making power”. When the decision was made final however, a workgroup was put together to come up with guidelines on how the changes were going to be carried out (in terms of work assignments, new routines etc.).
The interviewees’ thoughts on the motives varied. Since the business at the STA differs throughout the country, some felt that the best option would be if they worked more locally specialized in each region. “Employees in a specific region have the best knowledge of it and therefore centralization and uniform working procedures restricts their working possibilities”. There was also the opinion that each re-organization is always presented with the same motives, especially the motive concerning cutting costs.

Even though employees were flooded with information it was hard to comprehend why the re-organization was necessary. Employees did not feel they fully understood what top-management was trying to say, or believed they were withholding information.

With a univocal no the interviewees felt the necessity for change was not convincing enough and questioned top-management’s definition of efficiency and customer satisfaction. Even so, they said there was no way of arguing against, or influence the changes. The decision was already made and top-management did not listen to its employees despite their efforts, where formed groups worked towards alternative solutions.

4.2.2 Realization and reception of the re-organization

According to our interviewees, the re-organization has made it easier to access information but despite that, ways of communicating have become troublesome. The new structure, with specialized units, has made it harder to find out at what department handle what matter and who to talk to. It has also made employees feel they have lost their
connection and knowledge of their own region; instead they are now supposed to support the whole country. The organization has also become more bureaucratic. Issues and problems have to be discussed with the closest superior whom in turn passes it up the hierarchical ladder.

A lot of resources are spent on internal control and follow-ups and this restrict employees’ ability to take own decisions or do anything that is not a part of the planning. Employees need to be able to take own initiatives and to be creative and this is something the interviewees felt had been taken from them.

The interviewees did not look positive on the future of their organization. Some say it will take a while to accept the new structure while others say the current structure can not sustain. One interviewee said that, once employees started to understand they could not do anything more to influence the change, they started to accept it and tried to do the best out of the situation.

Different suggestions on how this re-organization better could have been carried out were voiced by the interviewees. A common denominator was that they wanted more dialogue with top-management. As it is now, there is only one-way communication present. One interviewee felt that, even if s/he could not influence decisions, information coming from top-management needed to be “true” (e.g. real reasons behind decisions). There was also the opinion that more decisions should be taken locally since local offices have best knowledge of their regional differences and matters.
4.2.3 Effects and handling of the re-organization

The re-organization has affected the interviewees different depending on what job they have. Some only felt that their job satisfaction fell while others had the opportunity to work with additional tasks or even completely new ones. They do feel that much is now being under stricter control than before and they, because of that, now feel more restricted with less freedom. The re-organization has also brought with it new procedures that need to be learned and followed.

Information regarding their new roles was for some given to them by their superiors. Others actively searched for information they thought would help them in carrying out their work. There was also the opinion that there was not enough information given about new roles. “Things do not usually work practically since many plans are just desk products and are not adapted to real conditions. You just have to try to solve it the best way you can. It is irritating when you do not receive clear information about how to do the changes”, was one comment made during the interviews.

The interviewees adapted to their new situation by talking to their colleagues and trying to support each other. Others ventilated their thoughts by trying to open up a debate on the subject of the re-organization.

“We take our own responsibility and we are self-driven”. The interviewees speak of some support that was given by their superiors but no support was given from top-management to help ease the transition and to help them in their new roles. There is less
and less money spent on supplementary training. It is given primarily to new employees and those in need of it. Mainly, at the Växjö office, employees try to solve things together.

Some of the interviewees felt they enjoyed the same level of taking own decisions or even an increase in the latter. Others felt it had become harder to make own decisions since top-management govern more now compared to before the re-organization. “Today, everything more or less has to go through a superior”. Thanks to good superiors, some decision-power is still kept though.

When it comes to incentives, apart from what you can get at the individual salary negotiation, there is nothing that rewards good performance. There have been times though when a temporary pay-raise has been given due to periods of extreme work load.

4.2.4 The interviewees’ view on how their managers handled the re-organization

The interviewees had mixed opinions here. Some thought their superiors held a positive attitude while others had superiors who outspokenly held a negative attitude towards the re-organization. Those with positive superiors said the positive attitude seemed to be on the surface only and might be so because their superiors wanted to be loyal to top-management.
The interviewees all witness of a great support given by their superiors. Their superiors push their employees with praise and support, regardless of how they feel about the re-organization. Even though the re-organization is opposed, many agree that work is made easier when they receive support and guidance from their superiors. It helps ease the uncertainty at the office and employees can keep on doing their work regardless of the situation.

4.3 The Swedish Social Insurance Agency

4.3.1 Presentation of the change and reactions towards it

Re-organizations at the SSIA take place frequently. Since 2001 there have been many different re-organizations, smaller as well as larger ones. The latest re-organization is this one in 2008. Employees receive information about six months before a change, which they feel is a very short timeframe, and each department has a specific date set when they have to implement their changes.

The main motive for the latest re-organization, the nationalization of the SSIA, was that of giving equal treatment to all handling of matters, no matter where in the country the insured party was situated. This would reduce the indifferences in judgment and increase the equal treatment of all customers. It aimed to be an authority with great access for the customers by the development of services on Internet and via phone. There was also a leading phrase presented; “Simple-fast-right”. It referred to the SSIA cutting costs and becoming more efficient. This was supposed to be made by centralizing the organization.
It meant, more concrete, that offices throughout the country specialized in handling specific errands and then serving the whole country in that particular errand.

All interviewees said that most of the information gradually came through the Intranet. Therefore they knew about it for quite some time before the change was actually implemented and it opened up for a lot of discussions at work. Their managers also held informational meetings broaching the re-organization. The atmosphere at the office had been overall positive and most felt their office would not face any real downsides. None of the interviewees had to move or change their working tasks to any larger extent and most of them did not seem to be that concerned. Other said they felt chastened because they had been through things like this before. It was mentioned that employees at the office seem to have been obedient and directed during a long period of time and had become used to quick changes in the organization.

When the reasons were presented many of them felt it was so typical because it always have to do with cost-cutting but most of the interviewees said the motives of unification of the handling of matters were well grounded. There were also reactions of curiosity and excitement about what the changes could bring to their daily work. However, the motives behind the lead phrase “simple-fast-right” were a bit more questioned. A reflection was that “simple is not so simple” and that “quick does not always become right”. The new ways of accessing the SSIA, with more services provided on the Internet and via phone, were also questioned. It would be too difficult to master for those who are not
comfortable with this kind of communication. Especially when it also meant that customer service offices would be closed down in order to save money.

There is a kind of indifference in the organization and there are not many people discussing any downsides or shortcomings in the organization. One interviewee said, “You just have to adjust and try to make the best out of it”. Many felt they could not make any impact and that everything is decided on a very high managerial level. A remark was that top-management probably sees the whole picture in a better way and that if you are not a driven person who takes initiatives - it is ok if others take decisions for you. The interviewees believed that not even the managers at the office had any influence on what was being decided. Therefore, no one really tried to influence the change.

4.3.2 Realization and reception of the re-organization

The result of the re-organization is that it has created a more uniform way to work which many find positive in the sense that it increases the possibility for all customers to receive equal treatment. On the other hand, they say the work is now put more into routine and under control and their possibilities to take own decisions has decreased. It feels more mechanical and work assignments have become more boring. The centralization has also led to some departments getting a lot of work, but not enough people to make up for the increased work load. This has lead to longer time in handling of errands.

People can access more services now through Internet and by phone, which most of the interviewees said is positive, but since the phone service is not working properly the
pressure at the front desk has increased. This is not facilitated by the decreased amount of offices and opening hours. Employees think that it is important with “customer relations” but the new organization has lead to less time spent on this. They do have a lot of thoughts about what could be improved but today they say that even if everyone is free to speak their mind to their superiors, the reception is somewhat negligent and they wish for a more positive reception towards ideas made by employees. As it is now, the centralization of decision-making makes employees feel less motivated to push on with questions they feel are important.

Some of the interviewees mentioned they feel the organization now is more focused on results. Earlier they approved everything but that is not the case anymore. They feel there are still many shortcomings in the new organization but at the same time they say it can still come out strong in the end. Right now however, there are expressed worries that so many new and young employees are leaving the organization and that many employees are on sick-leave because of all the turbulence.

As mentioned before, the interviewees thought all organizations need to change. Organizations need to adapt to changes in the society but the interviewees also thought that the re-organizations are implemented to fast. They would have liked to have more time and more information prior to the re-organization. They expressed that if employees had been better informed of what was about to come, then a lot of anxiety and stress could have been avoided. Due to this, some suggestions made were to have more forward planning and to educate the employees before new tasks and routines are implemented,
“A new organization should be built up brick by brick”. Something that most of the interviewees also wished for was that more notice would be taken to them and their knowledge of the organization, its strengths and weaknesses. A comment referring to why top-management did not listen to what employees had to say was that it may be a part of the top-management’s strategy.

4.3.3 Effects and handling of the re-organization

None of the interviewees really felt they were affected by the re-organization, even if many changed their work tasks. They had an opportunity to choose what they would like to work with and information related to their tasks came from their managers and through the Intranet. A lot of training was provided through the web and by classes with a teacher, and they were expected to participate in these training sessions. Even so, the interviewees said employees supported and helped each other to a greater extent when problems surfaced. Even if the SSIA always have had many regulatory directives to consider, which are decided on the highest managerial level (ultimately the Swedish Government), many expressed they had more “freedom” to take own decisions regarding their own tasks before the re-organization took place. With the re-organization, the interviewees experience the organization is applying a more top-down decision-making model where everyone is expected to focus on the same things.

The re-organization has also brought a heavy work load in some departments and more specialization. When the interviewees were asked if they got any compensation for this they said no, and some did not think they should have any either. Reasons to this they
said, was that they all struggled and everyone had faced a heavy work load at some point. Therefore it would be unfair to receive incentives. On the other hand they said individual salary negotiations had been introduced and it gave them a chance to increase their already low wage. Many felt this had made the staff more positive.

4.3.4 The interviewees’ view on how their managers handled the reorganization

The interviewees said their managers’ attitudes were positive but they did not think managers really showed what they thought. Managers lost some of their power because the decision-making became more centralized and it has probably made some of them quite negative to the change. Other comments were that managers probably are loyal to the decisions made and followed the directions given by their superiors. It could also be they do not dare to take a fight with their superiors, especially not after the sacking of one manager who did just that. Despite how managers felt and how their authority was affected, the interviewees still felt they could discuss problems and talk with their superiors if they needed, even if there were not many doing so. Instead, employees supported and helped each other to solve and carry out new tasks. However, managers did show appreciation for all the increased work load employees had to deal with. Some managers also tried to help them focus on urgent matters since it was not always possible to cope with all that needed to be done.
4.4 The Swedish Public Employment Agency

4.4.1 Presentation of the change and reactions towards it

The interviewees say that in general the organization has not gone through a lot of re-organizations and the re-organization in 2007 is the first, on a larger scale, for quite some time. It is very detailed, with specific dates of implementation for all offices and by 2010 it is supposed to be implemented throughout the whole organization.

The motives presented by top-management were that the organization would be unified which would create a more uniform way of working. The work would become more efficient and lead to equal treatment of “customers” throughout the country. Special units would also be created, where a wide array of competence were said to be gathered and used as a kind of guidance in special matters for all local offices. Other motives presented were that paths of decision would be shorter, creating faster flows in the organization.

Even before the news was officially presented, many of the interviewees already suspected a re-organization due to the elections in the autumn of 2006 when a new ruling party came to power. Finally the employees were informed about the changes at staff meetings and on the Intranet as the time went by. Their Director General also held meetings at different offices and a new internal magazine was published, covering the topic of the change.

Most of the interviewees said the atmosphere at the office was mostly positive, and it created a lot of discussions. The older employees felt quite chastened by re-organization.
There was however a different atmosphere among some, working at an independent unit, which was going to be integrated into the new organization. Their unit already worked very well in terms of financial results, work-routines and fellowship and could therefore not see the benefits with the integration.

Those who felt positive towards the change were of the belief that re-organizations are mostly good because it is important to adapt to changes in the society and they felt this re-organization was aiming at that. Despite the interviewees’ opinions on what needed to be changed in the organization, employees at the grass root level did not feel they could influence re-organization in any way since it was decided on a high political level. Their only impact was on how practical working details were going to be solved.

The motives presented were understood and agreed on by the employees because they were of the belief that re-organizations are mostly good because it is important to adapt to changes in the society.

The view on the SPEA was that it is immensely bureaucratic with a lot of administration which costs time and money and therefore it could be good to sift out some of the “unnecessary” administration. Nonetheless they asked themselves if the presented changes would actually work. The new organization matrix felt a bit blurry and it seemed pretty unclear who is underneath whom. There was also a concern whether everyone would get access to the specialist units. There were some feelings that the new government thought the SPEA could to some extent be privatized.
Since the interviewees had questions regarding in what direction and areas SPEA needed to change, some tried to engage in different ways and call attention to what they thought were important matters. They said they discussed different things with their co-workers and during staff meetings, but soon felt their work was "only a false show". The only answer they got from their superiors was "we hear what you say" but nothing happened. The ones that did not really engage that much either felt unsure about how they could do it or did not feel they had time to do so. All interviewees said the working climate was such that they could speak their mind but in the same time a suspicion was that some employees actually did not dare to do this. An explanation given was that maybe employees were afraid of loosing their jobs if they did.

4.4.2 Realization and reception of the re-organization

The effect and evaluation of the re-organization so far is that the unification is positive and clearer regulations have made it easier to inform people about their rights and duties. Most of the interviewees are also positive to the special units even if there were wishes for the special units to be brought up more locally. The new organizational structure has also become a bit unclear since employees at one office can belong to different units with different managers. Furthermore, the changes are not fully implemented and some employees still do not know what they will work with while others got an increased work load. Therefore an amount of insecurity, ambiguity and intricacy is said to be felt among some employees even if operations continue as usual. The contact with higher levels of the organization has also become poor. It is said that their superiors are not as present anymore because their responsibilities now lie in economical performance and not in
employees’ issues. Therefore some feel it has become harder to get someone to talk to since they do not always know who is in charge of certain things, “who is taking decisions over whom?” It has made things really plight and unclear and some matters have kind of fell between the chairs because many are still insecure how much authorization they hold. There is a concern among some employees that conflicts of interest may emerge since different managers have received different positions and their areas of power are not always defined. A final comment was also made about how the new organization had created a lot of extra administration. The interviewees already pinpointed that even before the changes the organization was very bureaucratic, which created “a hell of a lot administration” and these things has not become better.

Even if not everything is of satisfaction in the new organization many believe it will remain in its current state for a while. In the future though, they are all sure it will face new changes. There is a belief that the organization might start to get help from external actors, which would work more like coaches for people searching for work.

The interviewees also said they felt the re-organization had been introduced too fast. They now feel it would have been better if it was carried out in a little slower pace giving it a chance to be evaluated. There should have been a deeper investigation into how they work and a more local perspective taken into account when structuring the new organization. Additionally, there was a wish for clearer goals and purpose and that more information could have been given to the employees.
During the re-organization many employees took the opportunity to search for other jobs. Those who stayed in the organization thought the boot given recently to the popular Director General created negative signals and employees also speculated if the action was made to set an example to everyone in the organization. On the other hand, one interviewee commented it was good that the re-organization was handled on a central level. Thanks to this it did not take a lot of time and energy from their work.

4.4.3 Effects and handling of the re-organization

None of the interviewees really felt they were affected by the changes to any larger extent. Their working routines were pretty much the same except for some more specialization in what they do. They still take decisions in the matters they are handling, if it were not so it would be impossible to perform their work. However, according to the interviewees, a higher level of revision on how work is conducted has been introduced and more decisions are taken higher up in the organization and passed down. A few which got new positions, and could have needed help to improve their new situation, did not really receive any training courses or any other specific help.

As for any reward system, the only thing that might spur employees to work extra was the change in salary system to an individual negotiated pay. Through the internal job market there was also a possibility to get a smaller, time-limited pay-raise if you moved to an office short on staff.
4.4.4 The interviewees’ view on how their managers handled the re-organization

The interviewees said managers held a neutral-to-positive attitude towards the change and did not really push for it. They were said to pass information from top-management out to employees but did not put any personal thoughts to it. Some were said to be very quiet and not discussing the re-organization much at all while others e.g. arranged a conference outside the office for their subordinates to discuss the re-organization. Many of the interviewees said that under the circumstances, taken into account their managers own insecure future during the beginning of the re-organization which was fueled by the leave of the Director General, they handled the situation great. No matter how the managers felt, most of the interviewees said they had support from their managers and a good relationship already before the re-organization. Everything could be brought up for discussion even if things were not taken further up in the organization. The interviewees said it was important that somebody listened to them otherwise stress and frustration was created, if it would be executed or not was of inferior importance. An opposite feeling was however expressed where one of the interviewees thought insufficient support and information was given by managers. This created an atmosphere at the office that leaned towards “do not speak about the re-organization”.
5. Analysis

5.1 Why change was introduced

Changes in public organizations are often linked to the necessity to cut costs and increase efficiency of customer services. To reach the goal of a slimmer organization, private organizations take recourse to information and communication technologies. This permits a broad and quick access to information, more communication, less bureaucratic tasks and it blots out geographical boundaries (Chary 2007).

The results generated from our interviews in four public organizations revealed what motives were presented to the employees. Common denominators were that of the need for the organization to cut costs and be more efficient. This might not come as a surprise since these two objectives go hand in hand with organizations’ goals of being more competitive, increase margins and at the same time maintain or raise their focus on customers (Grey 1995 and Diefenbach 2007).

What we also found out was that all organizations, except the SFA, expressly aimed at giving its customers equal treatment. This in turn can be linked to the phenomenon that has characterized the re-organizations in all of our four researched organizations – the centralization and specialization of units.

To visualize this with an example we can look at the handling of matters at the STA. At the STA the handling of matters regarding tax field “A” has been concentrated to one
office. This office has now become responsible for the whole nations handling of matters concerning tax field “A”. The idea with this set-up is that it will generate a homogenous treatment of those matters and a subsequent equal treatment of customers dealing with tax field “A”. Prior to the re-organization, the handling of matters concerning tax field “A” was dealt with locally in each region. This type of centralization and specialization can, as stated earlier, be traced to all of the four researched organizations but with their own unique layout. At the SFA for instance, economic and administrational units have been moved to one city serving the whole organization. Units with expert knowledge have also been established whose purpose is to support the whole organization. These kinds of changes have also lead to diminishing geographical boundaries, work tasks have moved from being concentrated to a specific region to now include the whole nation.

In SSIA and SPEA, one of the motives for the re-organizations was to increase access to services for its customers. This has been done by offering more of their services on Internet and by phone. As a result, small local offices have been closed down. This is especially true for SSIA where, instead, over-the-counter customer services are to be moved to the offices of SPEA.

As Chary (2007) argues, less bureaucratic tasks is one of the results of changes in public organizations. What we found in our research is that this might be true in one aspect; customers can easily handle many of their errands with the help of the new services (e.g. hand in their declarations via text-message or on the Internet). Provided they have the knowledge and skill to do it which is not always the case and certainly not for the older
generations. As for the employees, these re-organizations have not always resulted in less bureaucracy. This was not true for all our interviewees but many witnessed of an increased control of work routines, longer ways of decision, a lot of extra administration and a more “bureaucratic” organization. All of which could be traced to the re-organizations.

According to Yukl (2006) centralization entails a distance between decision-makers and employees. In our four organizations, centralization is one of the common denominators and what we have discovered is that our interviewees have experienced ways of decisions have become longer. Many have also experienced their possibility to take own decisions have declined. Decisions are now passed on through a more prominent hierarchical ladder which has partly enhanced the feeling of being controlled.

5.2 Implementation through Kotter’s eight steps

In our four organizations we have observed more reactions towards the way the change occurred than with the aim of the change. We perceived a natural reaction of protection against an insecure situation instead of a strong opposition to change outcomes. Thus employees reacted negatively to the change only when their office was directly targeted by the re-organization. It highlights that the structure of the change process is really important. As mentioned by Kotter (1995), even if the idea is good, the result can be inconsistent and spoiled by resistance. From here we will follow Kotter’s eight-step model to diagnose the implementation of the change process that took place in our four organizations.
Sense of urgency

We can observe that in all four organizations change was not motivated by a strong sense of urgency. On the contrary, the organizations were perceived by employees to perform well or very well, so change is more a disturbance than a necessity. Maybe in public organization the sense of urgency is more difficult to create because there is less competition with other organizations. Therefore, a possible lack of effectiveness has no significant short-term effect.

Forming a powerful guiding coalition

According to Kotter (1995), when there is not a strong coalition towards the change, the process should not continue because a lack of compliance between powerful people has often noticeably negative effects over change success. In the organizations the will of top-management was strong and enough to impulse the change. In the SSIA executive lay off a highly visible and appreciated manager, which was a strong signal of coercive power to all individuals; it indicates that the change process is serious and that everybody should enforce compliance. However, it does not encourage trust and coalition toward the change. The result of the lay off might be that first line managers seem to be more complied but, not necessarily committed to the changes. Other reasons noticed were; lack of information of the change process, like in the SPEA; a lack of managerial skills to implement the change, like in the SFA; or a lack of commitment like in the STA where managers were also afraid of losing influence. These factors made some managers less inclined to make an “extra” effort to remove obstacles in the change implementation, they were not really enthusiastic about presenting the changes to employees, and they were not
always really supportive during the implementation. In the SFA the sense of urgency was also decreased by external environmental catastrophes.

Creating a vision

When managers accept the change and the vision, it is important to explain the meaning of the change to employees. In our four organizations, reasons were quite similar. The most important reasons were the need of being more efficient, by a better sharing of expert knowledge, and the need of offering the same quality of treatment to customers all over the country.

Communicating the vision

Communicating the vision should help to understand the stakes behind the change and to increase motivation. Managers should communicate facts with precise and reliable information. In our organizations news about the reorganizations started out as rumors and speculations and this is never positive. It creates unnecessary stress and do not permit to invest a large enough sense of urgency. A second wave of information followed the rumors. This often consisted of official information on the Intranet. The Intranet is a trustily source of news, but it does not allow face-to-face communication. After reading the Intranet or news, employees can have more questions but no one to direct them to. Meetings are the most efficient solution to introduce change because it permits an exchange of information, and a communication between top and down. However, meetings were often only the third wave of information in our four organizations. According to our interviewees, some meetings were disappointing: too short, too few,
with a lack of information, or with a manager who himself did not have all important information. Communication does not seem to be a priority of first line nor high level managers. Employees seem to have had to wait a long time for responses to crucial questions like staff reduction, cost-cutting, or new tasks design. The SPEA was the only organization who communicated early on important elements; it permits to restore confidence toward the change process.

**Empowering other to act on the vision**

According to Kotter (1995) if employees do not perceive the necessity for change, they react. To increase commitment towards work, it is important to offer a possibility of interaction between the bottom and the top of the organization. First line managers are often seen as more trustfully than top managers. Therefore they should serve as a link between the top and bottom and transmit ideas from employees to the top (Larkin & Larkin 1996). In our four organizations many employees wanted to participate in the changes. First line managers were trusted and they shared all information they had with their subordinates. The problem in this situation was as some employees commented, "first line managers did not have enough power and influence over decisions to make a difference when employees wanted to communicate thoughts and ideas to top-management". This situation made it hard for employees to participate and it also fueled the discontent towards top-management and the changes they imposed. Top-management did already seem to have clear goals, and no interest in the view of employees since changes have been presented in a more authoritative way and many employees got less space for personal decision making since the change was implemented.
Planning for and creating short term wins

When the change is about to be implemented it is important to create short-term wins to reinforce reason for change since major changes usually entail a period of decline in performances (Lord & Maher 1991). There did not seem to be any short-term goals presented in our four organizations even if a decline performance, in some of the public organizations, can have a heavy impact on customers, e.g. money has to be paid out on time to people on sick-leave because they are dependent on it. We noticed a decline in the internal productivity because some changes were not properly implemented. It created a vacuum where some employees did not receive defined working tasks and therefore were not able to work at “max” capacity. Other problems e.g. not fully developed procedures on how to perform in the new way forced employees to create own solutions and put in extra efforts to cope. The result is not yet totally visible but even if it may look as if the organization has adapted to the new ways, it could actually just be employees trying to cope. However, their way might be inefficient and not sustainable in long term. We have already seen an increase in long-term sick leave in some organizations and more discontent among employees.

Consolidating improvement and producing still more change

As public organizations are vast, change can suffer from inertia, the distortion between idea and new practice can be important. It is especially the case when organizational culture is strong (Yukl 2005). According to Hinings (2004) change is more efficient when it is implemented slowly, with highly visible decisions and with the message that change will necessitate a long time effort. In our four organizations we observed change being
implemented really quick, with a rigid schedule fixed well in advance, and managers did not feel concern for employees’ need for slowing down the process and for support.

There is also a unanimous opposition to the change from employees and first line managers like in the STA but top managers do not make any efforts to improve the change. They do not react, or react by using coercive power. The only organization where change is implemented slowly is in the SPEA. This will give time to implement the change and for employees to conform to the change. However, in the SPEA and the SFA managers are less present to support the change, so unofficial leaders in staff appears. Moreover it seems as if the change is not scheduled as a dynamic process, but just aims to arrive at a new static point. So it is not a good way for consolidating improvements.

**Institutionalizing new approaches**

In the SFA we can observe a typical problem of recession in organizational change. As first line managers are not strongly motivated to hold the change process, they do not support the change during a long enough period. Therefore, when the organization began to create a new treadmill and was less focused on the change, the administrative unit slowly went back to the previous situation; it can give a negative signal to the whole organization.

In the STA employees just have a passive acceptance of the change. In the SSIA employees consider the change to come from a political view and therefore judge the
change as not strong, and that every change of political majority in Sweden may entail a new organizational change in the SSIA.

5.3 The communication of change

Strebel (1996) assumes that obtaining employees acceptance in the Formal, Social, and Psychological dimension of change permits to dramatically increase the chance of change acceptance.

The Formal acceptance of change occurs through the acceptance of the new personal role and responsibility within the organization. During the change process employees in the SFA or the STA were for a long time unsure concerning the risk of staff decrease, thus they were unsure about their future implication in the organization. After that, the design of new tasks was presented without consultation, so employees could not improve their work tasks.

The Social acceptance of the change occurs when employees accept tacit organizational rules and values. In our four organizations we observed that there is no acceptance with the process of decision-making. Employees are willing to provide advice to improve the change but they consider their managers not influential enough to carry their advice up in the hierarchy, and thus the bottom-up communication will not provide any organizational effects. In some organizations like the SSIA there is a decrease of resources but without a decrease of task requirements. So there is no social acceptance of the change process.
The psychological acceptance of change comes from the acceptance of company goal, the feeling of mutual trust and dependency, and the possibility of reward. As managers did not make a sufficient effort to present the change in a convincing way, they did not succeed to stop groundless rumors. Instead, employees rather considered the reorganizations a result more from individual will and gut feeling rather than from a real necessity. So the psychological acceptance of the change is difficult to establish.

5.4 The use of power

As Hardy (1996) argues, for a change to happen one need to recognize and change routines and processes already embedded in an organization. In large and stable organizations, culture and values are not easy to change. Therefore, according to Hardy (1996), to use power to make a change happen, one need to combine the power of resources, the power of process and the power of meaning in order for a change to affect the final dimension, the power of system. In our thesis we have not been able to study those who are at executive positions and ultimately make decisions which affect entire organizations. Therefore, it is hard to claim that power consciously has been exerted but by studying outcomes of these re-organizations we can derive effects from these changes to different aspects of power.

Power of resources is about encouraging a certain behavior by rewarding it (Hardy 1996). In our four studied organizations, we can see little use of this aspect of power. Apart from individual salary negotiations there were no use of rewards that might incite employees to follow organizational goals.
Through the power of processes one can eliminate resistance to change by implementing procedures and routines which will lead to the desirable outcome (Hardy 1996). In our four organizations we have seen this aspect of power quite clearly. Our interviewees witness of a higher degree of control in their work in terms of clearer hierarchical structures. Decisions pass to a larger extent through superiors leaving less space for own decisions at the lower levels of the organizations. New routines, which involve more reporting of work tasks carried out, further constrain what employees can and can not do. Power of process is also widely use through the aspect of “non-decision making process”. Thus managers do not allow sincere bottom-up participation even if it is asked for by employees. This way of using power seems to be counterproductive as it creates frustration among employees and decrease feeling of commitment.

The power of meaning is Hardy’s (1996) third dimension of power and is about putting meaning to specific behaviors, influence perception of information and amplify reasons behind decisions in order to make the change happen. Among our researched organizations, the feelings of the employees were mixed regarding the actual necessity for change. Most of them, however, saw the reasons to change as valid but they were skeptical as to how it all would come to be put into practice. All four organizations had the need to cut costs as one of the arguments for change yet there were no real talks of having to let employees go because of redundancies (though employees were still worried this might happen). Even though our interviewees did not speak of this, it is possible that the fact that no downsizing of staff was carried out could have helped to create credibility to the re-organizations. Having the comfort of knowing that their work is not at stake
could have created a higher acceptance towards change and helped emphasize meaning and reason behind the change in each of the four organizations.

Power of system was widely used through autocratic decision and non decision-making. Our interviewees were not convinced of the necessity of change and their look on the future prospects of their respective organizations were not of the positive kind. Many think the current structure of their organization simply will not hold while others express worry that the success of the re-organizations is dependent on its ability to keep their employees motivated enough to stay in the organization. According to Hardy’s (1996) view on how power must play a central part in guiding an organization through a change process, our result suggest that power has not been used in the right combination, to create a sustainable environment for a change to take place.

While Hardy (1996) talk about powerful change agents exerting power, Yukl (2006) argue that change agents can not be omnipotent and thus need to be able to delegate power to skilled and committed employees during change processes. At these circumstances, four different kinds of power are at hand for change agents to use; reward-, coercive-, referent- and expert power (French & Raven 1959).

As concluded earlier, few performance related rewards were given during the re-organizations in our four researched organizations. “Reward power” was not used enough to help influence and integrate employees into the change process. “Coercive power” is used to enforce compliance; employees do what they are told in order to avoid
punishment. It is hard to tell how, and if, this type of power was exercised, none of the interviewees outright spoke of any threat being openly displayed but employees seem to be afraid of negatives consequences if they did not implement the change. In one organization the Director General was relieved from his work during the re-organization to the surprise of many and it sent an “eerie” message to the whole organization. In most cases, our interviewees said their superiors held, if not a positive, at least a neutral attitude towards the re-organizations. To suggest that this was a result of coercive power being exercised on them might be to take it too far. Furthermore, the interviewees in our four researched organizations felt an overall good support from their closest superiors during the change processes. They did not feel their own personal attitudes would result in any form of negative actions being taken towards them.

“Referent power” and “expert power” are in many cases most likely to lead to committed employees. Referent power is held when loyalty, admiration and affection are felt by the employees towards a change agent. Expert power can be enjoyed when the change agent is highly capable of providing reliable information, advice and take good decisions (French and Raven 1959). In our four organizations, the most visible change agents have been the Director Generals and persons from the top-management. In general, the feelings among our interviewees towards top-management have not been of the kind that would suggest that the change agents held any referent- or expert power. Instead, employees have turned to their co-workers to seek inspiration during rough times of restructuring. This suggests that referent- and expert power have not had any effect in producing commitment to the change processes. A problem that can be explained by the
fact that the employees have not had change agents close and visible enough to be able to create this trust and reliability which is needed to get people along.

5.5 Resistance to change

Whether a change can be seen as successful or not depends on the people in the organization. Its success is dependent on their efforts to carry it out and their belief in it (Kotter 1996). Naturally, for various reasons, many people feel resistance towards changes. According to Kotter & Schlesinger (1979) people often experience anxiety and insecurity because they think it might affect them in a negative way or they do not see the gain with a change. They might suspect there are hidden reasons to why top-management wants to carry out a change and therefore they will object in different ways.

In our four organizations the biggest opponents towards the re-organizations were often those who were afraid of what might happen to them (were their job at risk?) and those who thought their organization already worked very well and could not see the benefits from it. We could also see that employees who, for different reasons, did not have much trust in top-management reacted negative and started to feel aggravation as soon as top-management tried to present new changes. Their opinions about new changes were highly colored by their feelings and relationship with top-management.

There was also a big group which was very neutral in their feelings. They reacted with comments like “Here we go again” or “Ok, let’s see what happens”. The feeling behind their reactions was of resignation. They seemed to be quite chastened and used to changes.
and chose to believe everything would turn out well in the end. However, similar reactions came from the quiet mass of those who did not really speak about the re-organization at work, maybe because of fear and a climate of obedience towards the organization. Pretty much the only ones feeling positive when change was presented in any of the four organizations were those who were not affected to any larger extent by the changes. For that reason, at a point when top-management has decided to make changes in an organization, they need to consider how to work with negative feelings that might oppose this change. Which ways to choose from and their efficiency are highly debatable according to Hinings (2004) and submitted to subjectivity of those making the choices.

5.6 How to overcome resistance to change

Since there do not seem to be any pre-determined paths to choose for success, maybe an analysis of what employees ask for might shed some light on which ones are preferable? Beck (1987) argues that communication and education are the first steps to lower resistance. Most interviewees in the organizations of our study said they had a good relationship with their closest manager and felt they were given all information the manager possessed. Most of the interviewees could understand the message of why change was needed and could also agree with it. The problem of communication, according to the interviewees, lay in the higher levels of the organizations where the decisions were actually taken. Top-management presented motives and provided an explanation of why the organization needed to change and many said they also thought their organization needed to change and adapt to demands from the society. Even so, many felt top-management did not tell the whole truth. There was a belief of hidden
reasons not presented to them. Those who already had a bad relationship with top-management before the re-organization seemed to a greater extent believe top-management’s main reason was personal, to leave an imprint on the organization. Many claimed that if they would have been told the “truth” they would have accepted it in a different way no matter what it would be. These thoughts and feelings were expressed regardless if there was a good relationship or support given by their closest managers. The feeling of not receiving enough information was said to create anxiety and unnecessary insecurity among employees. This can be verified by Kotter & Schlesinger’s (1979) study which stated that most often insecurity and resistance comes from the feeling that not adequate information is given to people within the organization. What employees asked for was that top-management should have listened to their thoughts and opinions. They thought they had valuable knowledge of the organization and felt a bit overlooked when decisions were made without any regard taken to them. Their need to be heard and listened to were expressed by their appreciation towards those managers who did just that, even if employees knew those managers could not do much to affect the decisions. The communication problem which seems to exist in all organizations can be explained by a general distrust towards top-managements’ intentions and by a feeling of, and to quote one of the interviewees, “there is something that top-management see that we do not”. So, if there is no trust then there is no true belief in intentions.

When it was time to implement the changes some organizations offered their employees training, which was appreciated but not perceived as enough. However, to solve problems that emerged during the change process it was more common for employees to help each
other out rather than solving them through education provided by the organization. As some of the interviewees mentioned, the plans from top-management were not always fully developed and it felt as if they did not have enough knowledge of the organization to do so. It can actually be one of the reasons why not enough training was given and also a reason why employees felt top-management should have taken more notice of the employees’ point of view prior to the reorganizations.

Beck (1987) mention that involvement and negotiations can be a solution to cope with resistors or those who feel they might lose something of value with a re-organization. It is especially important to reassure employees, like in the SFA who were afraid of losing their job. The downsides are that it requires time and costs money. In public organizations many large changes comes from decisions taken by politicians and top-management, which may be appointed for a limited period of time, and therefore time is an aspect they need to take into consideration as well as costs fitting the budget. The study showed that very few could participate in the decision-making and it was mostly limited towards how work tasks should be designed. It also showed a very large part being very discontent with the fact they could not participate. Especially since many tried to do so even if they were not asked to. When they started to notice that no one took any consideration to their efforts, suspicion of not being told the true reasons grew and, just as Beck (1987) argued, they felt manipulated. Most people seem to be flexible and willing to do a good job if they feel as a part of the organization and not just some kind of machine that is expected to do what it is told.
Employees felt manipulated when they discovered they had no chance to influence and according to Beck (1987) manipulation of people, making them believe they are taking part in the decisions is a quick and inexpensive method to gain support. There were some departments in the different organizations that facilitated for employee participation. However, most employees felt their suggestions were not really considered and, in general, very little room was given for participation in the public organizations and the closest managers had to deal with the employees’ discontentment because of this. Finally, threatening and rewards can be used according to Beck (1987). This is something which might not be easy to use explicitly in Swedish public organizations, due to different laws regulating employment, but which still seem to be used to some extent or at least felt as being used. There are quite hard laws regulating who and how an organization can give a notice of leave to, but despite of this some interviewees felt there had been employees forced to leave on quite unfair grounds. It created fear among co-workers, especially in those organizations where the working climate was not one where everyone spoke their mind openly, but also discontent in organizations where a widespread displeasure with top-management existed. In organizations with very open working climate the interviewees were most often not afraid to show their anger and raise their voices when something was felt as being wrong. As an opposing possibility for top-management, incentives can be given, however this was not used in the public organizations. There was an understanding of this or as one interviewee put it “they all worked hard at some point and it would not be fair if some got incentives and some did not”. Another reason for not raising demands of rewards and incentives is that it is still considered somewhat of a
taboo to speak of money and pay. This was also something that could be sensed while questions about performance related rewards and pay were raised with our interviewees.

Not being able to participate most often led to employees just doing their work but nothing more. They kept on working and doing their best for their customers which they seemed to be very loyal towards and caring for. However, they did not want to put any extra effort into their work and the discontent felt will most probably affect new changes in the future, as we could see that old injustices did with these ones. Despite this the employees are still very loyal to their work, partly because their customers are very dependent on their services and because of this they more or less have to do their work well, regardless of an extensive work load or poor adaptation to new work tasks. There were not many that spoke about the results or feelings about this but at some point they mentioned that many of their co-workers felt very ill at work and that they were home due to illness connected to difficulties with coping with their work. This seems to create an unbearable situation which can make the new organizational structure collapse. If employees stay at home because they cannot cope with their work and young employees quit their job because they fell they lack opportunities to develop, or are not paid enough, the chance to overcome resistance is not working in favor for a successful re-organization.
6. Conclusion

In our study we have analyzed the re-organizations in four public organizations using a comparative approach with existing theories within the fields of employee behavior, resistance towards change and power dimensions. Our aim was to examine how employees in public organizations respond to organizational change and to get a wider understanding of potential resistances. From this, we would like to give recommendations on how management can influence the employee response in order to improve the commitment and enhance the chance of success of the re-organization.

Current situation:

As assumed by theories, we observed a reaction against the change, but this reaction was linked with the amount of change expected. Thus employees, who did not feel targeted by the change, did not make a coalition with employees more concerned by the change to try to decrease change effects. However, it does not mean that employees are more committed to the change; it just means that they consider that resistance is no more an efficient way to make the situation evolve. After some month or years, employees seem to be more accustomed to the new situation, so the level of resistance decreases with time.

Employees are not enthusiastic toward the change, they think they have more to lose than to win with the change implementation, so they do not consider themselves as important elements in the change success. As power relation is unidirectional, employees have not the possibility to consider themselves as proactive agents in the change process.
We have been able to observe two major problems that decrease change acceptance: As perceived by the employees, it only exist a top-down communication of information and this might be derived from the centralization. Centralization of the decision-making, as Yukl (2006) argues, entails a distance between decision-makers and employees which reduce commitment and optimism towards a successful change. The second problem is that employees feel there are few possibilities for them to influence the implementation of the change.

In our study we could see that information given by top-management is not considered by employees to be true or to reflect the whole truth. This distrust in information was to a large extent a result of previous conflicts with top-management. If employees agree or not to a need for change has little influence when they have no trust in the actual changes decided, and presented, by top-management. As a response to this, or maybe even as a strategy, top-management mainly use coercive power to ensure compliance, and power of process to exclude employees from decision-making. It is a problem because most of the employees are interested in the change process and want to exchange information, give their opinion, and offer solutions to implement the change. Kotter and Schlesinger (1979) argue that to increase commitment it is important for managers to have a good relationship with their employees. However, whether employees felt support or not from their superiors had little influence on what they thought about the re-organization. Most interviewees felt they had a good dialogue with their superior but they could also see that their superiors were stuck in the same situation as them, having no possibility to influence top-management. If employees do not trust top-management and they see their superiors
left powerless it creates frustration and makes it is easy to resist a change that is felt being pushed on them.

Considering the importance of failure in the change implementation, it is surprising to observe that the change did not entail more negative outcomes. Even if employees send negative feedback, managers do not seem to pass this up to top-management. They just use coercive power and non decision-making power to discourage negative comments. Although coercive power is not ethical, and leads to more compliance than commitment, it seems to be very efficient in organizations where employees are obedient. What we have seen in the public organizations of our study is another aspect that strongly affects the outcome of the changes made. It is the obligation employees feel towards their customers. Despite how negative employees feel about the re-organizations there is still a strong sense of responsibility to carry out their tasks to reduce any negative effects these re-organizations might have on its customers. In private organizations it is important to have good customer relations which often end with a profitable outcome. In public organizations customer relations are also very important, but in a different way. Customers are more dependent on the actual service they receive. The actions of the employees at public organizations have more personal impact on its customers and this responsibility is also felt by the employees. Therefore, if employees try to do their work as good as possible it is more to avoid threats and a fear of neglecting customers than by feeling committed to the change process.
Problem that we can solve now:

It seems crucial to support a bottom-up exchange to improve the chance of a successful change. It permits commitment, and give the possibility for employees to be more involved in the change process. It further allows employees working close to customers to bring to light issues that are not visual to top-management. To solve this, communication between first-line managers and top-management needs to improve substantially. If employees could use their knowledge to solve problems, it could help reach the organizational goals more easily, e.g. be more efficient, reduce costs, and offer the same quality of service to all customer.

Ideas for future changes:

At first, it seems vital to create more commitment throughout the entire organization; it will permit to improve the quality of the change process, and to use less coercive power, which is not really ethical. First line managers should be more prepared to introduce change and to follow the process allowing more efficient monitoring of the change. For this to happen, top-management need to empower its first-line managers and integrate them better into the change process. As is the case now, there is little room for the first line managers to get involved in the change process. It is noticed by Larkin & Larkin (1996) that employees need to be informed about change through action not through value; but if managers do not have a clear vision of the new situation they are unable to create a link between value and action. Managers who have to introduce the change should have stronger links, and encourage positive relations with their employees. If the
first line managers where seen as influential change agents, then the first impression of the change would be better.

Employees participation could entail a positive dynamic force in the change process. Top-management should consider how they communicate ideas of re-organizations in order to create a stronger sense of urgency. Instead of presenting a new vision without considering employees perception of their work task, top-management should try to understand employees’ opinions, and propose a convincing vision which fits with employees’ expectations. In other words, they should reconsider employees’ personal compact toward the organization, to be able to gather employees towards the vision and the sense of urgency.
7. References

Articles


Internet sources

arbetsformedlingen.se


forsakringskassan.se


skatteverket.se


skogsstyrelsen.se

Literature


8. Appendix

8.1 Interview questions

Presentation of the change

How was the news, regarding the re-organization of X, presented?

How was the general atmosphere at the office?

What was your reaction to, and how did you feel about the re-organization, when it was made a fact?

Did you have any chance to make your voice heard regarding this?

What motives were presented regarding the re-organization?

What were your reflections concerning the motives?

Were they strong (convincing) enough for you to agree on the necessity of the change?

Did you try to influence the implementation of the change, or the structure of the re-organization, in any way?

The re-organization in general

How often do re-organizations take place at your organization?

Was there any time frame set for the re-organization?

What are the strengths and weaknesses in the new organization?

What do you think of the future prospects of the new organization?

Could this re-organization have been carried out in any other way?

Your own role

In what way were you affected by the re-organization?

How did you receive information about your own role in this “new” organization?
How did you adapt to this new role?

- What kind of support was given?
- What were your thoughts about this new role?

Have your possibility to take decisions changed in any way as an effect of the re-organization?

Were there any incentives given in order to change according to the re-organization? E.g. Performance-related pay? New reward systems? Exit strategies for those not willing to be in on the change?

**Management’s role**

How was the re-organization handled by your superiors? What was their attitude towards the change?

Did you appreciate the way managers offered support to carry out new tasks?

In what way did managers push for the changes in the organization? How did they raise the spirit at the office etc.?