

Saimaa University of Applied Sciences  
Faculty of Business Administration Lappeenranta  
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# **Leadership for Change: a Case Study of a Subsidiary of an International Organization**

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## **Abstract**

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Leadership for Change: a Case Study of a Subsidiary of an International Organization, 92 pages, 5 appendices

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The study was commissioned by Company X, a production subsidiary of an international organization that provides packaging solutions, to research the effects of a local organizational change. The company has constantly been undergoing various organizational changes. Therefore, the authors examined the benefits, opportunities, and threats caused by the changing environment in Company X. Additionally, the study aimed to determine what makes a successful leader during changes.

Company X and the authors jointly decided to gather the data using both quantitative and qualitative methods. Thus, an online questionnaire was made, and in-depth interviews were conducted. The questionnaire was made available for every worker in the company, whereas Company X chose the sample for the interview. In addition, the authors gathered a comprehensive theory using information from books, scholarly articles, newspapers, and other internet sources.

Theory and the results of the empirical part show that change management and leadership are highly connected. Employees of Company X had diverse views on the organizational changes, and the results had similarities with the findings of the literature review. Empirical data and theory helped the authors to answer the research questions. As a result, this thesis report was formed as well as recommendations and a separate outcomes paper for Company X.

Keywords: organizational change, change management, leadership, change leadership

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# **1 Introduction**

Winston Churchill once said: “To improve is to change; to be perfect is to change often” (Lewis 2011). In the ever-changing environment, almost everything that remains static becomes outdated. Furthermore, organizational change is undoubtedly an essential part of virtually any company that aims to indefinitely compete. Leaders of any successful company should therefore master the change management skills. For these reasons, the following paper will focus on organizational change management and its practical implications.

The main topic of this thesis is the effects of organizational change management on one of the subsidiaries of the case “Company X.” The research will also look at the importance of leadership in the changing organization. Company X is currently undergoing a major organizational change, which is why it is interested in getting additional information about the subject. When the research is completed, Company X will receive valuable data for their management’s consideration. This makes the topic not only interesting from the researchers’ point of view, but also highly beneficial for the company.

As Business Administration students, the authors have a necessary background to conduct such research. Additionally, the thesis writers’ objective is to broaden their knowledge in the field of change management and change leadership. The required data will be collected, the analysis made, the results shared with the Company X, and some recommendations will be given.

The introductory chapter presents the topic of the thesis, the case company, and its strategy. Thereafter, the primary objectives of the research are discussed and research questions listed along with the delimitations. Lastly, the chapter introduces the thesis structure as well as authors’ roles and responsibilities.

## **1.1 Case company**

Case Company X is a production subsidiary of a big international organization that provides solutions for processing, packaging, and distribution of food products worldwide. The firm also has daily operations in Finland where its products are manufactured in large quantities and then distributed both within Finland and

abroad. The whole organization of the Case Company X employs over 20 000 workers worldwide, whereas in the Finnish case subsidiary, there are only around 50 people in production and its supporting processes.

The parent company's strategy obligates all the subsidiaries to continually implement changes. Therefore, the Case Company X is continuously undergoing the process of transformation and integration. In other words, the entire team has gone through some significant changes of responsibilities and work titles. Undoubtedly, this situation creates certain opportunities and challenges for the workforce while demanding excellent leadership skills from the managers.

Company X organizational goals include growing in all markets, being environmentally responsible, promoting innovative mindset and achieving long-term operational excellence. The strategy employed by Company X is two-fold; have sustainable operations by providing innovative, environmentally friendly products and services to their customers, and meet customer needs effectively by producing high-end packaging solutions. Company X acts sustainably by cooperating only with those suppliers who use renewable resources, by helping their business-to-business customers with efficient operational solutions, and by improving food availability everywhere.

Company X is a responsible industry leader and uses the World Class Manufacturing (WCM) methodology in their supply chain and manufacturing operations. The WCM methodology, which was developed by Fiat and its partnering firms in 2005 (Netland 2013), is a collection of concepts that set operational standards for organizations to follow. The WCM methods include aiming for zero defects, doing it right for the first time, forming cross-functional teams, training multi-skilled employees and more (MSG Experts 2017a). World Class Manufacturing consists of ten technical- and ten managerial pillars, which are shown in a table below.

Managerial Pillars	Technical Pillars
<ol style="list-style-type: none"> <li>1. Management Commitment</li> <li>2. Clarity of Objectives</li> <li>3. Route map to WCM</li> <li>4. Allocation of Highly Qualified People to model Areas</li> <li>5. Commitment to the Organization</li> <li>6. Competence of Organization towards Improvement</li> <li>7. Time and Budget</li> <li>8. Level of Detail</li> <li>9. Level of Expansion</li> <li>10. Motivation of Operators</li> </ol>	<ol style="list-style-type: none"> <li>1. Occupational Safety</li> <li>2. Distribution of Costs</li> <li>3. Focused Improvement</li> <li>4. Autonomous Maintenance &amp; Workplace Organization</li> <li>5. Professional Maintenance</li> <li>6. Quality Control</li> <li>7. Logistics &amp; Customer Service</li> <li>8. Early Equipment Management</li> <li>9. People Development</li> <li>10. Environment and Energy</li> </ol>

Table 1. World Class Manufacturing Pillars (Netland 2013)

## 1.2 Objectives

The main objective of this paper is to research the effects of the local organizational change, and to gather more information about the role of a successful leader during the change. Moreover, the thesis aims to determine if the entire change process is well integrated, and to observe how the changing environment has affected employee engagement. Additionally, the effects of organizational change on the subsidiary of an international company are researched.

Another goal of this paper is to find some successful practices of well-established teams who are following a strong leader during a transition period. Communicating these findings to the staff of the Case Company X is therefore supplementary of this goal. In addition, the goal is to investigate effective change management techniques and ways of maintaining employee engagement and motivation during organizational change. Additionally, authors will produce a report of the analyzed empirical findings for the case company and form recommendations based on the researched theory and the empirical findings.

## 1.3 Research question

In line with the thesis objectives, two main research questions were formed:

First: “What are the positive and negative effects of the organizational change in a local manufacturing subsidiary?”



Second: “How does a successful leadership support the development process in the Company X?”

Additionally, the following sub-research questions were added to have a deeper understanding of a topic:

- What are the benefits, opportunities, and threats of the changing situation in Company X?
- How does the changing environment affect the working behavior?
- What are the best practices for leading organizational change?
- How could Company X leaders' actions be improved in the changing environment?

#### **1.4 Delimitations**

The study aims to contribute to the question of how organizational change affects a local subsidiary. By focusing mostly on the change management factors, the authors do not claim high external validity because the results are only applicable to the case-specific situation, which cannot be generalized without further research.

The study will focus only on the effects of organizational change in the particular subsidiary and not in the entire organization. As was mentioned before, the Company X operates globally with over 20 000 employees worldwide, while the case subsidiary employs currently under 50 workers. Therefore, findings of this study cannot be applied to the whole company without further investigation. Lastly, the changing environment will be mostly researched from the leadership point of view. Additionally, in the theory part, authors will present several case studies in order to find typical characteristics of changes in different companies and exemplify the presented theory.

#### **1.5 Research methodology**

The research is an explanatory case study, and both qualitative and quantitative research methods were used to gather the empirical data. Sample was collected from the managers and team leaders (both in qualitative and quantitative) and operators in the production area (quantitative) in the case unit. Therefore, the

research consisted of two main stages: (1) online questionnaire and its analysis and (2) in-depth interviews.

The two-stage approach was chosen by the thesis authors and the Case Company. Both parties agreed that this way would be the most beneficial for the gathering of diverse data about the situation in the company. Furthermore, the two-stage approach made it possible for the authors to collect reliable information about change leadership as well as different opinions and experiences of organizational changes.

During the first stage, the quantitative research was held in a form of an anonymous online questionnaire among the operators in the production area, managers and team leaders. Case company and the authors jointly decided that it is necessary to involve as many employees as possible, therefore the authors made sure that everyone in the company had the opportunity to answer the questionnaire. Its main purpose was to find answers to the following questions:

- 1) What attitude do workers have towards changes?
- 2) What are the main roles and responsibilities of leaders in a changing organization?
- 3) How have the changes affected employees' working behavior and engagement?

Furthermore, the research investigated what are the workers' opinions and expectations of leaders in the Company X. In order to acquire all the necessary data, an online questionnaire was designed and sent to every workers' email (see Appendix 2). After that, the results of the questionnaire were carefully analyzed and the gathered information was used to form some of the questions for the interview with the team leaders and managers.

For the qualitative study, a semi-structured interview was created and held face-to-face in a neutral environment. All managers and leaders are, in a way, drivers of the change and have some unique experiences of the effects change has on other team members and organization as a whole. That is why conversational mode and possibility to add and replace questions was essential. What is more, semi-structured interviews are suitable when the topic is intimate and sensitive

(Mirola 2016). Open interview questions were related to participants' personal experiences, leadership attitude and other issues regarding the organizational change in the company. This way authors had an opportunity to get a deeper understanding of the topic and acquire all the necessary information to answer the research questions. The interview questions can be seen in Appendix 4.

## **1.6 Thesis structure**

Overall, the report consists of five main parts, which include Introduction, Theoretical Framework, Analysis of Best Practices, Empirical Section, and Summary (see Figure 1). In the Theoretical Framework, the key concepts are defined, and various theories related to the research topic are introduced. Areas such as organizational change, leadership, change management, change leadership as well as commitment and motivation during change are carefully studied and presented to give a deeper understanding of the topics. Finally, some of the best practices are reviewed.

Following the theory, the empirical part that consists of two stages is completed. Stage one includes a quantitative research (online questionnaire) and its analysis. Phase two consists of qualitative research (interviews). Lastly, some conclusions are made, and recommendations are given to the Case Company.

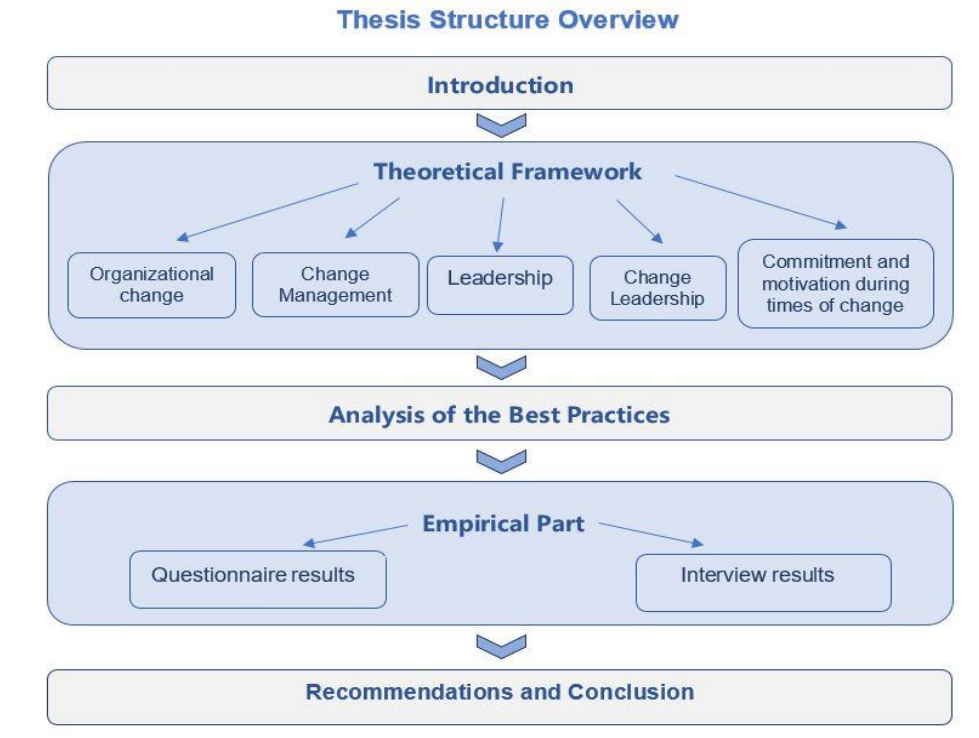


Figure 1. Thesis structure

### 1.7 Responsibilities in the thesis process

Since collaboration is extremely important in the field of academic research, the authors of the thesis strongly believe that working as a tandem helps to achieve great results. The study is fairly broad, and two people were essential to conduct research, obtain all the necessary information, and draw some conclusions, and to maintain problem specific objectivity. As one of the thesis requirements, the authors provided a detailed description of the thesis process, which is presented in the Appendix 1.

Appendix 1 is an elaborate table, which gives explanation of the individual contribution of the two authors of this thesis. Additionally, it provides information and transparency of actions during the entire thesis process. In this table, process means the start of the thesis process, preparation, writing different chapters and so on. For instance, the questions such as who found which source first, whose sources are used in which chapter and how authors managed to reflect it between each other are answered there. Finally, the table shows the main learnings during each stage.

## **2 Organizational change**

The primary purpose of this chapter is to present organizational change theory. In the beginning, organizational change is defined and, thereafter, the drivers of change are explained using the model of Anderson & Ackerman Anderson (2010). Additionally, the chapter explores various types of organizational changes.

### **2.1 Definition**

Change management experts define organizational change as an event or process wherein an organization seeks to improve its status, performance or culture by changing its structure, strategy or working methods (Anderson & Ackerman Anderson 2010; Fullan 2011; Kotter 2014). Furthermore, Lewis (2011) defines organizational change as a prominent feature and character of businesses. Organizational change emerges in various sizes: from small procedural changes in a unit, to large-scale change. Additionally, planned company transformation is often seen as a way to make progress. Ultimately, organizational changes influence the whole company and affect the working culture.

Overall, there are a large number of studies and different perspectives on organizational change. Existing theories include, for example, studies of employee resistance, commitment, leadership, and communication during organizational change. Multiple change management and leadership authors state that managing changes can be somewhat challenging for companies. Therefore, this topic is interesting for the research because of its importance and peculiarities.

When conducting a study in the field of organizational change, it is impossible not to mention John P. Kotter. Kotter is a leadership and change management expert, bestselling author of change management books, and a renowned Harvard professor. His innovative ideas, tools, and models are a significant help for organizations around the world. (Kotter International 2017.) For example, his work "Leading Change" was selected as one of the 25 most influential business management books ever written (Medintz 2011). Kotter inspires many leaders to think outside the box and not to be afraid of implementing innovative ways in change management (Kotter International 2017).

It is also important to note that organizational change is a derivative of diverse factors such as, market pressures, economic downturns, cultural changes, technological advancements, merging of companies, or changes in the availability of resources. These factors have either forced or brought firms to self-initiate changes in order to thrive or survive. (Kotter & Cohen 2002; Anderson & Ackerman Anderson 2010; Lewis 2011.) The detailed drivers of organizational change are presented in the following subchapter.

## 2.2 Drivers of organizational change

Sutevski (n.d.) acknowledges that a driver for change is a force that causes an organizational change in a company. The organizational change model, illustrated in Figure 2, gives an overview of major causes for change. Understanding the drivers of change helps managers raise awareness and prepare action plans with change leaders and stakeholders (Anderson & Ackerman Anderson 2010; Zimmermann 2011).



Figure 2. The Drivers of Change Model (Anderson & Ackerman Anderson 2010)

The Drivers of Change Model introduces different internal and external factors that cause the organizational change. These drivers are catalyzed by shifts in the external environment, such as social, business, political, technological, or natural environmental developments. Significant changes in any of these areas force or

enable companies to react. (Anderson & Ackerman Anderson 2010; Swaim 2011; Saez 2017.)

Typically, drivers cause a chain reaction beginning from top level functions, working their way to the bottom. Changes in the external environment cause the next driver to react, and the cycle continues. For instance, the aftermath of the changes in the external environment demand new marketplace requirements. Afterwards, an organization needs to revise its business imperatives, which are all of the strategic actions essential for prosperity in the new marketplace. New business imperatives include systematic rethinking, revision of mission, strategy, long-term goals, business model, products, services and pricing. (Anderson & Ackerman Anderson 2010.)

The next driver, organizational imperatives, consist of actions that help to achieve strategic goals set by the previous driver. These operational level initiatives include possible changes in organizational structure, processes, technology or personnel. Similarly, organizational imperatives' effect on the next driver depends on the degree of changes. (Anderson & Ackerman Anderson 2010.)

Eventually, strategic and operational changes influence the following driver, cultural imperatives. These imperatives create change in the organizational culture. To clarify, operational business processes introduced in a company require employees to get familiar with new practices, expand their knowledge and gain additional skills. As such, the cultural changes affect the feelings and behavior of the leader and the employees. (Anderson & Ackerman Anderson 2010.)

The last two drivers, leader and employee behavior, followed by mindset, determine how the change is sustained in the company. Foremost, the behavior of leaders and employees influence the way workers react to the organizational changes. Additionally, the behavior reshapes the new desired working culture. Lastly, leader and employee mindset must adapt to the new routine and maintain the desired changes. (Anderson & Ackerman Anderson 2010.)

Another perspective on the drivers, as outlined by MSG Experts (2017b), is that there are either planned or unplanned changes in the organization. Table 2 introduces cross-tabulation of various changes caused by internal and external factors:

	Planned	Unplanned
Internal Change	<p>Strategic decisions that aim to change the nature of a business or the way it is currently conducted. For example:</p> <ul style="list-style-type: none"> <li>- Changes in the services or product.</li> <li>- Changes in administrative systems</li> <li>- Changes in the structure or size of the organization</li> </ul>	<p>Strategic interventions and changes that are introduced to the company in an unplanned manner. Unplanned internal changes are caused by sudden changes in:</p> <ul style="list-style-type: none"> <li>- Demographic Composition</li> <li>- Performance Gaps (Non-performance of a product line, regressed sales)</li> </ul>
External Change	<p>Innovations available externally, and planned to be introduced in the company:</p> <ul style="list-style-type: none"> <li>- Information processing</li> <li>- Communication</li> <li>- Other technological advancements</li> </ul>	<p>Two drivers in the external environment that cause companies to make unplanned changes are:</p> <ul style="list-style-type: none"> <li>- Governmental regulations or enforced legislations</li> <li>- Global economic competition</li> </ul>

Table 2. Planned and unplanned changes (MSG Experts 2017b)

### 2.3 Types of organizational changes

Anderson & Ackerman Anderson (2010) introduce three of the most common types of organizational change: developmental change, transitional change, and transformational change. An organization can evaluate what kind of a transformation it needs to go through, to achieve its strategic goals. However, not all changes are a part of a plan. In some cases, an organization might be forced to go through a certain form of transition. Therefore, companies should understand and manage different types of change depending on its nature and complexity.



### Developmental Change

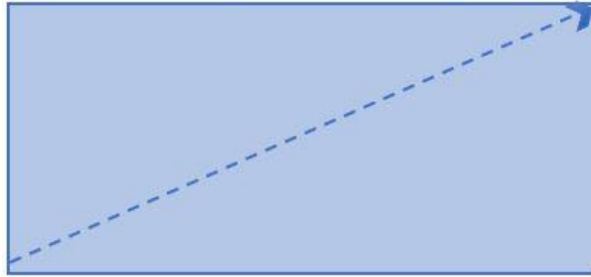


Figure 3. Developmental Organizational Change. (Anderson and Ackerman Anderson 2010)

The simplest form of organizational change is a developmental change (see Figure 3). It focuses on existing knowledge such as skills, working methods, performance standards, or other conditions that require improvement or are unqualified for the firm's current needs. Developmental change can be described as the logical adjustment of ongoing operations because it improves the employees' capabilities through the provision of necessary resources, training, and motivation. (Anderson & Ackerman Anderson 2010.)

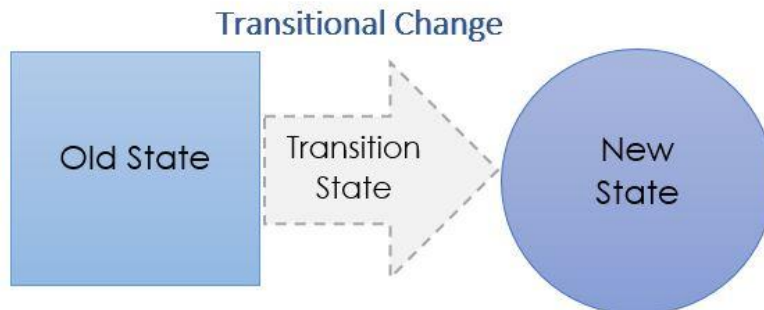


Figure 4. Transitional Change (Anderson & Ackerman Anderson 2010)

Transitional change is more complicated than developmental change. As demonstrated in Figure 4, in transitional change the current state is not improved, rather entirely replaced with a new one. Usually, the urgency for transitional change is realized when a leader identifies a problem to which a solution is not evident, or discovers an opportunity that is not being utilized. In other words, transitional change is required if existing operations must be reshaped or reproduced to suit the current or future demand of a company or a customer. Some examples of

transitional change are: restructuring the organization, merging, disinvesting, integrating new technology, and creating new products, systems, processes or policies that replace the old ones. Additionally, transitional change requires people to adopt a new mindset and behavior. The aforementioned details make transitional change rather challenging, and therefore, there is a need for a strong leader. (Anderson & Ackerman Anderson 2010.)

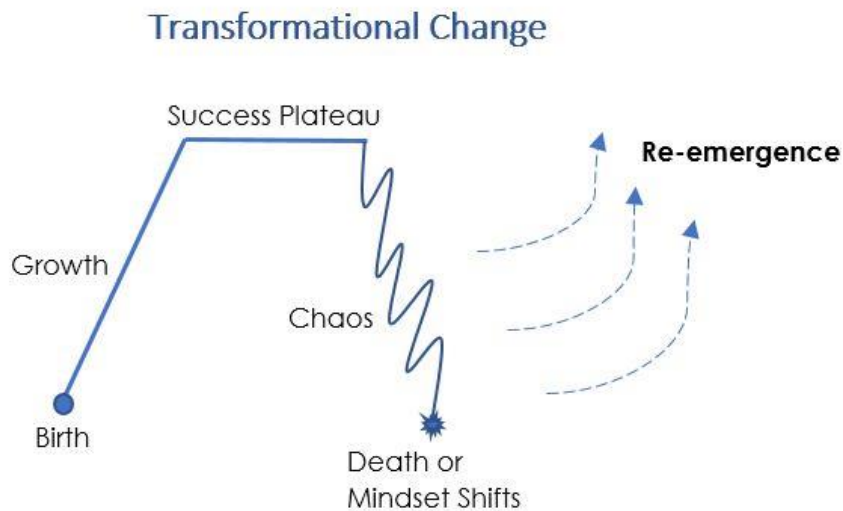


Figure 5. Transformational Change (Anderson & Ackerman Anderson 2010)

Figure 5 represents the organizational life-cycle and transformational change. The life-cycle displays outcomes of company failure in the business environment, whereas re-emergence represents a company's need to go through transformational change. Chaos illustrates the result of drastic changes, as a company has failed to meet new demands for marketplace success. Finally, death or mindset shifts represents the death of the company or revival through transformational change. (Anderson & Ackerman Anderson 2010.)

Due to the many complexities associated with transformation change, changes in strategic and operational levels have an enormous impact on the work culture, behavior and mindset. Interestingly, re-emerging does not have a planned future state, but instead, the company discovers it while going through the process of transformational change. As a result, the end scope is unknown. This means that the transformational change is facilitated rather than controlled by the managers. (Anderson & Ackerman Anderson 2010.)

Furthermore, Zimmermann (2011) claims that organizational change can be either reactive if a company reacts to external changes and new demands, or proactive if the company by plans ahead to gain a competitive advantage. In addition, proactive organizations are flexible and capable to adapt constantly to the changing environment. The leaders of proactive organizations are finding ways to develop the business operations and analyze changes in the external environment. In contrast, reactive organizations allow problems to arise and escalate, before taking serious actions. Consequently, proactive organizations have an advantage over the reactive ones. (Mack 2017; Pathack 2017.)

### **3 Change management**

The following chapter aims to provide insight into the understanding of change management practices. The importance of change management will also be discussed along with its obstacles. Furthermore, the chapter presents various studies in the field of change management. Lastly, the methods of building effective change management are discussed.

#### **3.1 Introduction to change management**

Nowadays, effective planning and handling organizational change are essential for a continuous business development. As it was mentioned in Chapter 2, organizational changes vary in size and complexity, which is why strong change management skills have become a desired attribute for managers and leaders. (Anderson & Ackerman Anderson 2010; Kotter 2014; Rick 2016.)

Kotter International (2011) defines change management as a set of tools and structures, which keep any change effort under control. Basic change management strategies are rather straightforward and are usually associated with smaller changes. On the contrary, continuous and diverse modifications are exceedingly sophisticated and require advanced leadership skills. Additionally, Rick (2014a) states that change management is a process of implementing change and getting people to understand and accept the change initiatives.

One of the first change management models was Kurt Lewin's (1947) "Unfreeze-Change-Freeze", and that is the reason Lewin is considered to be a father of change management. Although there has been a criticism of the simplicity of the model, Lewin's idea of unfreezing and changing organizational behavior before transitioning to a new state is fundamental for almost any kind of change model. (Cummings, Bridgman & Brown 2016.) Seventy years later, Connelly (2016) and Mindtools (2017) presented the change model in detail, which is shown in Figure 6.

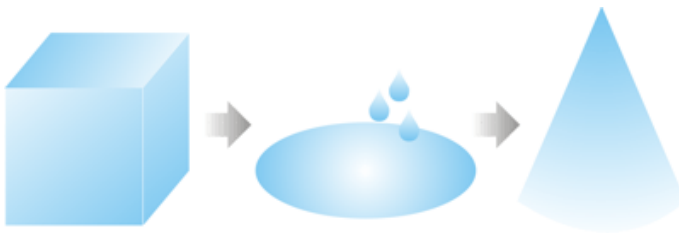


Figure 6. Lewin's Change Management Model (Mindtools 2017)

Lewin's change model consists of three phases:

1. Unfreeze: Leaders start to prepare the organization for the change.
2. Change: Change is communicated throughout the organization. The whole staff is trained to embrace the changes and participate in the change process.
3. Freeze: After the changes are implemented and people have accepted the new ways of working, it is time to refreeze and incorporate the changes into the culture. (Connelly 2016; Mindtools 2017.)

These days environmental changes happen far more frequently and rapidly than ever and, as a result, they require the constant attention of businesses and organizations (Anderson & Ackerman Anderson 2010; Kotter 2014). One can argue that ability to change is a prerequisite for a successful organization (Kotter 2014; Phillips 2014). Successful change management is crucial since it enables the company development, growth and seizing of opportunities. Conversely, poor change management should be recognized and fixed as soon as possible; otherwise it can result in growing number of unfixed mistakes and even lead to a culture of repeated failure. (Lewis 2011.)

### **3.2 Change management barriers**

Swaim (2011) states that overcoming resistance to change is one of the most significant challenges for leaders. Furthermore, Gill (2003) identified that change programs fail because of inefficient management. According to Kotter, the most common reason companies fail is due to of lack of experience with successful changes. Poor management, leadership and lack of knowledge create negative feelings among employees, such as self-protection, arrogance, pessimistic attitude or general immobilization. (Kotter 2014.)

In addition to the previous, other typical change management barriers are fear of unknown, feeble leadership, broken communication, and complexity of change. Change is often seen as a short-term event and the diversity of required actions is utterly ignored. For instance, in a situation when employees are pressured to be more cost-effective or work faster for no evident reason, the corporate culture and values might be severely damaged. (Gill 2003.) Anderson & Ackerman Anderson (2010) state that negativity towards change is often a result of poor planning and leadership. Executives who see changes as purely technical or structural, without considering the feelings of the subordinates, are doomed to create emotional resistance or fear among affected employees. Therefore, leaders should avoid taking drastic actions, being unreasonable or ignoring existing opportunities when implementing changes (Rick 2015).

Similarly, based on Kotter's & Cohen's (2002) and Gordon's (2017) findings, negative feelings towards changes exist almost in every organization, and they are usually caused by complacency, uncertainty or fear. Simply put, employees may be extremely committed to their responsibilities, titles, coworkers, remunerations or career recognition. Therefore, they might feel that the changes will jeopardize the things they enjoy the most in the company (Bass & Riggio 2006). As a result, the changes to such deeply rooted procedures are likely to cause resistance, thereby undermining the efforts of change managers. However, negative feelings towards change can be neutralized by leaders who have the ability to inspire and motivate their employees. This valuable ability is a key characteristic of transformational leaders, who excel under uncertain circumstances such as times of organizational change. (Gordon 2017.)

Another major barrier to change is the hierarchical structure of a company. Hierarchies enable work sectors to be divided into departments, divisions, and regional clusters; however, they also create barriers to change management. Some of the hierarchical obstacles include the insufficient number of people driving change, inefficient information flow, the pressure to remain cost-efficient, and general resistance to change. Kotter adds that management-driven hierarchies try to minimize risk and keep workers in their departments by encouraging a so-called “silo-thinking”. Silo-thinking forces people to have the same daily working routine and limits information flow between the departments, resulting in a lack of collaboration. (Kotter 2014.)

Furthermore, Wang (2017) analyzed three case companies that failed to implement successful changes namely, Walmart, JCPenney, and Borders. Both Walmart and JCPenney introduced new business models that were poorly received by their customers, whereas book retailer Borders failed to adopt new technology and enter the e-business market, resulting in the obsolescence of its value proposition. For all of these firms, inadequate involvement of stakeholders in the change process, poor business imperatives in the new marketplace, and incapability to adapt to the new technology and working culture, contributed to their failure. (Wang 2017.)

Examining the Walmart case, the strategy to switch from affordable products to more expensive ones caused their customers to turn to the competitors. Eventually, Walmart had to return to their old policy, implementing planned organizational change (Thau 2012; Wang 2017). Likewise, JCPenney’s experienced failed rebranding and pricing strategy, caused by the inaccurate research of their customer base. JCPenney hoped to change their customers’ perceptions instead of working with the well-established strategy. Consequently, company’s profit dropped by 20 percent in the first quarter after introducing the new strategy, indicating that additional organizational changes were needed. (Ragan’s PR Daily 2012; Wang 2017.)

In the Borders’ case, instead of building the e-commerce capabilities as a reaction to the changes in the technological environment, the company decided to outsource the sales to Amazon. The company was aware that it would need to go

through a transition to survive; however, they did not have clear vision nor were they able to introduce available technology into their business. As a result, competitors gained an advantage and Borders eventually ran out of business. (Sanburn 2011; Wang 2017.)

Another study was conducted by Towers Watson in 2013. The study indicated barriers to change management such as inefficient training, incapability to sustain changes, and lack of communication. Towers Watson's survey included 276 large and midsize organizations from North America, Europe, and Asia. The study revealed that 55% of the change management initiatives meet their objectives, but only 25% of the desired changes were sustained over the long-term. Of the study participants, 87% organized leadership training. However, only 22% of these leaders felt that the training was adequate. (Towers Watson 2013.)

Lastly, Towers Watson's (2013) research proved that communication between the managers was not effective enough. Approximately 70% of top managers felt that they knew reasons behind major organizational decisions, whereas only 53% of middle managers and 40% of supervisors answered that the management does an excellent job of communicating the purpose of changes. (Towers Watson 2013.)

Finally, Doz & Wilson (2017) researched the fall of former mobile-industry giant Nokia. Their study shows that Nokia went through several failed organizational changes before their significant loss of market position. For example, Nokia tried to respond to technological advancements and new competition by introducing an innovative atmosphere. However, the organizational changes were poorly led and the ineffective communication, combined with internal resistance towards the changes, was the primary barrier Nokia could not overcome. (Sajari 2017.)

### **3.3 Building effective change management**

According to Kotter (2014), companies that do not revise their direction every few years might put their future success at risk. The fast-changing external environment is increasingly demanding, which undoubtedly requires companies to make swift operational changes. Moreover, employees of an organization cannot put

their daily tasks aside and concentrate exclusively on change management. Instead, they need to balance both work and change management simultaneously. (Kotter 2014.)

In order to tackle change barriers, leaders should demonstrate active participation that contributes to the conformity of the work environment (Lewis 2011). Moreover, Lewis (2011) claims that both internal and external stakeholders are highly influential during the transition process. The communication model for change, presented by Lewis (2011), illustrates the various stakeholders' roles: opinion leaders, connectors, counselors and journalists, all of which can help to build effective change management.

Opinion leaders are those who have the desire to lead other stakeholders, and are usually those working in top management positions. Connectors help to connect different types of stakeholders during the change. Most often these Connectors are middle-level managers who communicate with both the top and bottom of the hierarchy. Connectors are familiar with the value systems and languages used in the organization, helping them spread information about the change, bring knowledge together from all the stakeholder groups and, unite stakeholders to form common goals. Counselors provide social support for the stakeholders during a change. For example, Counselors try to encourage dissatisfied and disengaged workers with emotional, informational, and cognitive support. Lastly, Journalists can investigate and make reports during a change by gathering information from various stakeholders inside and outside the organization. This information could, for instance, reveal how different stakeholders react to the change, what is working well, and show how to influence the opinion leaders. In sum, personalities, positions, and motivation can determine what form of a support stakeholders can provide, whether it is leading, connecting, supporting or reporting the progress and outcomes. (Lewis 2011.)

Finally, Heathfield (2017a) analyzed supportive actions for change management. Managers should deliver comprehensive data on the situation in a firm to the employees. Information, such as financial reports, customer feedback, performance indicators, and employee satisfaction survey results might help managers to build a case for a change. This way the informed workforce can understand



the reasons for the company transformation. Heathfield recommends aligning organizational systems to support change, such as remuneration strategies. (Heathfield 2017a.)

## **4 Leadership**

“Managers are people who do things right, while leaders are people who do the right thing.” -Warren Bennis, Ph.D. *On Becoming a Leader* (2009)

In this chapter, the concept of leadership is presented, and the difference between leadership and management is explained. Furthermore, the chapter discusses the role of leadership in companies and how it can enhance the organizational operations. Lastly, various leadership styles are analyzed.

### **4.1 Leadership definition**

Bennis (2009) defines leadership as the ability to bring a vision into reality by making swift decisions and inspiring others. Moreover, leadership is not only administrating but also improving the business operations and developing the skills of the followers. Effective leadership requires clear communication skills and the ability to identify the maximum potential of the company and its staff. (Bass & Riggio 2006; Bennis 2009.) Likewise, according to Gordon (2017), one of the most critical attributes that describe leadership is the capability to drive the culture by creating an environment that gives energy to people, enables them to grow, develop, and do their best.

Furthermore, Kotter (2014) underlines that leadership and management are not interchangeable terms. Leadership is guiding people and the company in the right direction through empowerment and inspiration, objectively enabling people to achieve organizational goals, whereas management is a set of processes that help the company to be reliable and efficient. Also, Kotter claims that leadership is not something that solely managers can practice, but rather any person in an organization. (Kotter & Cohen 2002; Kotter 2014.) The main differences between management and leadership are presented in Table 3.

Management	Leadership
<ul style="list-style-type: none"> <li>● Planning</li> <li>● Budgeting</li> <li>● Organizing</li> <li>● Staffing</li> <li>● Measuring</li> <li>● Problem solving</li> <li>● Doing what we know how to do exceptionally well</li> <li>● Constantly producing reliable, dependable results</li> </ul>	<ul style="list-style-type: none"> <li>● Establishing direction</li> <li>● Aligning people</li> <li>● Motivating people</li> <li>● Inspiring</li> <li>● Mobilizing people to achieve results</li> <li>● Propelling company into the future</li> </ul>

Table 3. Difference between management and leadership (Kotter 2014)

Given the above, leadership skills enhance an organization's management and its individuals. Leadership allows influential people to make a difference for a business, unite people for a transition process, influence their motivation and more. Leaders generate and sustain trust by being reliable, coherent and trustworthy. Leaders thereby validate themselves by honoring promises, supporting co-workers in meaningful moments, and staying on course. (Bennis 2009.)

#### 4.2 Transformational vs transactional leadership

Burns (1978) conceptualized leadership to be either transactional or transformational. In his definition, transactional leaders are the ones who lead with authority, and offer contingent punishments or rewards. This means, depending on their performance, employees are either rewarded or punished. Transactional leader offers remuneration or other kinds of rewards to boost employee morale and productivity. Contrarily, unproductive workers might be subject to disciplinary measures. Transactional leadership is often considered the foundation of transformational leadership. However, to invoke change, transactional leadership is most often considered to be less effective than transformational leadership. (Bass & Riggio 2006.)

Transformational leadership aspires followers to develop and achieve extraordinary results and constantly work on self-development. Transformational leadership emphasizes all interaction between leaders and followers by inspiring people to reach common goals, challenging them to improve their working methods, and supporting them by mentoring and coaching. Additionally, the transformational

leadership characteristics are idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (see Table 4). (Bass & Riggio 2006.)

Idealized influence	Inspirational motivation	Intellectual stimulation	Individualized consideration
<ul style="list-style-type: none"> <li>- Acting as a role model</li> <li>- Demonstrating persistence and determination</li> <li>- Capability to inspire people to overcome obstacles</li> </ul>	<ul style="list-style-type: none"> <li>- Acting in a way that motivates those around them</li> <li>- Enthusiastic and positive attitude</li> <li>- Compelling realistic vision and goals</li> </ul>	<ul style="list-style-type: none"> <li>- Promoting innovative and creative thinking</li> <li>- Followers can practice new approaches and ideas in their work</li> </ul>	<ul style="list-style-type: none"> <li>- Acting as a coach or mentor</li> <li>- Approaching followers individually</li> <li>- Interactions are personalized</li> </ul>

Table 4. Characteristics of Transformational Leader (Bass & Riggio 2006)

What is more, Holten & Brenner (2013) conducted research about leadership style and the process of organizational change. They considered factors that could generate positive attitudes towards change and found out that leadership style does matter during periods of organizational change. Additionally, the commitment of employees depends on the leadership style, with transformational leadership having a better impact on the followers than transactional one. The results have also shown that leadership style during the starting phases of the organizational change mattered more than during the final stages. therefore, the leader who manages to successfully connect with their followers during beginning stage, is more likely to maintain employee engagement during the whole transition process and organizational change. (Holten & Brenner 2013.)

### 4.3 Followers

Moran (2014) presented the insights of two leadership experts, Barbara Kellerman and Ronald E.Riggio. These insights spoke to the relationship between a leader and a follower. Simply put, “Leaders lead. Followers follow”, suggesting

that leaders are usually in managerial positions, and followers as their subordinates. Furthermore, followers are those who are lower in the hierarchy, have less influence than their managers, and do the things that leaders expect them to do (Kellerman 2007). Additionally, Gordon (2017) claims that leaders gather their followers by being able to articulate and communicate vision in a simple, clear, bold and compelling form.

Moreover, Moran (2014) claims that leaders can develop five skills by being a good follower themselves: awareness, diplomacy, courage, collaboration and critical thinking. Table 5 shows the skills as presented in the article:

Awareness	Ability to learn to read people and understand what upsets and motivates them.
Diplomacy	Ability to cope with people with different opinions without ignoring them.
Courage	Ability to pay attention and speak up with the leader.
Collaboration	Ability to work with the employees and inspire them to do their best.
Critical Thinking	Ability to think for yourself, support the leader when they are doing the right thing and advice against when not.

Table 5. Traits of a good follower Moran (2014)

Kellerman (2007) studied the relationship between leaders and their followers. Additionally, he has classified followers based on their level of engagement with their leaders or the organization. Kellerman claims that the level of involvement determines the relationship between the two, especially in the quality of the relationship and passion towards common goals. There are five types of followers according to Kellerman's research: isolates, bystanders, participants, activists, and diehards. A leader should pay attention to different followers, whether they are for or against them. (Kellerman 2007.)

Isolates are type of followers that are reluctant of knowing about their leaders or the mission of the company. Furthermore, isolates are inactive, meaning they are hesitant to voice opinions about change. Isolates are often found in larger companies, where they have the best opportunity to be inactive without being noticed. This is because the top management usually does not pay attention to isolates as long as they are finishing their daily tasks. (Kellerman 2007.)

The second type of a followers, bystanders, are observers and thus more aware of what is going on around them than isolates. Despite their awareness bystanders are not engaged or motivated to participate actively in the organization. Sharing similarities with isolates, they are often silent and focused only on performing their daily tasks. According to Kellerman, bystanders and isolates are harmful for learning organizations, because they are not interested in the company's mission or values. However, unlike isolates, bystanders are easier to encourage to be more active type of a follower due their awareness. (Kellerman 2007.)

Participants are the third type of follower and are engaged much more than the two aforementioned types of followers. This type of a follower is either supporting of, or opposed to their leaders and always trying to make an impact in the organization. For this reason, participants can either help the cause of the leader, or in case they are against, make things difficult. (Kellerman 2007.)

The fourth type of followers are activists. These followers hold strong opinions on their leaders and the organization. Kellerman describes activists as "eager, energetic, and engaged" because they put a considerable amount of effort into their leader's initiatives or into undermine their cause. Activists have a high level of commitment, which can have major impact on a working culture. Furthermore, leaders see activists as strong workers or subordinates, which makes them valuable for the company. (Kellerman 2007.)

The final type of followers, diehards, are deeply dedicated to a cause. They are one step higher than activists in their devotion to their leaders or in their means to get them replaced. As a result, it makes them either powerful assets or a liability for the organization. Diehards practice commitment and dedication to someone or something they consider worthy. (Kellerman 2007.)

As previously discussed, different follower types are either engaged or disengaged. Furthermore, Kellerman claims that followers can cause either good or bad for the organization. Ideally, engaged followers, such as participants, activists or die-hards, are active supporters of leaders who are effective and ethical, whereas opposing leaders who are ineffective and unethical. However, disengaged followers, such as isolates and bystanders, are neither supporting a good leader or opposing a bad leader. Finally, different follower types should be taken into consideration when treating your subordinates. (Kellerman 2007.)

#### **4.4 Value of leadership**

Currently, an increasing number of leaders switch to people-oriented leadership styles and involve their followers in decision-making (Bass & Riggio 2006; Gordon 2017). Leaders' capabilities to inspire and motivate people may determine whether the company will be successful or not (Bennis 2009).

Naturally, trust is decisive in the relationship between leaders and the rest of the employees in an organization. Those leaders who fully rely on their followers, can expect to get faith in return. However, leaders' ability to trust is influenced by their right to question and challenge the subordinates as well as their tasks and methods. For this reason, to achieve a mutual trust, leaders need to maintain the balance between doubt and faith. (Bennis 2009.)

What is more, Gordon (2017) talks about the power of positive leadership and the significant impact it can have. Positivity is not only a pleasant state of mind, but it is also a substantial competitive advantage. Positive people often seek favorable prospects and embrace the positive working culture. Sometimes in order to create a thriving organization, positive leaders must face and overcome adversity, negativity, and other challenges. Additionally, a positive leader should be aware that one person does not create a culture, but the whole organization should participate in the process. (Gordon 2017.)

## 5 Change leadership

The following chapter is dedicated to the concept of “change leadership.” The first section explains who a change leader is and looks at the seven elements of change leadership. Next, the detailed difference between change management and change leadership is discussed. Lastly, the features of a powerful change leadership style are analyzed.

### 5.1 Change leader

According to Kotter, change leadership is an engine that drives the change management process (Kotter International 2011). Furthermore, Anderson & Ackerman Anderson (2010) define change leadership as the ability to have a clear vision and lead people to co-create it. Additionally, Dunklin (2013) claims that change leadership refers to leading an organization through the change with different mindsets and capabilities than normal leadership.

Moreover, Fullan (2011) defines a change leader as someone who has the capacity to generate energy and passion in others. A change leader should have the confidence to adjust the direction of a company (Phillips 2014). Consequently, change leaders should master the seven elements of successful change leadership as proposed by Fullan (2011). These elements are demonstrated in Figure 7.



Figure 7. Seven elements of change leadership (Fullan 2011)

A successful change leader should be resolute with their change efforts and build organizational commitment towards change. The foundational elements for change leadership are deliberate practice and sustained simplicity, both of which ensure that the change is not too simple or too complex for the leader or their followers. After the previously mentioned elements are integrated to daily practice, a change leader should start to motivate the masses and encourage collaboration to compete. These actions generate an innovative atmosphere that helps a change leader to learn confidently and boost the confidence of the followers. Finally, the efforts must be revised and improved to allow the change leader to know their impact. (Fullan 2011.)

Similarly, Anderson & Ackerman Anderson (2010) presented a conscious change leader model. Figure 8 illustrates that change leaders must deal with four different sectors of change: mindset, behavior, culture, and systems.

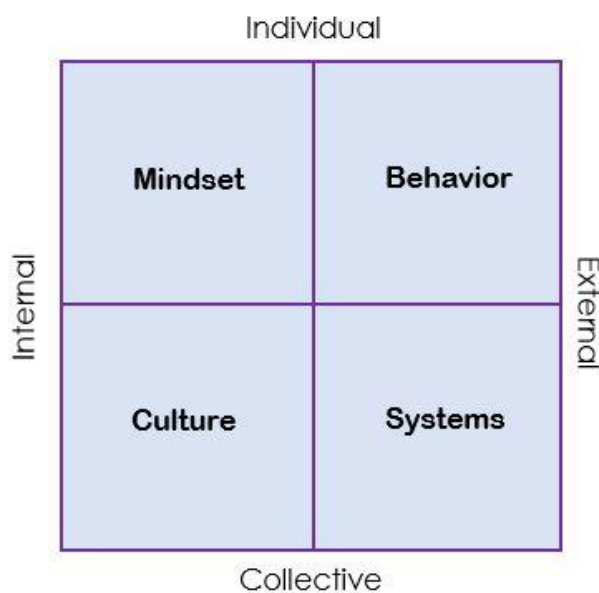


Figure 8. The Conscious change leader accountability model (Anderson & Ackerman Anderson 2010)

Realizing the extent of the aforementioned sectors helps change leaders to understand the diversity in their work. Anderson & Ackerman Anderson (2010) define the core aspects of each of these sectors:

- Mindset - values, beliefs, thoughts, emotions, ways of being, levels of commitment that relate to change



- Behavior - work styles, skills and actions, and behaviors
- Culture - norms, collective ways of being, working and relating, climate
- Systems - structures, systems, business processes, and technology

Furthermore, the model indicates how the change affects different areas in a company. However, the different parts are not entirely independent. For example, a leader cannot make cultural and systematic changes without dealing with the mindset and behavior of their subordinates. For this reason, in change initiatives, one should handle all stages from internal factors to external, as well as collective or individual considerations. (Anderson & Ackerman Anderson 2010.)

## **5.2 Change management vs change leadership**

Despite their similarities, change management and change leadership are defined very differently. Change management is a set of tools that keeps the change process under control, whereas change leadership is an enhancement that serves to make change management more sensible and intensive. Additionally, change management deals more with smaller changes, while change leadership is crucial for larger organizational changes or accumulating a number of modifications happening in an organization. Change leadership works as engine for change management and deals with bringing together those people who have an urgency to change. Also, change leadership includes envisioning and empowering the people throughout the change effort. (Kotter International 2011.)

Moreover, Hooper & Potter (2000) specified that change leadership includes creating a vision for the company, making strategies that enable that vision to become reality, and ensuring that the people in organization are driving towards the same goals (Gill 2003). Put simply, change leadership enables forceful movement of the masses towards common visions and goals. (Gill 2003; Fullan 2011.)

Furthermore, R.W. Quinn & R.E. Quinn (2016) argue that change management and leadership development should be a connected topic. Changes in corporate culture and behavior are hard to maintain without effective leadership. Therefore, the concepts of change management and change leadership are intertwined. Lastly, according to Bennis (2009), learning leadership is also learning to manage

change, since a leader has a vision for the organization which will eventually modify the culture.

### **5.3 Power of change leadership**

Bennis (2009) states that successful change involves modifying the work culture to support the change vision, as well as inspiring those who are affected by the change. Similarly, Gill (2003) claims that the reason for ineffective change management is not the poor change management tools, but the lack of effective change leadership. Kotter & Cohen (2002) suggest that, in successful change efforts, leaders should deal with the barriers one at a time.

Preparing for a change does not require excessive resources, but only a proactive attitude. It is important to mention that creating urgency should be the initiator for any change process because it helps to bring together the key people committed to finding a successful change path. Kotter's & Cohen's (2002) studies have validated the fact that changing the behavior is more effective when the problem is demonstrated visually. Therefore, the "see-feel-change" approach is more useful than "analyze-think-change" when raising the awareness in the company. However, Kotter & Cohen (2002) admit that mixing both approaches is crucial for success and companies still need to report and analyze cases. Table 6 shows the differences of the aforementioned approaches. (Kotter & Cohen 2002.)

<p><b>See</b> Case for a change is initiated by identifying problem or a solution in one stage of the change process in as visual and concrete way as possible. When problem or urgency to change can be seen, touched or felt, it alternates people's minds to be ready for a change.</p> <p>For example, Company A showed a video of angry customer to the rest of the staff. Additionally, Company B hired a student to research why company was buying same working equipment at different prices.</p> <p>These raised the urgency to change amongst the employees, because they could see a real-life demonstration of the problem.</p>	<p><b>Analyze</b> Case for a change is implemented by collecting formal data, preparing analysis, reports and presentations to the staff.</p> <p>For example, leaders write an extensive report, which explains that the company needs to change.</p> <p>People read the report and raise their urgency to change. However, not necessarily as effectively as hoped.</p>
<p><b>Feel</b> By presenting vivid visualizations and evidence enforces emotions that facilitates with the needed change. For instance, feelings like passion, faith, trust, pride, urgency and hope.</p> <p>As a result, positive feelings help to reduce undermining feelings to change, such as anger, complacency, pessimism, confusion panic or cynicism.</p>	<p><b>Think</b> Information and analysis of the change affects the people's thinking. Ideas that are not in-line with the change efforts are dropped or adjusted.</p>
<p><b>Change</b> Feelings transform behavior and people embrace the needed changes. New way of behavior furthermore shapes new, more positive working culture.</p>	<p><b>Change</b> New thoughts change behavior or help the changed behavior to cope with the change process.</p>

Table 6. See-Feel-Change vs. Analyze-Think-Change (Kotter & Cohen 2002)

Similarly, Rick (2015) claims that leading change is planning, preparing and communicating the need to change as efficiently as possible. Leaders should place well-established communication as a number-one priority. Also, change leaders

should not ignore the current work culture completely, but rather also focus on addressing what and why something needs to change, explaining it to the employees thereafter. (Rick 2015.)

Moreover, Eagle Hill (2014) conducted a survey with over 1000 working professionals that revealed strong leadership and effective communication are necessary for successful change. According to the respondents, strong leadership was the most important factor during the change efforts. Additionally, the study showed that everyday leadership and communication differs from change leadership and communication. 94% of participants who were content with the change, stated that it was thanks to their manager being a fantastic role model. In contrast, only 50% of the respondents who were unsatisfied after changes had the same opinion. (Eagle Hill 2014; Wang 2017.)

Likewise, Bennis (2009) suggests that one of the essential characteristics for leadership is acting as a role model. Leaders learn what the culture and organization must be like in the future, if they hope to develop themselves as professionals. Moreover, leaders should constantly evolve and adapt to external changes that are causing organizational changes to avoid a stall in improvements. These actions require risk-taking and problem-solving, but can be rewarding for the organization and its followers. (Bennis 2009.)

According to Lewis (2011), communication strategies and the way messages are designed and distributed influences the stakeholders who participate in the change process. Furthermore, communication approaches that are planned may lower the level of resistance in the long-term. Also, Gordon (2017) highlights the importance of staying positive when communicating, as it affects the reception of the message a leader delivers.

In sum, the power of change leadership helps to overcome issues, such as resistance and negative feelings in a company. Alternatively, insufficiently led organizational change can result in losing employee engagement and motivation. Thus, managers who communicate and lead the change successfully can improve the business and gain more commitment from the employees. (Anderson & Ackerman Anderson 2010.)

## **6 Commitment and motivation during times of change**

Leaders have two major tasks to change the organization, namely, making sure that employees are motivated, and committed to the change. When the leader completes these tasks, workers perceive themselves as a part of the development process and sense a certain degree of responsibility for the success of the changes. This chapter introduces the ways of building employee commitment and engagement in a changing organization, and the methods for keeping workers motivated in unstable times.

### **6.1 Building employee commitment to change**

Hill, Seo, Kang & Taylor (2012) researched employee commitment to organizational change across all organizational levels. Hill et. al. used a case company operating as a government agent in the transportation sector. The sample for their study included over 1000 employees who directly reported to a manager. Their research focused on the role of top management and what type of a leadership they practice during changes. Hill et al. assumed that an employee's position and relationship with top management affected the commitment during organizational change. They argued that personnel involved in the strategic decision making were more likely to be committed to change. Consequently, it can be assumed that the commitment and support for change depend on the level of communication between followers and the top management. (Hill et al. 2012.)

Hill et al. (2012) discovered that the hierarchical levels of the organization matter when measuring employee commitment. Additionally, the study shows that transformational leaders are more effective in building employee commitment than those utilizing other leadership styles. The results suggest that the employees do not respond in the same way on every organizational level. Moreover, the impact managers have on commitment can be significant. Finally, their findings indicated that if power distance was high, the respondents had more negative feelings towards organizational change and their leaders. (Hill et al. 2012.)

Similarly, Miller (2015) claims that the sooner the employees are involved with the change initiatives, the better influence it has on the commitment. Moreover, Gordon (2017) highlights that trust generates employee commitment and that

trust is earned through open communication and positive leadership. Furthermore, successful change management practices include involving employees in change efforts. People are more open to change when they have a chance to influence the direction the change is leading to, especially when the change has an impact on their work. Work culture gets stronger when people feel responsible for the change and actively participate in it. (Heathfield 2016.)

In addition, Heathfield (2016) proposes a set of actions to increase employee involvement for effective change management. The first action is the creation of a plan with the change team and top management early in the change process, involving as many people as possible. Stakeholders, process owners and employees who the change impacts the most should be involved. Integrated involvement enables information flow, thereby raising awareness even for those who initially resist the change. Finally, employees who actively participate and work in the change should be recognized and rewarded. (Heathfield 2016.)

## **6.2 Engagement during change**

Aon Hewitt (2013) conducted research that measured employee engagement during organizational change. The results indicate that engagement varies depending on the type of change, such as restructuring or transformational. Moreover, the study shows that highly engaged people usually perform on a higher level than those that are less engaged. If the level of employee engagement decreased during organizational change, it led to worse business performance, or vice versa. Additionally, the research showed that individual involvement, role in the organization, training, and development are important factors that affect the engagement during organizational changes. (Aon Hewitt 2013.)

The results of Aon Hewitt's (2013) research revealed that established connections between leaders and co-workers is important. Employees appreciate communicating with their leaders, along with seeing their colleagues cooperating and supporting each other during the change. Furthermore, according to the same study, the top five drivers of engagement during the times of change are:

1. Involvement in decision-making;
2. Understanding the career path;

3. Making personal sacrifices to help the organization;
4. Encouraging the development and
5. Leader's willingness to have a two-way dialogue (Aon Hewitt 2013.)

The study showed that the drivers differ depending on the type of organizational change, for example restructuring or strategic transformation. During restructuring, participants felt that their co-workers or leaders making personal sacrifices for the organization and trust in others within group work were of the utmost importance. Consequently, according to the study it is important to note, that restructuring might provide employees more diverse opportunities. Thus, why engagement can be empowered by a change leader who commits to the development of the remaining employees. (Aon Hewitt 2013.)

Finally, the study revealed that the most common way to manage employee engagement during change, was for the leader to have open dialogue with the employees. As a result, the employees feel that their input is respected, despite a new core strategy, are therefore more engaged. Additionally, employees should receive the resources to complete their new tasks, have enough training, and have sufficient time to adapt to the new working environment. (Aon Hewitt 2013.)

### **6.3 Employee motivation during change**

Lewis (2011) defines the change acceptance zone as the space wherein motivation to change is higher than the stress the change creates. Since motivation is an attribute that is highly influenced during the times of change, change leaders should constantly lead by example and inspire their followers. Furthermore, Worley & Lawler (2006) claim that motivation, or lack of motivation, is one of the key barriers to organizational change. Motivated people are better at implementing actions, hence the change leader should focus on helping people to accomplish something that they have not accomplished before. This will, in turn, help the motivation of subordinates to increase (Fullan 2011).

According to Worley & Lawler (2006) organizations should adjust the reward system during times of change. As a result, Worley & Lawler described reward systems that support change effort and increase the motivation of the employees affected by the change. For example, annual merit-pay systems do not motivate

or help retain the right employees as much as other types of systems. If the reward system is based on yearly performance, during times of change, there is little the organization can do to motivate a person not supporting the change. Worley & Lawler recommend paying employees based on their skill-level and not on the position they work in. Consequently, paying the person has a high influence on employees' motivation to change efforts. Furthermore, individually rewarding can result in a culture where self-development and talent are a focus and change capabilities are embraced. (Worley & Lawler 2006.)

An interesting fact is that bonus systems, which reward short-term performances, motivate employees to perform better than annually paid remuneration. Additionally, bonus plans can be a huge contributor to the performance in planned organizational change, when they correspond with the market share and profit of the organization. In sum, reward systems that correlate with short-term goals and individual skills better motivate people to be more open to changes. (Worley & Lawler 2006.)

Heathfield (2017b) analyzed factors that increase employee motivation. Heathfield claimed that the level of employee motivation is highly connected with how subordinates feel the leaders see them. If an employee feels like a valuable worker, they are more motivated and are to perform better. Furthermore, Heathfield (2017c) examined leadership skills that promote motivation. Employees who feel that vision, optimism, and goals are communicated effectively, are more motivated to work accordingly. Furthermore, followers feel important when their opinions are asked and heard, which is why Heathfield (2017c) recommends regular meeting with the employees.

## **7 Analysis of best practices for organizational change**

The following chapter analyzes the best practices for managing successful organizational change. As the previous chapters have confirmed, smooth organizational change is often one of the most challenging issues for companies. In order to stay in the market and fulfill the expectations of the stakeholders, companies need to have a clear strategy and direction as well as the abilities and competencies to allocate resources during change.



There are many organizations that have failed to adapt to the situation and make the necessary actions to combat the problems they faced. However, certain strategies have helped the companies during the times of change. In the chapter, Kotter's Eight Steps Model, Eight Accelerators, and some other success practices are discussed.

### **7.1 Eight steps model**

According to Kotter (2014), change is best managed when it is divided into separate phases, and effective techniques and actions are used during each step. Kotter claims that successful change leadership is a significant help to any change effort. Kotter & Cohen (2002) have analyzed successful change stories of companies in the book "The Heart of Change". In this work, Kotter extensively explores the stages of his eight-step change model, explains some essential actions to succeed, and outlines some mistakes to avoid. Overall, changing employee behavior is the fundamental part of all levels of organizational change. Therefore, it is essential to recognize and implement change in a specific order. For instance, it is vital to raise urgency inside the company before starting to create a change vision. (Kotter & Cohen 2002.)

Kotter & Cohen (2002) have studied why organizations succeed or fail at large scale, analyzing how companies can use the eight-step model to succeed. Some stories of real companies who have implemented changes were used for their investigation. The authors have introduced useful techniques and approaches in each step, which are represented in Figure 9.

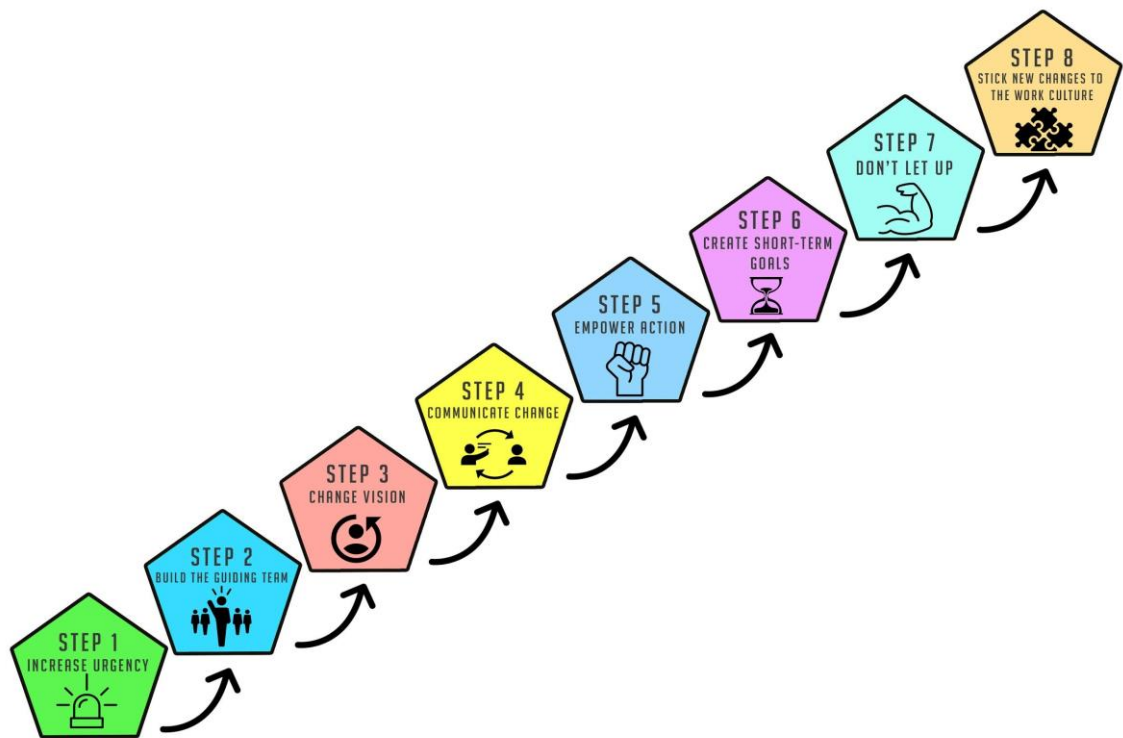


Figure 9. 8 steps model (Kotter & Cohen 2002)

The initial phase of organizational change, Step 1, should be dedicated to building urgency towards upcoming change by helping people in the organization see and feel the need for change (Kotter & Cohen 2002). Many change management experts admit that helping employees understand the company's current position helps them to embrace positive feelings towards changes (Kotter & Cohen 2002; Lewis 2011; Fullan 2011; Gordon 2017). It is essential to prepare workers for a change, before going to the next steps. (Kotter & Cohen 2002; Anderson & Ackerman Anderson 2010). Furthermore, Kotter & Cohen highlight that the sequence for the change process is not "start step 1 - finish step 1", but there can be overlap among the eight steps. (Kotter & Cohen 2002).

During Step 2, a well-established guiding team is formed. The team should be built around people with excellent teamwork skills from all levels of the organization (Kotter & Cohen 2002; Kotter 2014). The guiding team should consist of employees with internal and external knowledge of the company, stature, mutual trust and formal authority. The formal authority and internal knowledge can be helpful in removing change barriers in some of the later phases of the transition process. Furthermore, the guiding team should be able to inspire workers to drive

change, create the change vision and communicate it effectively to others. Kotter & Cohen add that in large companies, successful change requires additional guiding teams in all business units to drive the action and help the transition. However, if a change is needed only in one unit or department of a company, one team may be enough. (Kotter & Cohen 2002.)

During Step 3, the guiding team's task is to create a change vision that is clear and comprehensive. Mainly, the guiding team must know how to create a vision that includes set of strategies that are swift and realistic. Additionally, vision should show the direction for the followers. A clear change vision defines what type of change is needed, who it concerns, and how does the organization get there. (Kotter & Cohen 2002.)

When the direction is clear, the next step is to communicate it to the rest of the organization. Step 4 requires the leaders of the company to communicate the potential change as effectively as possible to their colleagues and subordinates (Kotter & Cohen 2002). When communicating with the entire firm, outstanding communication skills are required to deliver the message. Moreover, leaders who understand their followers and their feelings are more effective in communicating, showing, and demonstrating the case for organizational change. (Kotter & Cohen 2002; Kellerman 2007.)

Next, Step 5, is empowering the actions of the guiding team by making the circumstances as convenient as possible. During this stage, the guiding team should recognize the biggest barriers to change efforts and find solutions. Two common barriers include those high in the hierarchy resisting the change, and leader's lack of self-confidence or experience in the change management field. In addition, other barriers to successful change efforts are insufficient communication, inefficient planning, general negativity, and resistance to change. Employees are more likely to empower and encourage their co-workers when they understand why the current situation is not acceptable for the organization. (Kotter & Cohen 2002.)

Furthermore, Step 6 states that the change should not be one huge leap, but series of short-term achievements on a way towards greater future. At this stage,

the guiding team creates short-term wins in line with the new vision. These wins, or goals, should be visible and meaningful. Reaching these goals builds momentum for the long-term objective because people are more motivated when they can see that short-term objectives are reached. Additionally, employees in the company could be rewarded at each milestone to boost the commitment. (Kotter & Cohen 2002.)

Step 7 is associated with the endurance of the organization, its leaders and their employees when going through modifications. People might feel satisfied after short-term wins; however, the guiding team should not forget that the change is not yet fully implemented. One drawback in the final phases of change is that the change could create inadequate workload for an individual. For this reason, if a worker has too many responsibilities during or after restructuring, the tasks could be revised or delegated to other employees. Additionally, it is important not to let up the change effort, but to incorporate the changes into a company's culture. (Kotter & Cohen 2002.)

Finally, Step 8 finishes the change effort and presents everything that has been achieved, including the new mindset and shared values, as part of the new working culture. During this stage, it is possible to create a reward system similar to in step 6, or form the change management team. Moreover, leaders should bear in mind that the employee turnover means continuous change of corporate culture, as people bring, and take part in culture. Therefore, a company should organize orientation training for recruits and stakeholders that focuses around the importance of change management. (Kotter & Cohen 2002.)

## **7.2 Eight accelerators**

Kotter's eight-step model for leading change was revised and developed even further in 2014. The accelerate model utilizes the same steps to be accelerators that continuously look for change opportunities. The model encourages forming a large volunteer team who serve as a constant change engine and include personnel from every level of the hierarchy. (LeStage 2015.)

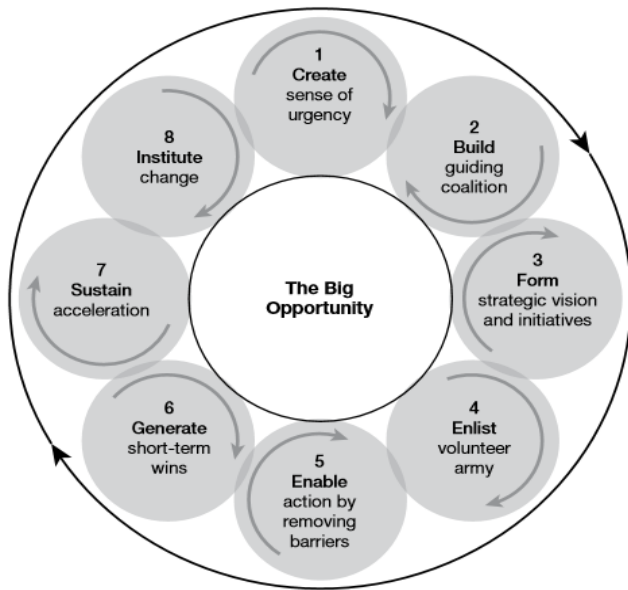


Figure 10. The eight Accelerators. (Kotter 2014)

Kotter introduces a new hierarchical system presented in Figure 10 as a way to accelerate towards great opportunities. This method unifies the traditional hierarchy with a guiding team network, forming a dual-operating system. This solution offers a company two systems: one that focuses on delivering everyday business processes, whereas the other searches for the new opportunities (Kotter 2014). Similarly, Anderson & Ackerman Anderson (2010) suggest that the company transformation is a continuous process, which validates the need for conscious change leadership. A dual-operating system is exemplified in Figure 11.

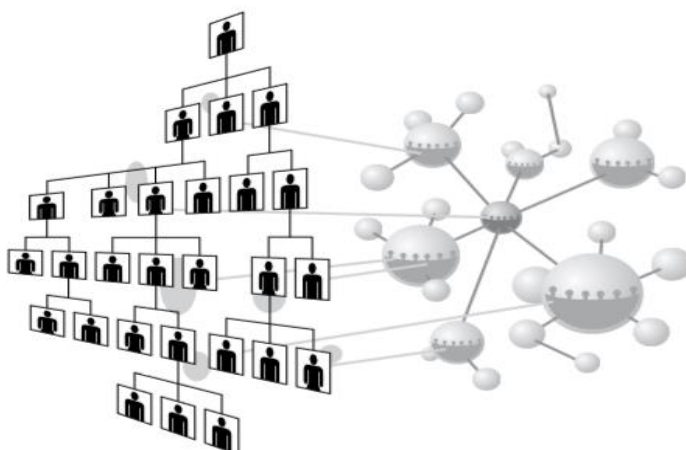


Figure 11. A dual operating system (Kotter 2014)

Dual-operating systems help leaders to seize opportunities and avoid threats. The network does not report to any particular level of the organization, but rather works independently. Since it is already connected to each level in the organizational structure. The connection ensures that the key people are always aware of the change opportunities and threats. Additionally, top management plays a key role in initiating and maintaining the constant flow of information between different levels of the hierarchy. Key characteristics of dual operating system are presented in Table 7. (Kotter 2014.)

<b>Management</b>	<b>Strategic acceleration network</b>
<p><b>Functions</b></p> <ul style="list-style-type: none"> <li>- Meet today's numbers by being reliable and efficient</li> <li>- Incremental or predictable change management</li> </ul> <p><b>Management tools</b></p> <ul style="list-style-type: none"> <li>- Plans, budgets</li> <li>- Job descriptions</li> <li>- Compensation</li> <li>- Metrics</li> <li>- Problem solving</li> </ul>	<p><b>Functions</b></p> <ul style="list-style-type: none"> <li>- Ability to leap into the future</li> <li>- Constant innovation and leadership development</li> </ul> <p><b>Eight Accelerators</b></p> <ul style="list-style-type: none"> <li>- Urgency of Big Opportunity</li> <li>- Guiding coalition of volunteers</li> <li>- Change vision</li> <li>- Communication</li> <li>- Lowering barriers</li> <li>- Short-term wins</li> <li>- Relentless actions</li> <li>- Stick the changes</li> </ul>

Table 7. Key characteristics of dual operating system

Kotter's eight accelerators have shown positive results in practice. Employees had a chance to work jointly, while managers could see the network personnel take the initiative in self-development. Moreover, the dual-system assures that the company is flexible and prepared for changes. (Kotter 2014.)

Moreover, informal relationships between coworkers are not visible on the formal organization chart but are crucial nonetheless. Therefore, Heathfield (2016) and Rick (2015) recommend networking through the informal channels of the organization. The accelerate model could also improve the informal channels due to its collaboration between the hierarchy and the network. Fullan (2011) also states that having a change team connected with the whole organization helps to diminish pressure on one leader implementing change.

### 7.3 Power of small wins

Change management experts consider short-term wins a vital part of organizational change (Anderson & Ackerman Anderson 2010; Kotter 2014; Rick 2015). Moreover, Worley & Lawler (2006) conducted research that revealed that the bonus plan correlated with short-term wins boost employee morale significantly. Nevertheless, small wins cannot be the only motivator during the change, even though they are the essential factor (Fullan 2011; Rick 2015).

According to Rick (2015) and Anderson & Ackerman Anderson (2010), short-term wins provide valuable feedback for the leaders. Leaders can also revise or get validity for their strategy, vision, and operations. Additionally, employees get an emotional uplift based on visible achievements. This may also convince those who are not yet active with the process to join in. Lastly, the celebration of small wins strengthens organizational culture.

Figure 12 demonstrates the required change effort for the length of delivery. As can be seen from the left side of the Figure, short term deliveries demand less effort in the same time period as one long term do. Therefore, as a figure of speak, “using three dolphins to reach change objectives is much more useful than one whale”. Smaller change efforts do not consume that much energy, and short-term celebrations boost momentum and morale, while bigger change efforts might be rather exhausting.

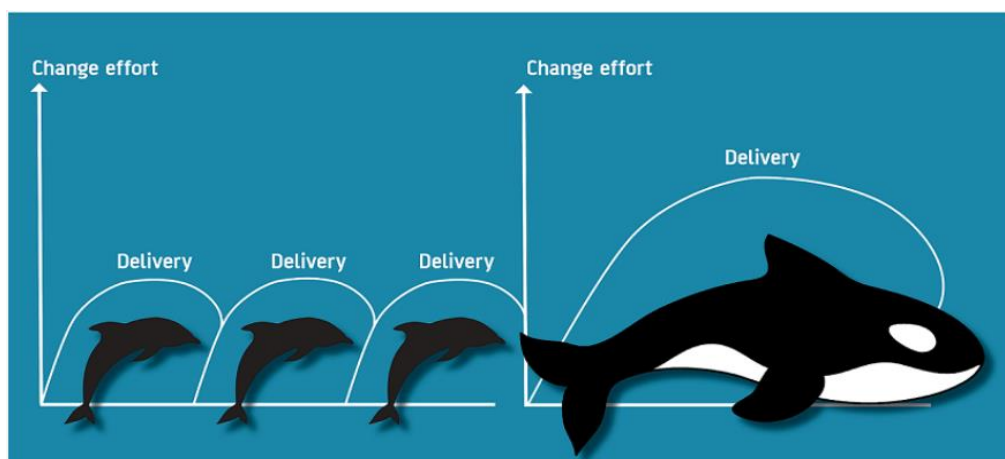


Figure 12. Change should be like a dolphin, not a whale (Rick 2014b)

## **7.4 Communication**

A review of literature reveals the importance of repetitive communication. For leaders, communication is the fundamental skill that serves to inspire others and efficiently deliver the message (Bennis 2009). Communication skills can be extensively used for the benefit of the opinion leaders and connectors (Lewis 2011) and the guiding team (Kotter & Cohen 2002; Fullan 2011; Kotter 2014), who are able to empower and manage a changing environment.

Anderson & Ackerman Anderson (2010) emphasize the role of communication between the managers or the change team and the employees. Exchange of ideas and information between these parties enables the change process to be smooth, as it gives a chance for everyone to feel involved. Moreover, employees who feel that changes happen to fulfill business strategy or an opportunity, are likely to maximize their efforts to achieve common goals. Additionally, Gordon (2017) argues that the best communicator and influencer is not always the one who speaks the most impressively, but the one who listens to employees, understands what has been said, and uses this information to make decisions that bring the company to the success. (Anderson & Ackerman Anderson 2010.)

Lewis (2011) talked about various communication roles and their impact on organizational changes. People who realize their communication role and participate in the process can make a difference. Different communication roles, such as opinion leaders, connectors, counselors, and journalists are all complementary pieces for each other. (Lewis 2011.)

## **7.5 Dialogic leadership**

All kinds of human interaction and communication play a major role in organizational life. When there are issues with contact, trust and, communication among workers and managers, the performance of the entire organization is affected. One of the leaders' main objectives is to create an environment in which employees, despite their differences, can work together, share their experiences and opinions, give honest feedback, and drive the company towards success. One effective approach to improve performance is "dialogic leadership". (Isaacs 1999.)



In order to develop highly creative and effective ideas, people must come together to share wisdom, critique one another's thoughts, and learn to think together. In many cases, developing this capability becomes a great competitive advantage for the company. The leader should have the willingness to build a balanced conversation so that people can realize all their hidden potential and voice their ideas. Some of the essential qualities of a leader are therefore the ability to hear and understand the real meaning of what people say, to listen carefully, to respect the opinions of others and, to present various perspectives of the same problem. Additionally, a good leader needs to act as a role model for their subordinates and for their entire organization. (Isaacs 1999.)

### Dialogic Leadership Model

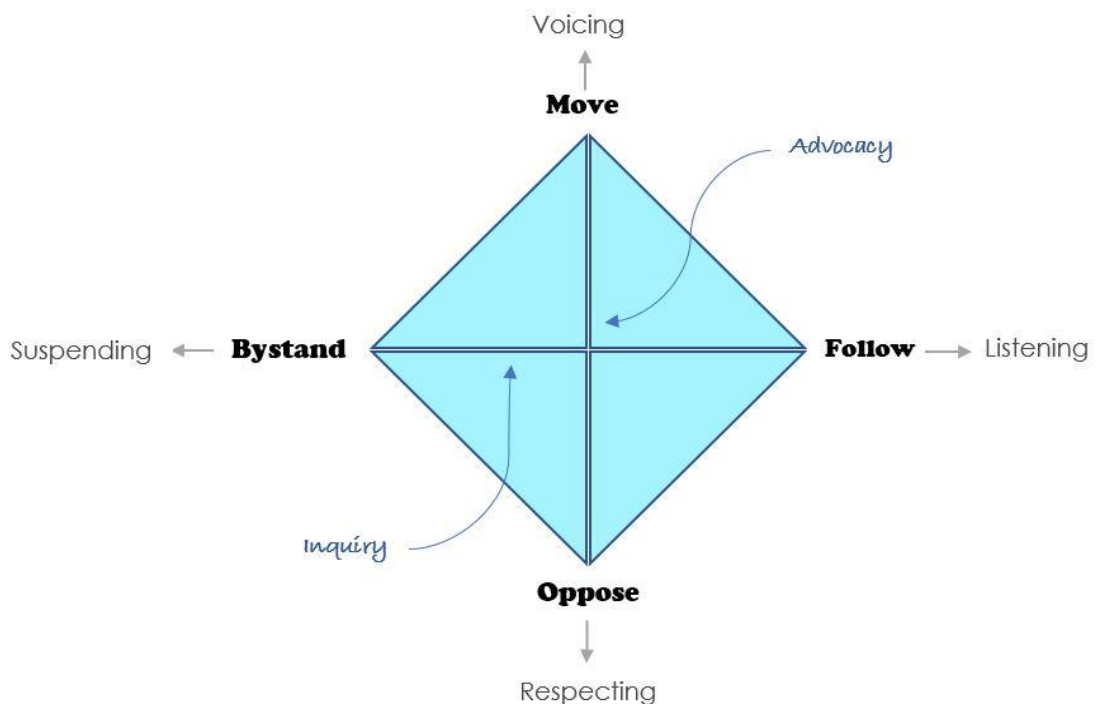


Figure 13. Dialogic Leadership Model (Isaacs 1999)

It is believed that some people easily “move” by coming up with various ideas and new directions. Others “follow” by adding some thoughts to what has been said before, supporting and completing. Other people “oppose” by questioning the ideas or “bystand”, by monitoring the process and giving their point of view on what is happening. It is important to bear in mind that all of these roles are equally important for the creation of a constructive dialogue. A leader should

therefore also make sure that people do not always keep the same roles, but rather switch between them as often as possible. (Isaacs 1999.)

“Inquiry” and “advocacy” are two important concepts used to govern over the balance of a well-established interaction. Some workers advocate their positions, in “move” and “oppose”, while others hold different opinions. Even though, in the majority of cases, advocacy rules the conversation, one should never underestimate the role of inquiring into the actual meaning of what has been said. (Isaacs 1999.)

Dialogic leaders always aim to make highly qualitative conversations, and there are four practices that can help in building up this qualitative dialogue. They include voicing an actual opinion and inspiring others to speak up their mind, listening carefully, respecting opinions and thoughts of others as well as suspending some beliefs. (Isaacs 1999.)

To conclude, a dialogic leader should be able to manage all of the aforementioned dimensions and principles when dealing with other leaders and employees. If people could realize how important it is to make joint decisions, work together, and achieve goals, some truly amazing accomplishments would follow. (Isaacs 1999.)

## **8 Research results**

The chapter presents the detailed results of the questionnaire and the in-depth interview. The research aimed to study the effects of organizational change in the Case Company X. Therefore, the main purpose of the questionnaire and interviews was to get employees’ views on the changing environment. Furthermore, the authors gathered information from the respondents and interviewees concerning the leadership, motivation and other experiences.

In the following subchapters, the more detailed information about the participants is given. What is more, the areas such as change management, attitude towards changes, leadership, motivation, and some other are discussed. Also, some of

the data visualization tools are used (i.e. graphs, tables and charts) to illustrate the collected information.

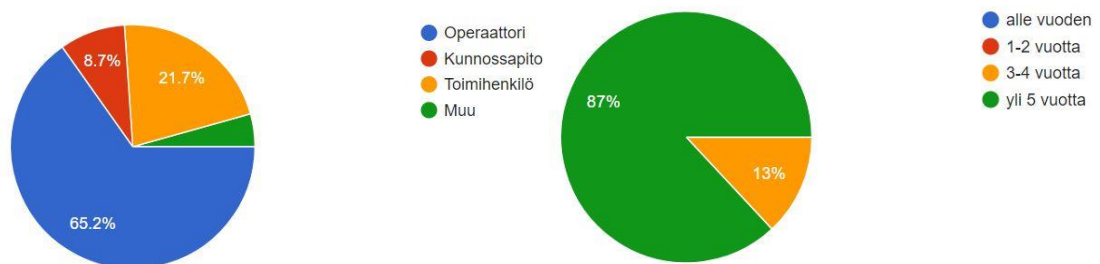
## 8.1 Questionnaire results

Overall, 23 respondents participated in the survey, which is slightly more than 50% of the total number of workers in a company. Normally, various employee surveys get about 30% of response rate (Gorsht 2013; Fryear 2015). In other words, for the questionnaire to be rather accurate, the feedback of at least one-third of employees was required.

### 8.1.1 About the respondents

The first question was “What is your area of responsibility in the organization?”. Graph 1 below represents the participants’ primary field of work in the company. About two-thirds of the respondents were operators, 22% office workers, 9% maintenance workers, and 4% other employees.

The second pie chart illustrates the received data about the number of years survey participants worked in the company. At first glance, it is clear that the vast majority of the respondents, 87%, have been working in the company for over five years and 13% between three and four years. The fact that the interviewees have been in the firm for a long time was beneficial for the research, as they saw the organization going through the process of change and development for several years.



Graph 1. Field of work

Graph 2. Years of working in Company X

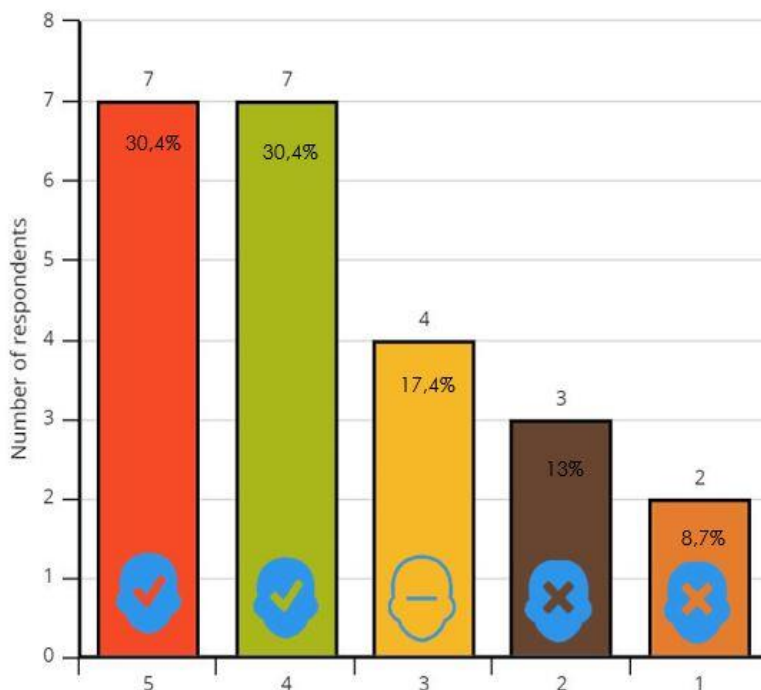
### 8.1.2 Changes in the Company X and attitude of employees

To study the workers' feelings about the organizational changes in the company, it was decided to form several research questions in the form of statements. The respondents could give their opinion by selecting a number on a scale from one to five:

- 1 - "I completely disagree with the statement";
- 2 - "I disagree with the statement";
- 3 - "I do not have an opinion about the matter";
- 4 - "I agree with the statement" and
- 5 - "I fully agree with the statement."

One of the next questions in a survey was aiming to determine whether the workers believe that changes have a direct effect on their roles and responsibilities in a company or not. The results are presented in a bar chart below.

"Organizational changes have influenced me and my role in the company"

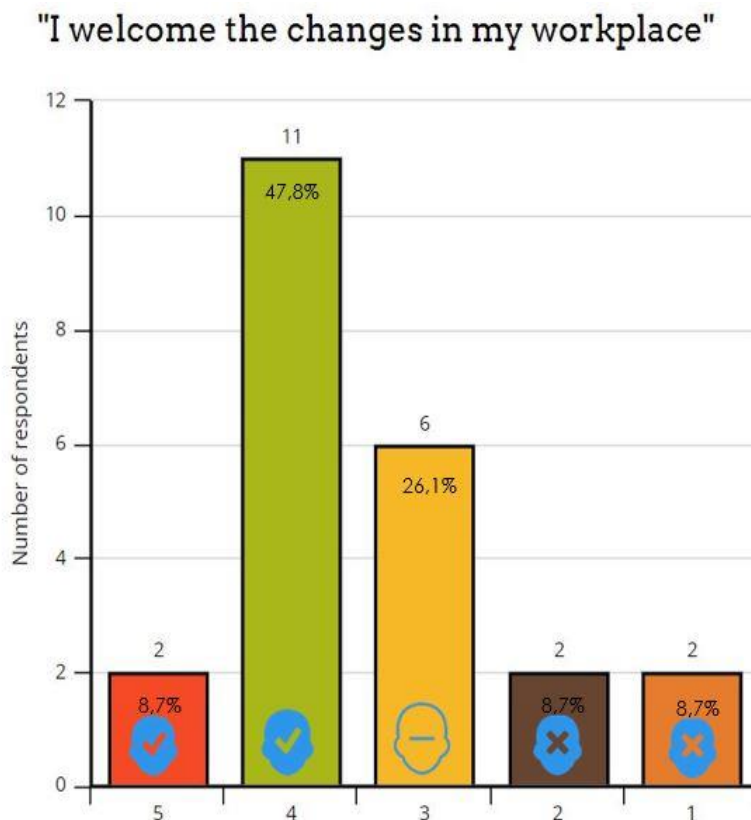


Graph 3. Organizational changes have influenced me and my role in the company.

Clearly, most of the respondents think that the changes have affected their work significantly, with about 60% giving 4 and 5 points for the statement. Less than a fifth of the questionnaire participants have no strong opinion on this matter. Lastly, about 22% of respondents claim that they have not experienced any major changes in the working place.

In addition, there was an open question asking to describe changes (in case any of them occurred). According to the respondents, the roles and responsibility areas of the employees have been modified significantly. Part of the respondents believe that the job description has gotten more explicit, whereas others argue that it has become rather blurred.

Next, the participants were asked to agree or disagree with the statement "I welcome the changes in my workplace," to learn about their attitude towards the various company transformations. The Graph 4 demonstrates the outcomes.



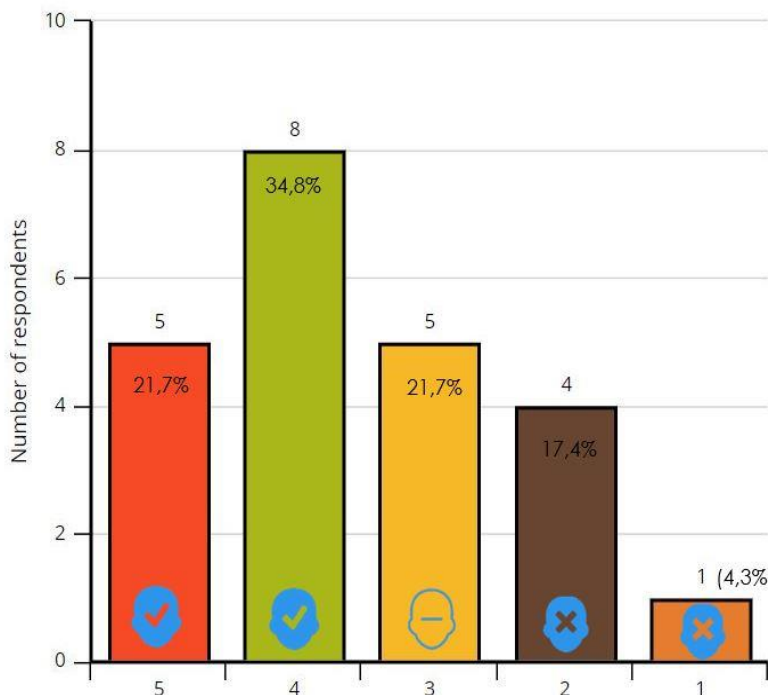
Graph 4. I welcome the changes in my workplace.

As it can be seen, more than half of the survey respondents welcome changes at work, while approximately a quarter feel indifferent about the changes and nearly

17% feel negative about them. An interesting fact is that the majority of the respondents have selected four instead of five, which might indicate that they do have minor doubts.

The following statement “I have asked for the necessary support, advice, and supervision during the changes” was added to the questionnaire with the objective to investigate whether the employees have requested the necessary support. It was important to pose the question as “I have asked for support,” and not as “I was provided the support.” This way employees feel that they are also responsible for their well-being in the company. Often, they should not just wait for the help, but, instead, they can ask it by themselves. The results, which are presented in Graph 5, vary largely, with more than half of the participants stating that they ask for the support when it is needed, and 44% either do not have a clear opinion about it or do not request help.

**“I have asked for the necessary support, pieces of advice and supervision during the changes.”**

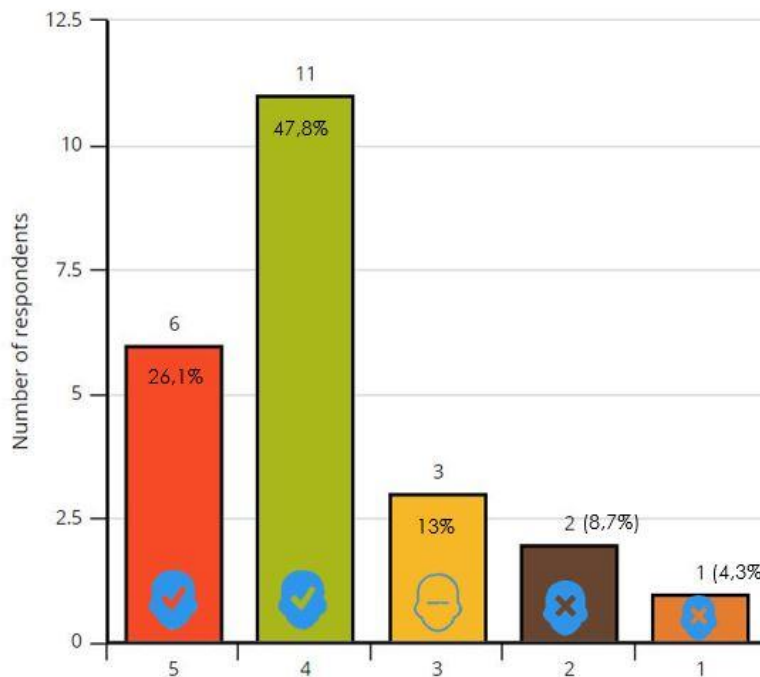


Graph 5. I have asked for the necessary support, advice and supervision during the changes.

The following statement was “I give feedback on various issues during the change.” (Graph 6). It was added to the questionnaire with the aim to examine

whether employees are willing to give comments about their experiences with changes to their co-workers and supervisors. Additionally, it was essential to investigate whether staff members are ready to voice their opinion openly.

### "I give feedback on various issues during the change."

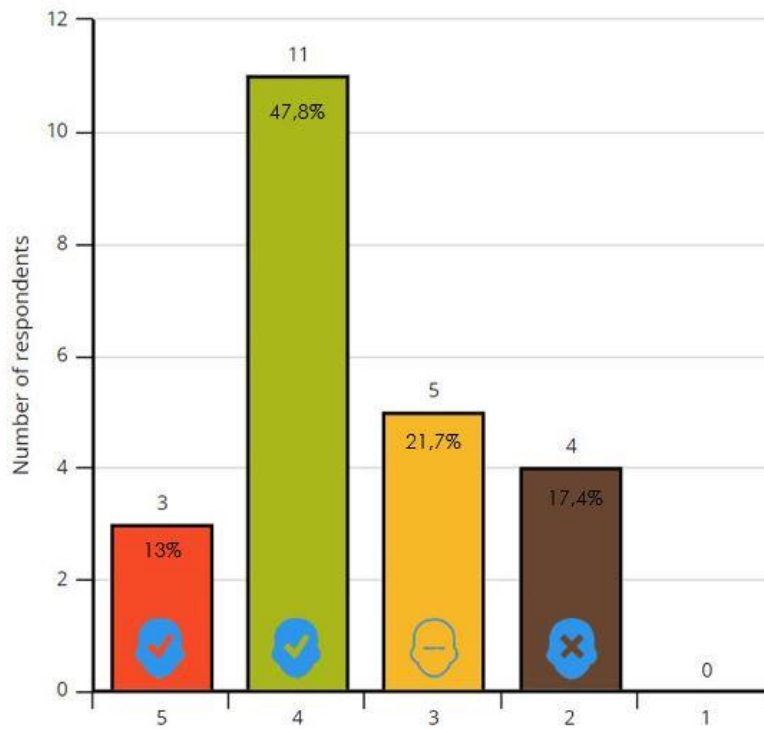


Graph 6. I give feedback on various issues during the change.

The outcomes were positive, with nearly three-quarters of respondents claiming that they give feedback. 13% of the questionnaire participants prefer not to share their views, and the rest of them do not normally provide feedback. Having a comprehensive feedback system in a company is a powerful tool, and that is why it was decided to focus on this topic more deeply during the in-depth interviews, which were organized later.

Turning to the next question, its primary objective was to figure out whether employees have an impression that they are not merely following the changes, but can, at least partly, influence them. The statement was formed as "I try to influence the changes." The following graph shows the summary of the received responses.

### "I try to influence the changes."



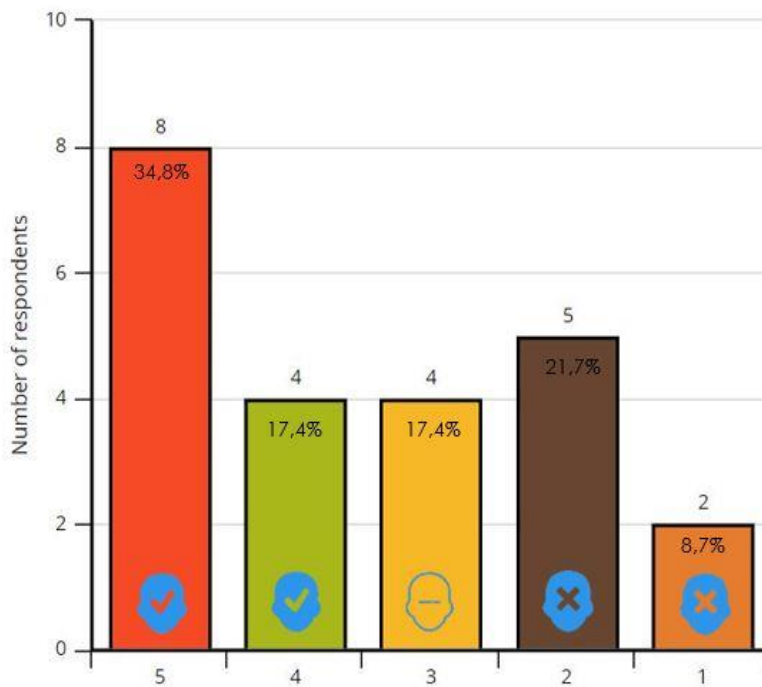
Graph 7. I try to influence the changes.

The results were satisfactory, with over 60% of the survey participants believing that they have a particular influence in an organization. Approximately 21% of respondents do not have a strong opinion about it, and 17% slightly disagree. A noteworthy fact is that there were no respondents who completely opposed the statement.

Looking at the next statement, it was formulated as “Organizational changes have caused more challenges in my work than before.” This part was added to the questionnaire to explore whether the changes have increased the workload of the personnel, team leaders, and managers. Overall, the outcomes, as presented in the Graph 8, are highly diverse.



### "Organizational changes have caused more challenges in my work than before."

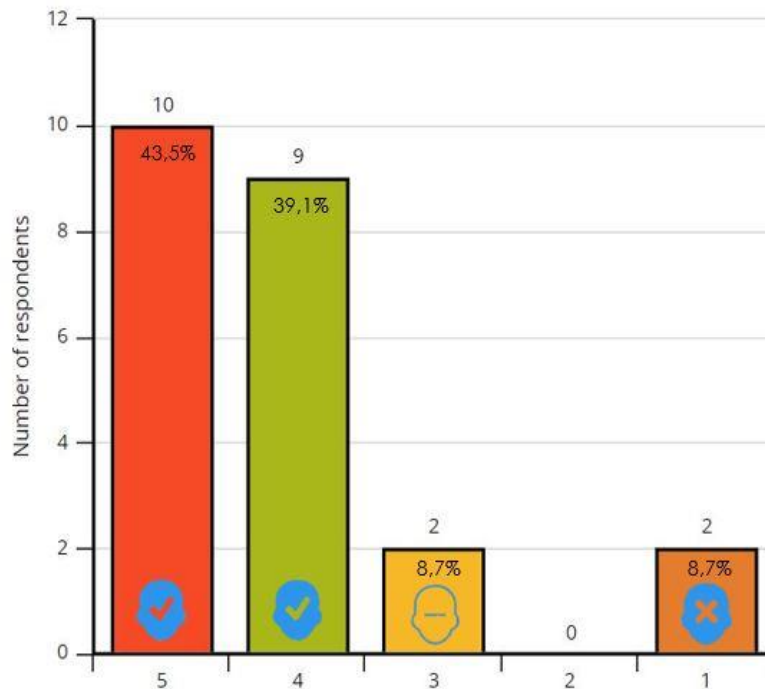


Graph 8. Organizational changes have caused more challenges in my work than before.

More than a third of the participants fully agree with the statement and less than a fifth support the statement. About 17% of questionnaire participants feel neutral about the subject, whereas almost a third of the respondents disagree with the statement. The results of this part of the survey were unclear, which means that it was necessary to make a further research on this topic.

Another question was related to the workers' responsibilities in the company. The respondents had to agree or disagree with a statement "I am ready to take responsibility for the changes." The primary objective was to understand whether the workers feel involved in the organizational changes.

## "I am ready to take responsibility for the changes."



Graph 9. I am ready to take responsibility for the changes.

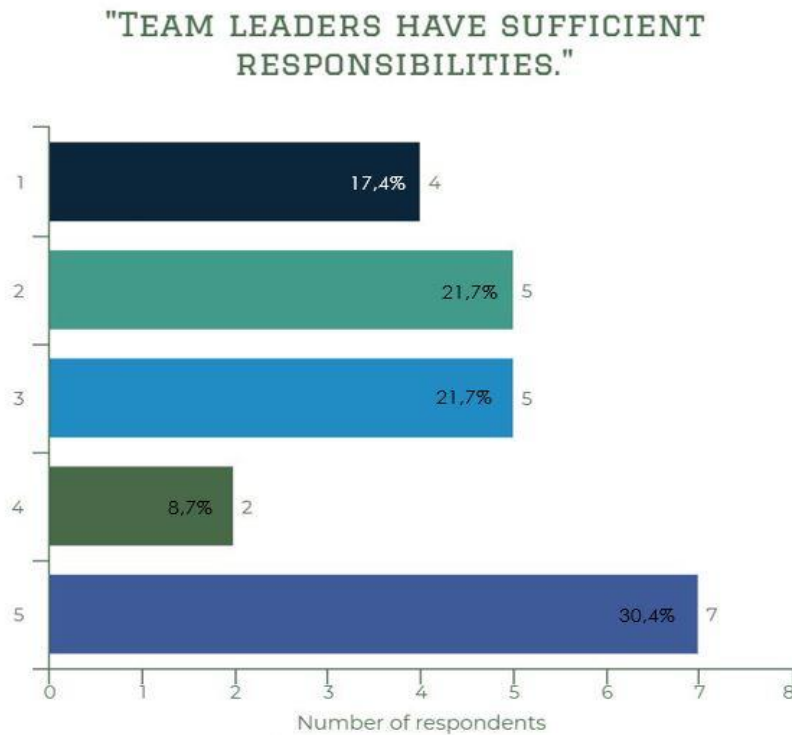
As it can be seen in the chart above, the results were highly positive. Over four-fifth of the respondents claim that they are prepared to take responsibility for the changes. Speaking of the rest of the survey participants, a very small number of them either do not have a strong opinion about the matter (8,7%) or entirely disagree (8,7%).

### 8.1.3 Role of the leadership

Team leaders have a significant influence on their subordinates. They have the power to change employees' attitudes, encourage and support them and create a pleasant working environment. Especially during the time of changes, there is a need for a confident and strong leader, who others can fully rely on. (Kakkar & Sivanathan 2017).

However, the research revealed that the question about the role in a company of team leaders was the most puzzling for the respondents. As can be seen from the graph below, the opinions about the statement "Team Leaders have sufficient responsibility" are completely different ranging from "1 – I completely disagree"

(17,4 %) to “5 – I completely agree” (30,4%). Moreover, the number of those who disagree with the statement is exactly the same as those who agree with it. Clearly, there can be no great trust, when employees do not understand the role of the leader in the organization.

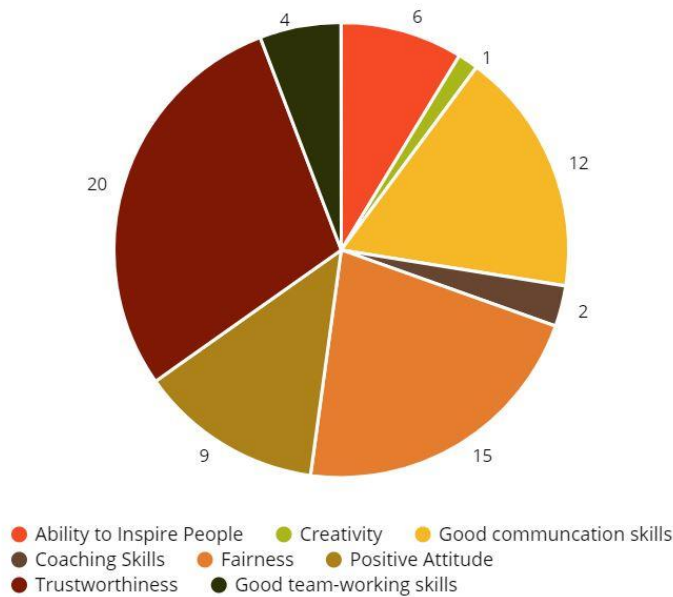


Graph 10. Team Leaders have sufficient responsibilities.

Next question was aiming to find out what do employees expect from the leaders in the company and which qualities they consider crucial for a good team leader. The questionnaire participants were asked to select from the list three most important characteristics of a good leader. The results are presented in the Graph 11.

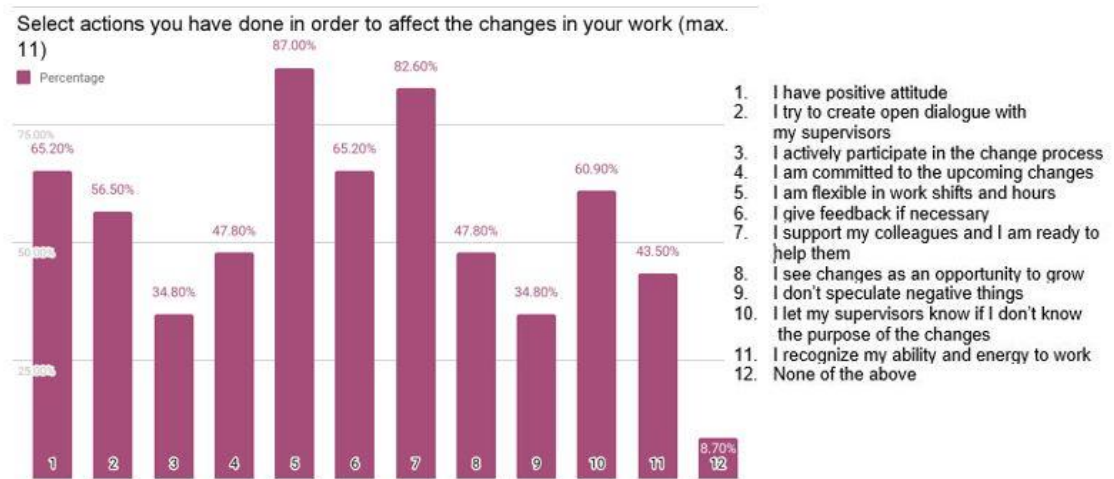
It can be seen that the three most important qualities for the leader are trustworthiness, fairness, and excellent communication skills. Therefore, workers want and need to trust the team leaders, and for that they need to understand what is the purpose and the main tasks of the leaders.

# Essential Qualities of a Leader



Graph 11. Essential Qualities of a Leader

Lastly, the questionnaire consisted one multiple choice question, where the participants could choose things they have done to influence changes in the working place. Additionally, two open questions were, where the respondents had the opportunity to elaborate some of their choices, were included.



Graph 12. Actions employees have done in order to affect the changes

Participants had the opportunity to choose from the list of actions things they have done to influence the organizational changes (See Graph 12). 87% of the respondents answered that they are flexible with their working hours and tasks.

About 83% stated that they support their colleagues and are willing to help. Furthermore, over 60% of the participants chose that they have positive attitude, provide feedback and contact their supervisor if they do not understand the purpose of changes. Lastly, under 50% selected the answer, which stated that “I am committed to upcoming changes”, “I see changes as an opportunity to grow”, “I recognize my ability and energy to work” and “I actively participate in the change process”.

Moreover, the last two open questions and the most common answers were as follows:

<p>1. What do you consider to be the most important thing you can do to help the change processes?</p>	<ul style="list-style-type: none"> <li>- Have positive attitude</li> <li>- Recognize risks and possibilities</li> <li>- Resilience</li> <li>- Collaboration</li> <li>- Realize good changes</li> <li>- Commitment</li> <li>- Communication</li> <li>- Never judge fresh ideas</li> <li>- Complete the new tasks as well as possible</li> </ul>
<p>2. What kind of support do you need or expect from your leaders during changes?”</p>	<ul style="list-style-type: none"> <li>- Open communication</li> <li>- Enough training, support and time to adapt to the changes</li> <li>- Leaders should be logical and coherent</li> <li>- Help to solve the problems</li> </ul>

Table 8. Summary of open question in the questionnaire

## 8.2 Interview results

In order to interpret the results and have a deeper analysis, Löfgren (2013) step-by-step guide for analysis qualitative interview data was used. Step 1 of the guide includes reading carefully the transcript records made during the interview. During step 2 one needs to label relevant pieces found from the interviews, such as words, phrases, sentences or sections. Labels should consist of actions, activities, concepts, opinions and other things considered relevant. Relevant for the analysis are those findings that are repeated several times, surprising for the research question, correlate with the theory or are included in the literature review.

After that, in Step 3, it is necessary to determine categories by deciding which codes are most relevant in the case study. Categories include the codes picked up in step 2 and they can be about objects, processes, differences or more. Data must be handled from impartial point of view and in a creative and open-minded way. (Löfgren 2013.)

Next, Step 4 includes labeling and conceptualizing the findings in the categories. Labels then are analyzed by finding connections, and this way the main results of the study are highlighted. List of categories and labels used for the analysis of the research results can be found in Appendix 5. In Step 5 it is important to decide whether some categories are more relevant than the others, and it is recommended to illustrate the results in a figure. Finally, in Step 6 one needs to write down the results with neutral voice, and then in discussion part results are interpreted and discussed more deeply. (Löfgren 2013.)

Authors formed four different categories with the approach as visually presented in the Appendix 5. Four relevant main categories were formed: leadership, organizational change, communication and engagement, motivation & commitment. Each of the category got two or more sub-categories, which include the labels from the transcript of the interviews.

The respondents of the interview were selected by using convenience sampling. The sample consisted of the office employees who were on duty on the interview date. Furthermore, two team-leaders from the production department have also participated in the survey. In total, the respondents of the in-depth interviews included two team-leaders, two machine process owners, three persons from the management team and a standard coordinator.

### **8.2.1 Organizational change**

All interviewees felt that there have been changes in their working places, both in the office and production areas. Two common organizational changes the company has gone through were modifications in organizational structure and revision of responsibilities. Additionally, specific duties of the employees who left the company were delegated to the remaining personnel, which, in some cases, re-

sulted in an inadequate workload. Part of the management team and office workers' titles have also changed, and employees were appointed a new supervisor from the remote unit.

A significant number of interviewees felt that there have been great improvements. Majority of the participants have recognized that the unit's key performance indicators show that the company performs at a high level. Another positive fact is that all of the respondents agreed that they support their colleagues by encouraging, helping with tasks and so on. Additionally, part of the interviewees felt that the number of tasks has brought diversity and flexibility, which can be self-motivating.

What is more, the organization has been undergoing the process of integration with another factory; however, the integration is still not completed. The integration has brought slight communication problems, because of the distance between the two factories. For instance, meetings are sometimes arranged without the presence of the people who topic of the discussion might concern. Part of the interviewees also felt that the full integration potential has not been reached yet.

However, particular changes resulted in confusion amongst some employees. For instance, part of the interviewees felt that the modifications have caused the lack of clarity in daily tasks. In some cases, employees are unsure of what tasks are under their responsibility, which consumes their energy. In addition, workers have stated that the reward system could be improved, to increase the motivation.

Furthermore, the most prominent during changes seem to be an increasing gap between the departments and the poor information flow. The increased gap between the production and office level could be caused by the lack of time for interaction. Additionally, the information flow has the space for improvement. A smooth information flow could help to prevent the workers from feeling insecure. One significant fact is that the company has tried to improve the communication channels by introducing info-screen, sending emails, organizing meetings and some special activities for the workers. It is also important to mention that a high number of respondents felt that international training is inspiring and refreshing.

### **8.2.2 Leadership and communication**

During the in-depth interviews, it became evident that there is some confusion regarding the team leaders' roles and responsibilities. However, the team-leaders felt that there have been significant improvements in the manufacturing processes and communication between the management, team-leaders and the workers. Additionally, team-leaders state that they have enough responsibilities, though they could be revised and developed.

When asked about the key characteristics of great leadership, the respondents had diverse answers. Management team felt that the leaders should be assertive (confident but not aggressive), be able to act as a role model, and communicate efficiently. Rest of the respondents felt that leaders should be able to set clear goals and tasks, bring people together, and treat everyone fairly.

After the collection of the empirical data, it was revealed that one of the major issues in the company is the communication. Interviewees shared was that communication is not only speaking, but also listening and having a two-way dialogue. A well-established communication is always highly crucial for the company's prosperity, especially during the transition process.

As previously mentioned, some of the communication problems originate from restructuring or other organizational changes. Moreover, some of the interviewees feel that they are not always sure who to contact in complicated situations. There is no doubt that improvements in the communication are a long-term project.

### **8.2.3 Attitude and motivation**

One of the interview questions was investigating whether the modifications in a company have affected the motivation of the employees. Overall, changing situation had a slight adverse effect on the workers' motivation. However, several interviewees stated that they feel strongly self-motivated and they enjoy their tasks regardless the increased workload.



What is more, after the questionnaire results were analyzed, one of the authors' objectives was to investigate why a considerable number of questionnaire participants stated that they feel negative about changing situation in the company. The question was posed to several interviewees, and they commented that after the changes the workload has become inadequate; hence it became hard to keep the spirit up. Indeed, this situation is not uncommon. To clarify, Kotter & Cohen (2002) mentioned that during final steps of organizational change some employees might be working extremely hard and start feeling exhausted. Also, Aon Hewitt (2013) research revealed that restructuring usually results in an increasing number of tasks for one person, which unavoidably damages the engagement.

One noteworthy fact that activities such as work rotation, training as well as special visits and events are highly motivating for the workers. The interview revealed that the employees enjoyed visiting customers or other subsidiaries in different countries. Interviewees feel that such visits are beneficial for all parties since they enable information, skill and experience flow. However, management team noted that it is not possible to arrange such events for everyone because of the small size of the organization. Additionally, the company does not have the resources to fulfill the personal wishes or ambitions of all the workers, which might result in losing valuable human resources. Nevertheless, the company tries to spark a positive attitude of their workers by celebrating achievements, holding safety days and inviting visitors.

#### **8.2.4 Summary of the interview results**

A brief summary of the collected data is presented in the Figure 14 below. A copy of the outline of the main points was also sent to the Case Company X. Additionally, the organization has also received the detailed report of the findings from both questionnaire and in-depth interviews.

# Organizational change

## Interview Results Overview

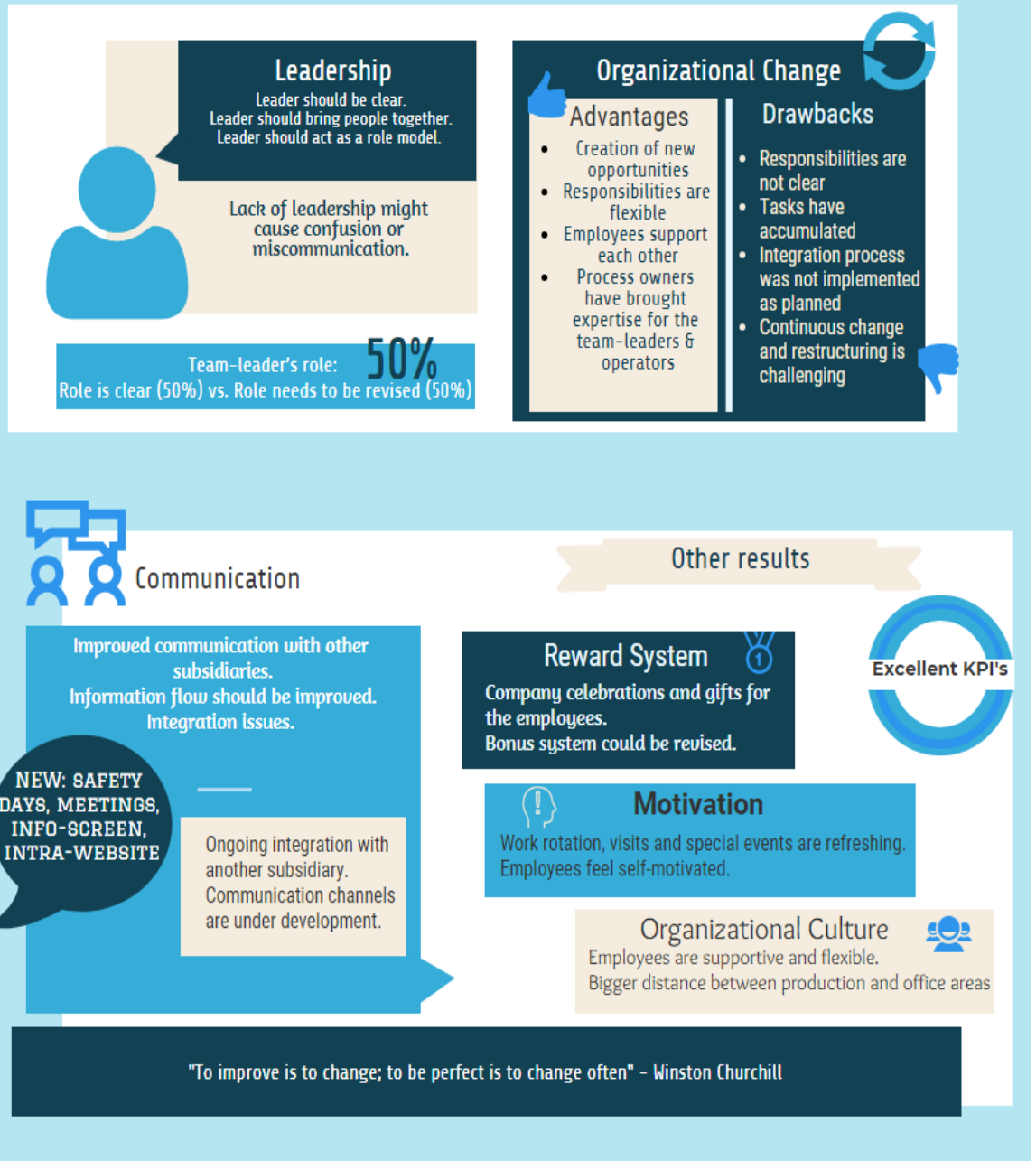


Figure 14. Summary of interview results

## **9 Recommendations**

After the careful analysis of the collected data, it became clear that the Company X has several areas which could be improved. These areas include change management strategies, the role of leaders, communication with workers as well as the motivation of employees. Authors have suggested several ways of tackling some of the problems which are introduced in the following chapter.

### **9.1 Better change management**

The outcomes of the change process in the Company X vary a lot. Some of the modifications were smooth and successful, whereas others were somewhat challenging. There is still space for improvement and Company X has realized it. Authors believe that, by conducting this research, they have started building up urgency in the organization, which is considered to be a fundamental step for understanding any change process (Kotter & Cohen 2002; Kotter 2014). When realized, well implemented and communicated, changes improve the overall business operations as well as the working culture. In order to develop the change management process, the company could introduce coaching programs for the employees, form a guiding team to support and communicate the changes, and connect more with the integrated organization.

Various coaching programs increase the employee's' ability to change and improve. In addition, external change consultant could be invited to help and plan the coaching sessions among the leaders and their employees. Coaching programs potentially improve the relationship between the employees and their leaders and help them to become more acquainted professionally. Additionally, the coaching programs should focus on practical issues that arise from the changes and find the solution to them as a team. Moreover, sharing best practices between departments broadens the view and vision of the leaders and the employees. Also, the programs help to position change awareness in the strategy of the organization. (Anderson & Ackerman Anderson 2010.)

Additionally, employee involvement is considered be essential when an organization goes through changes (Aon Hewitt 2013; Fullan 2011; Heathfield 2017b).

Therefore, the regular operators and office workers should be involved in the decision-making process. This way one individual (often leader) is not held responsible for all change management decisions, but, instead, a big group shares responsibilities. For the case company, involvement could be as minimal as discussing the topic before “the big announcement” and asking employees to provide honest feedback.

## **9.2 Better leadership**

As was mentioned before, the roles and responsibilities of team leaders in the organization are unclear. One way of tackling this issue could be by organizing a group meeting with the team leaders of the production area and determining their daily responsibilities. Moreover, during the group team meeting, the leaders could share their experience with each other and perhaps even learn something new. After the tasks were thoroughly discussed, a clear set of responsibilities could be created and made available for all the workers. It could help to eliminate the uncertainty about the roles of team leaders in Company X.

Similarly, the questionnaire and the interview results indicated that there is a lack of clarity of daily tasks for the office personnel. Sometimes employees are expected to do tasks that are not officially included in their area of work. Therefore, the leaders could take the initiative and revise some newly introduced responsibility areas could be and perhaps organize additional training. Ideally, these responsibility areas should be communicated by leaders to the followers as clearly as possible.

Furthermore, leaders should have development discussions and evaluations with the employees on a regular basis. Also, an individual development plan should be created, which would set comprehensive goals and improvement areas for each of the workers. What is more, leaders themselves should act as a role model and have a similar individual plan, which they can demonstrate to their subordinates. As a result, leaders would learn to understand their employees better and encourage them to reach their full potential. (Bennis 2009.)

### 9.3 Better communication

A significant part of the change management and change leadership is connecting people and communicating efficiently. To start with, the communication in the Company X is rather irregular, and the information flow is not as smooth as it should be. Even if some things are not entirely decided yet, it is better for the leaders to share the information they already have with the employees, instead of waiting until everything is ready and then making a “big announcement” (Lewis 2011). This way, the rumors among the employees could be eliminated, and they would feel like they are kept up-to-date (Lewis 2011; Alsher 2017). In other words, workers should be involved in the entire change management process, as this way they will feel more responsible for it. Undoubtedly, with high employee involvement, change management process gets easier, and with the help of effective change leadership, people can be united and inspired.

Secondly, one needs to find the most reliable sources of communication. The research revealed that simple tasks such as sending an email describing some of the problems occurred during the working process, can give no results at all if the email is sent to a wrong person or several people. One idea could be to have a list that would explain whom to contact in case if some issues occur (Alsher 2017). In addition, it is important to instruct the factory workers that emails addressed to several people at a time are less efficient than emails addressed to one person.

Thirdly, there should be a variety of communication means. Currently, Company X arranges a daily meeting each morning with agenda of the production plan of the day and other matters. However, the information shared in the meeting is only available for the people attending it, furthermore it is scheduled for the convenience of the office personnel. If significant information is shared there should be a channel to distribute it more efficiently. Moreover, Company X relies on the communication software on their desktops, such as e-mail and some seasonal questionnaires. Online surveys are, without a doubt, beneficial, but even nowadays nothing can replace face-to-face meetings. There should be regular meetings with the team leaders, small group sessions as well as individual meetings. Also, when the meetings are done one-on-one or in a small group, people feel

that they can speak more openly, rather than in a meeting with a high number of participants (Alsher 2017). Therefore, since the results indicated that current communication channels are not delivering information efficient enough, there should be a meeting for the teams before starting their shifts.

It is also important to remember that Company X is an international organization and has employees with completely different backgrounds. Therefore, workers must face obstacles such as language barrier and cultural differences in their everyday life. Organizing intercultural communication training would be one way to destroy some of the barriers.

Fourthly, the communication between workers, team leaders, and managers should be “interactive” and “cyclical” with a smooth feedback system (Alsher 2017). One idea could be to start using the 360-degree feedback model, which is a tool that gives each worker a chance to receive a performance evaluation from peers, co-workers, supervisors, and managers, and it also includes the self-evaluation (Barker 2016). Heathfield (2017d) validates that 360 feedback model is ideally used to involve every individual in the company. Additionally, the model gives a chance for the employees to receive feedback from various sources rather than exclusively from the supervisor. In order to make sure that the model is implemented correctly, the objectives of the feedback model should be stated clearly, the focus should be on positive and strong sides of the employee performance and people should feel connected in this process. Some of the greatest advantages of the model include overall organization and personal and team development, a realization of training needs among workers as well as improved feedback structure and lowered discrimination risk. (Heathfield 2017d.)

Lastly, discussing and meeting subordinates is highly valuable in building an internal network of trust. Kotter & Cohen (2002) and Heathfield (2017a) both mention the informal interaction of workers and managers in break rooms, lunchrooms and other common places as crucial for empowering changes. Ideally, there should be joint break-rooms for all departments to meet (Kotter & Cohen 2002). For the Case Company X, it would also be highly beneficial to sometimes organize common lunch breaks for the employees working on the factory floor and office floor to have some informal communication between them.

#### **9.4 Greater employee motivation**

It cannot be denied that staying motivated when an organization is going through changes might not always be easy, but it is essential to find a way to keep a positive attitude and open mind. Furthermore, the support that the managers give to each other and other employees is essential. Feeling of not being alone makes some of the fears disappear entirely and this will create more space for motivation. Nonetheless, the questionnaire showed that majority of the workers have positive attitude and motivation despite the changing environment.

To boost the employee motivation during the time of changes, organizational systems, such as performance management system, rewards, and recognition, disciplinary, compensation, promotion and recruiting, should be adjusted to support the changes (Heathfield 2016). Similarly, Kotter & Cohen (2002), Kotter (2014) and Rick (2015) recommend celebrating short-term wins to have a higher employee morale. Achieved goals which are visible and meaningful for the entire organization should be recognized and rewarded. Also, Anderson & Ackerman Anderson (2010) claim that restructuring of internal core processes requires changing some other policies as well, such as Human Resources practices of how to hire, train, promote and reward people in a changing environment.

One thing that motivates the workers is an opportunity to get a bonus or reward if his or her work is well-done. However, as the organization changes, the reward system should change with it. Worley & Lawler (2006) analyzed several reward systems and concluded that the most motivating reward system is the one that rewards for individual skills and performance, whereas the least practical reward system was an annual merit-pay system. In merit-pay reward plan the employees get a reward based on their existing salary and experience; however, this solution has almost no relationship between pay and performance, which is why it is the least motivating for workers. For instance, the merit-pay system could reward an old employee with poor performance and ignore recruit that performs on a higher level. (Worley & Lawler 2006.)

The interviews and questionnaire results revealed that the current reward system has mixed reviews. Company X operates with a reward system appointed by their

parent organization, which rewards the employees annually based on specific indicators. Therefore, the reward system should be reviewed, and perhaps various bonuses should be introduced. Worley & Lawler (2006) addressed the superiority of rewards systems, such as bonus systems, bonus plans, and person-based pay. Organizations that desire increasing individual's motivation and willingness to change should consider bonuses because bonuses can be customized to correlate with the quality of work. Bonus plans are highly useful during a planned change of a certain time-frame since bonus plan can be interconnected with the whole change process, which can be a significant factor for employees to change their behavior when strategic changes occur. Cycle-based bonus periods that target change implementation may also contribute significantly to an installation of changes. (Worley & Lawler 2006.)

Additionally, the interview results have shown that workers are highly interested in special events, such as information seminars given by visiting instructors from abroad, worker exchange and excursions to the customer companies. Therefore, the frequency of these events should be slightly increased. When there are special events at works, it gives the employees something to, in a way, look forward to.

Finally, when the questionnaire and interview results have been analyzed, it became clear that many employees do not realize all the benefits the company offers for them. In order to change this situation, a complete list of working benefits should be created and distributed. This will make employees feel that they are appreciated in the Company X and that managers and team leaders put all the effort they can to create and maintain a pleasant working atmosphere for everyone.

## **10 Conclusion**

These days organizations should aim to create an environment that embraces change. Change leaders must be aware of different types of organizational changes and have appropriate approaches to all of them. Moreover, they should understand and trust their followers who form the working culture. Therefore, successful companies must train their managers to deal with the complexity of



change management process. The topics of change leadership and change management are highly actual, and that is the reason why the thesis authors decided to conduct a study in this field.

The research was executed in a Case Company X, which is a production subsidiary of a large multinational organization. Company X regularly undergoes changes imposed by its parent unit and various modifications in its strategy and procedures make the subsidiary restructure the organization and adjust the daily operations. Therefore, Company X's personnel has a unique experience of the change management. The case study was appointed to the authors to get an external point of view on the changing environment, analyze the situation, and form recommendations for the Company X.

Thus, the objective of this thesis was to study the effects of the organizational changes in the Company X and gather information about the role of a successful leader has during the change. Two main research questions were formed: (1) "What are the positive and negative effects of the organizational change in a local manufacturing subsidiary?" and (2) "How does a successful leadership support the development process in the Company X?"

Moreover, to attain broader knowledge and a clearer perception of a given situation, four sub-research questions were formed:

- What are the benefits, opportunities, and threats of the changing situation in Company X?
- How does the changing environment affect the working behavior?
- What are the best practices for leading organizational change?
- How could Company X leaders' actions be improved in the changing environment?

This thesis focused on finding the answers to the set research questions by making comprehensive literature review related to the subject. Furthermore, the authors illustrated the concepts of change management and change leadership by providing comprehensive theoretical framework and summaries of various case studies. Additionally, to reach the objective of this research and provide results,

analyzes and recommendations of the appointed case, the authors collected empirical data from the employees of Company X. Office and production departments were invited to participate in an online questionnaire evaluating their perceptions of changes. Later, the Company X and authors agreed to complete a follow-up in-depth interview with the office workers and team-leaders, to gain inside of the possible issues, opportunities and areas for improvement. Overall, more than 50% of the employees in Company X answered the online survey, whereas nine people participated in the interviews.

This paper provides versatile answers to all the research questions within its delimitations. Authors determined several benefits of organizational changes in the Company X, as well as some challenges. To summarize the answers authors have created Table 9 presented below.

Research Question	Findings & outcome
"How does a successful leadership support the development process in the Company X?"	Authors have collected extensive theory, gathered the opinions of the employees and the leaders in Company X and presented best practices for leading organizational change. As a result, the findings support the development process in the Company X (Chapter 7 Analysis of the best practices for organizational change and Chapter 9 Recommendations).
"What are the best practices for leading organizational change?"	This thesis provides literature review for organizational change, change management, leadership and change leadership. Authors have collected extensive theory which answers the question about the best practices for leading organizational change. (Chapter 7)
"How could Company X leaders' actions be improved in the changing environment?"	Authors have researched the position, roles, and responsibilities of Company X's employees and leaders. Furthermore, Chapter 9 provides concrete recommendations for Company X. This information helps Company X to gain better leadership.
"What are the positive and negative effects of the organizational change in a local manufacturing subsidiary?"	Changing situation has created benefits such as self-motivation with new tasks, opportunities like the integration and threats in the form of the negative effects, such as the lack of communication and unclarity. This thesis has answered this research question extensively in Chapter 8 and Chapter 9.
"What are the benefits, opportunities, and threats of the changing situation in Company X?"	As the employees of Company X themselves stated, the situation creates both benefits and challenges. This report should help to increase the urgency in the other subsidiaries to improve the overall collaboration. Moreover, the effects presented in the theory part are applicable for other organizations.
"How does the changing environment affect the working behavior?"	This research question is answered in the theoretical part and Chapter 8. Authors presented change effects in different organizations in theory, as well as the experiences of the respondents of the questionnaire and interviewees. As a result, the authors were able to answer this research question within its delimitations, relying on the data received in theory, the questionnaire and the interviews.

Table 9. Outcomes table

What is more, the study revealed successful leadership practices and gave the recommendations that are validated by extensive theory. The authors have discovered techniques that improve motivation, commitment, and engagement during organizational changes. In addition, as a part of the thesis process, it was important to discuss the collaboration process between the two thesis writers. The primary learnings and the process itself, is broadly explained in the Appendix 1. Moreover, when working in pair, the authors identified five main things every pair-worker should have: mutual interest, working chemistry, flexibility, open-mind and equal distribution of work. Also, the table presented in Appendix 1 gives a great opportunity for other students to learn thesis process as whole. For example, it shows how the two authors reflected on the process with each other. Creating this kind of table was educational for students doing thesis as pair-work, which why authors recommend using it or some other form of a learning diary during the entire thesis process.

The conducted research was equally beneficial for the students and the Case Company, all things considered. The outcomes were carefully summarized and presented to the management of the organization. The authors genuinely believe that this thesis will inspire the case company and other firms to pay more attention to the role of leaders in the organizational change.

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## Appendix 1. Responsibilities in the thesis process

Process	Description	Kseniia Gradoboeva	Atte Koskimäki	Reflection and result	Learnings
<b>Starting the thesis process</b>	Thesis authors have experience working together. For instance, in various group- and pair-works during the degree programme. Both authors live in Lappeenranta, and spend even free-time together, which allowed close team-work with efficient communication.	Kseniia is interested in international business, leadership and management. Additionally, Kseniia has work experience as an e-marketing specialist in an international company specialized in tourism. Kseniia had potential contact for thesis cooperation in e-commerce. (Andorra)	Atte is interested in international business, leadership and management. Moreover, Atte has work experience as salesperson and office trainee. Atte had a possible case company and contact in Company X. (Finland)	Authors strongly decided to make the thesis together already in the spring 2016. Furthermore, authors shared the information between each other while contacting the respective companies. In addition, authors created common topic ideas, which they proposed to their contacts.	By fully sharing responsibilities, both thesis creators have gained a vast amount of knowledge and experience that, without a doubt, has broadened their horizons and make them more rounded as people. Authors learnt how to communicate with the representatives and employees in big international organization.
<b>Commissioned by Company X</b>	Company X and authors signed a thesis cooperation agreement, which was approved by the degree programme manager. Atte arranged two meetings with Company X, including Kseniia, Atte and Company X representatives.	Co-author for the upcoming thesis. Kseniia was participating in three meetings with Company X. Kseniia was highly involved in the conversation to keep up with the information and ensure close cooperation.	Contact person and initial connection to Company X. Acted as the main communicator between Saimia, authors and the Company X.	Authors formed a great connection to Company X and met them as upcoming thesis authors two times in the summer of 2017. Finally, Atte & Kseniia and Company X scoped the upcoming thesis together and made the preliminary cooperation contract.	Atte and Kseniia recognized initial phases and requirements for the thesis process. This information was supplemented by the lectures attended in the Saimaa UAS. Thesis process is challenging already because of the workload, but it was also sometimes hard to make the time schedule convenient for both authors, supervisor and the Company X.
<b>Preparing for theoretical part</b>	Authors realized that at least three major topics were needed to help reach the thesis objectives: organizational change, leadership and change management. Atte and Kseniia decided not to divide the major topics, but to search for the sources together.	Searched sources related to organizational change, leadership and change leadership. Every time Kseniia found potential source it was discussed and reviewed with the co-author Atte. Sources initially found by Kseniia will be presented later in the table. Kseniia wrote mainly from her sources.	Searched sources related to organizational change, leadership and change leadership. Every time Atte found potential source it was discussed and reviewed with co-author Kseniia. Sources discovered by Atte will be presented in the column and per chapter. Atte wrote mainly from his sources.	Authors discussed the sources as described in the previous column, additionally the validity of sources was checked based on reviews and accessibility of the information. Kseniia and Atte hand-picked the best, recent and available sources they could find. Moreover, authors proof-read and helped each other to write the final text in the report. Many paragraphs were based on the sources found by each author, which required	Authors read different sources, but discussed the ideas and information presented in the sources. Atte and Kseniia learnt that some sources needed to be left out to keep within the delimitations. Authors learnt to form additional chapters supporting the three major ones.

				talented collaboration to form comprehensive and logical chapters.	
	<b>Process description</b>	<b>Kseniia Gradoboeva</b>	<b>Atte Koskimäki</b>	<b>Reflection and result</b>	<b>Learnings</b>
<b>Chapter 2 Organizational change</b>	It was important to determine what organizational change is. As authors started to write this chapter, several sources were considered.	Anderson & Ackerman Anderson (2010), Medintz (2011) and Kotter (2014).	Fullan (2011), Lewis (2011), Swaim (2011), Saez (2017), MSG Experts (2017b), Mack (2017) and Pathack (2017).	2.1 included validation from both authors' sources. Authors decided that the explanation for the drivers and types provided in the Anderson & Ackerman Anderson (2010) was the most ideal one for this chapter.	Chapter 2 provided new knowledge of organizational change and validated some of the previously known theory from previous courses. Authors found coherent explanations from sources, and learnt to use most convenient one, as well as validate it with supplementary sources.
<b>Chapter 3 Change management</b>	Process included giving basic definition of the phenomenon for the reader before going deeper in the topic.	Anderson & Ackerman Anderson (2010), Kotter International (2011), Kotter (2014), Wang (2017), Heathfield (2017a) and Gordon (2017).	Gill (2003), Bass & Riggio (2006), Bennis (2009) Lewis (2011), Towers Watson (2013), Phillips (2014), Connelly (2016), Rick (2015; 2016), Don & Wilson (2017) and Mindtools (2017).	Change management chapter authors had a chance to combine several authors' perspectives, which helped to build comprehensive chapters. 3.1, 3.2 and 3.3 are a result of mix of sources and reflection between the two authors.	Chapter 3 included basic definition of how companies deal with the phenomenon of this thesis. For authors, it was crucial to introduce it to the reader and Company X on basic level before going any deeper.
<b>Chapter 4 Leadership</b>	Authors defined the basic leadership, and explain how it is connected to organizational change by default. Holten & Brenner (2013) gave validation for transformational leadership qualities in real-life.	Kotter & Cohen (2002), Holten & Brenner (2013), Moran (2014), Kotter (2014), Gordon (2017).	Bass & Riggio (2006), Kellerman (2007), Bennis (2009).	Authors could reflect their sources and build solid leadership chapter. Some sources helped to discover additional ones, for instance in 4.3. Additionally, as Kseniia found article about followers (Moran 2014), Atte found reflective one in another source Kellerman (2007).	Different types of followers are not usually described in detail, which is why finding Moran's (2014) and Kellerman's (2007) studies helped to give wider perspective on the leadership.

<b>Chapter 5 Change leadership</b>	Exact change leadership concept explores leadership and management specifically with organizational changes.	Kotter & Cohen (2002), Anderson & Ackerman Anderson (2010), Kotter International (2011) and Eagle Hill (2014) & Wang (2017)	Gill (2003), Bennis (2009), Fullan (2011) and R.W. Quinn & R.E. Quinn (2016).	Again, authors could build joint paragraphs and chapters using both of their references. When Kseniia and Atte spotted similarities they jointly built logical text validated in several sources.	Many "basic" leadership sources also acknowledge change and leadership during times of change, despite not being specialized in the topic itself.
<b>Chapter 6 Commitment and motivation during times of change</b>	Chapter 6 helped to validate some practices, motives and reasons regarding the research questions.	Aon Hewitt (2013), Miller (2015), Heathfield (2016, 2017b, 2017c) and Gordon (2017)	Worley Lawler (2006), Lewis (2011), Fullan (2011) and Hill, Seo, Kang & Taylor (2012)	Authors decided it was important to include such chapter in theoretical framework as it was one of the key objectives to find answers to the things dealt in this chapter in Company X.	As chapter has many summaries of researches, authors learnt how to connect theory and real-life cases even further.
<b>Chapter 7 Analysis of best practices for organizational change</b>	One of the key chapters in this thesis as it provides concrete tools and theory related to the research question(s). This chapter provides for the authors, reader and Company X best practices for organizational change.	Kotter & Cohen (2002), Anderson & Ackerman Anderson (2010), Kotter (2014), Heathfield (2016) and Gordon (2017). Additionally, Kseniia wrote about Dialogic Leadership Model (Isaacs 1999).	Worley & Lawler (2006), Kellerman (2007), Fullan (2011), Lewis (2011), Rick (2014b) and Rick (2015).	Best practices were discussed and decided in-person before writing the chapter. Best practices were based on the information reviewed earlier and experience of the authors. As some of the practices were based on the sources of Kseniia (Kotter's models) it was decided that Atte helped to write about the eight accelerators.	Authors learnt to recognize concrete theory of leading organizational change or organization in continuous change. Authors believe these practices help the reader, researchers and Company X.
<b>Chapter 8 and 9</b>	<b>Process description</b>	<b>Kseniia Gradoboeva</b>	<b>Atte Koskimäki</b>	<b>Reflection and result</b>	<b>Learnings</b>
<b>Creating the research</b>	Questionnaire and interviews were commissioned by Company X. Questionnaire for the employees was translated to Finnish, whereas the interviews were held completely in English.	Planned and created the questionnaire and interview questions with Atte.	Planned and created the questionnaire and interview questions with Kseniia.  Translated the questionnaire for the employees in Finnish and wrote the introduction text.	First, the authors planned and designed the questionnaire completely in English. Finnish version of the questionnaire was then distributed by the case company representative to the respondents. For the interview authors planned the questions together, and prepared to interview the sample appointed by Company X.	Planning questionnaire and interviews requires patience and accuracy. Questions need to be precise and understandable for the respondents. This way, people will take the research seriously.

<b>Conducting the research</b>	Company X distributed the questionnaire to their employees (every employee in the Company X). Respondents had approximately two weeks' time to respond before the interviews would start. After the questionnaire Company X arranged follow-up interview session and appointed office personnel on duty to be interviewed.	Interviewed five out of nine interviewees. Acted as supportive interviewer for the rest of the interviews, as well as the person taking the notes.	Interviewed four out of nine interviewees. Acted as supportive interviewer for the rest of the interviews, as well as the person taking the notes.	Authors decided that one person would interview approximately first half of the interviewees and other author the second half. During the interviews authors reflected and helped to interview or supplement the discussion.	Authors gained experience in interviewing real-life professionals. Authors could use the information gained during theoretical research as well as the background knowledge from the questionnaire.
<b>Research results</b>	Interview results and notes were analyzed during the next days. It is also important to mention that the questionnaire results were partly analyzed prior the interview day. Authors could now reflect and put the results to their report. Authors used Löfgren (2013) method for analysing the results.	Graphical presentations were mainly built by Kseniia with help from Atte. Kseniia had her notes from the interview written on a notebook.	Questionnaire results were in Finnish, which is why Atte translated them to English. Atte had his notes from the interview written on a notebook.	Interview notes and questionnaire results were discussed and analyzed together. The authors generated different charts for the thesis for visual presentation. The authors created first paper version of the interview results based on Löfgren (2013) method and then made the Word version. This table was opened in the text based on mutual thoughts of the authors.	Describing results might be harder than it seems. Visual charts should be explained logically for the reader. Company X could appoint employees to the interviews, which enabled authors to prepare interview questions for the office workers.
<b>Recommendations</b>	Authors, with the help of literature review, empirical findings, some additional sources of experts and their personal knowledge, formed recommendations.	Kotter & Cohen (2002), Anderson & Ackerman Anderson (2010), Aon Hewitt (2013), Kotter (2014), Alsher (2017) and Heathfield (2017abcd)	Worley & Lawler (2006), Bennis (2009), Fullan (2011), Lewis (2011), Rick (2015) and Barker (2016)	Recommendations were based on the theory as well as the barriers or suggestions found in empirical part. Authors made reflections to the theoretical sources.	Concrete links between theory and empirical findings were found as well as the ways to overcome some of the issues.

## Appendix 2. Online questionnaire in Finnish and English

# Organisaatiomuutos -kysely

Arvoisa vastaaja,

Olemme Saimaan ammattikorkeakoulun opiskelijoita ja suoritamme kansainvälistä International Business -tutkintoa. Teemme opinnäytetyötä yhteistyössä yrityksenne kanssa. Tutkimme organisaatiomuutoksen vaikutuksia työyhteisössänne ja haluamme tietää miten nämä muutokset ovat vaikuttaneet. Tämän lisäksi selvitämme sekä työntekijöiden ja johtajuuden merkitystä muutoksessa.

Käsitteenä organisaatiomuutos tarkoittaa mitä tahansa työprosessien, -tehtävien tai -yhteisön toiminnan muutoksia. Se voi olla pienestä työtehtävän muutoksesta aina isompaan strategiseen muutokseen.

Tällä kyselyllä tarkoitamme mitä tahansa muutoksia työpaikallanne on tapahtunut tai on tapahtumassa. (pienempi tai isompi muutos)

Kysymme teiltä työntekijöiltä mielipidettänne aiheesta ja mittaamme vastauksia aihealueeseen. Teidän mielipiteenne ja vastaukset tulevat olemaan hyvin tärkeitä tässä opinnäytetyössä. Vastaustulokset analysoidaan kaikkien vastaajien niin esimiesten kuin työntekijöiden näkökulmasta.

Kyselyyn vastataan nimettömästi ja vastaukset käsitellään täysin luottamuksellisesti, emmekä luovuta niitä ulkopuolisille. Vastaustulokset tuhoataan asianmukaisesti, kun ne ovat käsitelty.

Vastauksen antamiseen ei mene kuin hetki (maksimissaan 10 minuuttia).

Iso kiitos kaikille kyselyyn vastanneille!

Lämpimien terveisin,  
Kseniia Gradoboeva ja Atte Koskimäki

Finnish	English
<p>Mikä on päätoiminen roolisi yrityksessä?</p> <ul style="list-style-type: none"> <li>• Operaattori</li> <li>• Kunnossapito</li> <li>• Toimihenkilö</li> <li>• Muu</li> </ul>	<p>What is your field of work in the organization?</p> <ul style="list-style-type: none"> <li>• Operator</li> <li>• Maintenance</li> <li>• Office personnel</li> <li>• Other</li> </ul>
<p>Kuinka kauan olet työskennellyt yrityksessä?</p> <ul style="list-style-type: none"> <li>• Alle vuoden</li> <li>• 1-2 vuotta</li> <li>• 3-4 vuotta</li> <li>• Yli 5 vuotta</li> </ul>	<p>How many years have you worked for the organization?</p> <ul style="list-style-type: none"> <li>• Under one year</li> <li>• 1-2 years</li> <li>• 3-4 years</li> <li>• Over 5 years</li> </ul>
<p>Valitse sopivin vaihtoehto seuraaviin tilanteisiin mielipideasteikon mukaisesti. (1 - Täysin eri mieltä 5 - Täysin samaa mieltä)</p> <ul style="list-style-type: none"> <li>• "Organisaatiomuutokset ovat vaikuttaneet minuun ja rooliini yrityksessä" <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> <li>• Avoin kysymys: Millä tavalla? "Suhtaudun myönteisesti muutoksiin työpaikallani" <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> </ul>	<p>Please indicate your level of agreement with the following statements. (1 - Completely disagree 5 - Completely agree)</p> <ul style="list-style-type: none"> <li>• "Organizational changes have influenced me and my role in the company" <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> <li>• Open question: How? "I welcome changes in my workplace" <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> <li>• "I have asked for the necessary support, pieces of advice and supervision"</li> </ul>



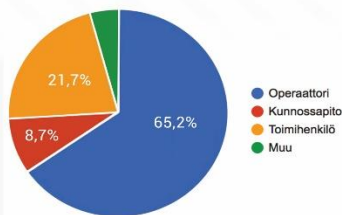
<ul style="list-style-type: none"> <li>• “Olen pyytänyt riittävästi tukea, neuvoa ja työohjausta muutosten aikana” <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> <li>• “Annan palautetta vaikeistakin asioista muutoksen aikana” <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> <li>• “Pyrin vaikuttamaan aktiivisesti muutoksiin” <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> <li>• “Organisaatiomuutokset ovat aiheuttaneet haasteita työssäni aiempaa enemmän” <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> <li>• “Team-leadereillä on riittävästi vastuuta” <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> <li>• “Olen valmis ottamaan vastuuta muutoksissa” <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> </ul>	<p>during the changes” <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</p> <ul style="list-style-type: none"> <li>• “I give feedback on various issues during the change” <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> <li>• “I try to influence the changes” <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> <li>• “Organizational changes have caused more challenges in my work than before” <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> <li>• “Team-leaders have sufficient responsibilities” <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> <li>• “I am ready to take responsibility for the changes” <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</li> </ul>
<p>Valitse listalta sinulle kolme TÄRKEINTÄ ominaisuutta mitä johtajalla tai esimiehellä tulisi olla</p> <ol style="list-style-type: none"> <li>1. Inspiroiva</li> <li>2. Visionääri</li> <li>3. Kommunikointi</li> <li>4. Valmentaja</li> <li>5. Reilu</li> <li>6. Positiivisuus</li> <li>7. Luotettava</li> <li>8. Yhteistyö</li> </ol>	<p>Select three most IMPORTANT qualities to you what leader or supervisor should have</p> <ol style="list-style-type: none"> <li>1. Ability to inspire people</li> <li>2. Creativity</li> <li>3. Good communication skills</li> <li>4. Coaching skills</li> <li>5. Fairness</li> <li>6. Positive attitude</li> <li>7. Trustworthiness</li> <li>8. Good team-working skills</li> </ol>
<p>Valitse asioita, joita olet tehnyt vaikuttaaksesi työpaikkamuutoksiin (max. 11)</p> <ul style="list-style-type: none"> <li>- Minulla on positiivinen asenne</li> <li>- Pysin avoimeen kommunikointiin esimiesteni kanssa</li> <li>- En vain odota muutoksia vaan osallistun prosessiin parhaani mukaan</li> <li>- Sitoudun tuleviin muutoksiin</li> <li>- Olen joustava työvuoroissa ja -tehtävissä</li> <li>- Annan rakentavaa palautetta tarvittaessa</li> <li>- Tuen työkavereitani ja olen valmis auttamaan</li> <li>- Näen muutokset tilaisuutena kehittyä</li> <li>- En juoruile negatiivisia asioita</li> <li>- Kerron esimiehille jos en ymmärrä muutosten tarkoitusta</li> <li>- Omien voimavarojen ja jaksamisen tunnistaminen</li> <li>- Ei mikään näistä</li> </ul>	<p>Select actions you have done in order to affect the changes in your work (max. 11)</p> <ul style="list-style-type: none"> <li>- I have positive attitude</li> <li>- I try to create open dialogue with my supervisors</li> <li>- I actively participate in the change process</li> <li>- I am committed to the upcoming changes</li> <li>- I am flexible in work shifts and hours</li> <li>- I give feedback if necessary</li> <li>- I support my colleagues and I am ready to help them</li> <li>- I see changes as an opportunity to grow</li> <li>- I don't speculate negative things</li> <li>- I let my supervisors know if I don't know the purpose of the changes</li> <li>- I recognize my ability and energy to work</li> <li>- None of the above</li> </ul>
<p>Mikä on mielestäsi tärkein asia, jonka voit tehdä muutoksen onnistumisen edesauttamiseksi?</p>	<p>What do you consider to be the most important thing you can do to help the change processes?</p>
<p>Millaista tukea tarvitset tai odotat johtajalta tai esimiehiltäsi muutosten aikana?</p>	<p>What kind of support do you need or expect from your leaders during changes?</p>
<p>Vapaa sana: onko muuta sanottavaa?</p>	<p>Free word: Do you have anything more to add?</p>

## Appendix 3. Questionnaire summary



### Results & Analysis

- ✓ 23 responses (about 50%)  
Mikä on päätoiminen roolisi yrityksessä?



### Organizational Change

- ✓ Organisaatiomuutokset ovat vaikuttaneet minuun ja rooliini yrityksessä.



- > Around 70% of respondents say that there have been changes in the company.
- > The vast majority of the respondents feel that the workload has increased.
- > Changes in responsibilities.

### Opinions



### Team Leaders' role

- ✓ Team-leadereillä on riittävästi vastuuta.



- > The role of the team leaders seems to be unclear – very diverse results.

### Some Numbers



- ✓ **Attitude**  
Majority of the respondents claim to have a positive attitude towards changes (around 80%).
- ✓ **Support**  
Over 80% of the respondents say that they give honest feedback and support the development of the company and are active.

- ✓ **Working Hours**  
87% of respondents are flexible with working hours and shifts.
- ✓ **Teamwork**  
82% of interviewees say that they support their co-workers.

✉ ksenia@gmail.com

#### **Appendix 4. Interview questions**

The following questions were formed with a primary purpose of giving a topic for the discussion. During the interviews, the questions could be modified, added or removed, depending on the conversation flow.

1. How long have you been working for the Company X?
2. Have your roles or responsibilities changed over time? In what way? What are your main responsibilities right now?
3. What are, in your opinion, the main improvements after organizational changes?
4. What are the main drawbacks and how could they be tackled?
5. Have changes affected your motivation and motivation of other employees in the company? How do you motivate your colleagues during the times of change?
6. Which qualities are, in your opinion, essential for a leader?
7. How does a smaller subsidiary deal with organizational changes that are imposed by parent unit?
8. How does the changing environment affect the working behavior and organizational culture?
9. How would you describe the reward system in the changing organization? Would you modify it? In what way?
10. How is feedback working in a company?
11. Are you satisfied with the reward system in a company?

## Appendix 5. Categories and labels table

<p><b>Category 1:</b> Leadership  <b>Sub-category:</b> Leadership  <b>Labels:</b></p> <ul style="list-style-type: none"> <li>● Leader should be clear.</li> <li>● Leader should bring people together.</li> <li>● Lack of leadership might cause confusion or miscommunication.</li> <li>● Leader should act as a role model</li> </ul> <p><b>Sub-category:</b> Team-leader's role  <b>Labels:</b></p> <ul style="list-style-type: none"> <li>● Labels: Role is clear (50%)</li> <li>● Role needs to be revised (50%)</li> </ul>	<p><b>Category 2:</b> Organizational Change  <b>Sub-category:</b> Improvements  <b>Labels:</b></p> <ul style="list-style-type: none"> <li>● Ongoing integration process with another sub-company has certain opportunities</li> <li>● Responsibilities are flexible</li> <li>● Process owners have brought expertise for the team-leaders and operators</li> </ul> <p><b>Sub-category:</b> Drawbacks  <b>Labels:</b></p> <ul style="list-style-type: none"> <li>● Responsibilities are sometimes unclear</li> <li>● Tasks have accumulated</li> <li>● Continuous change and restructuring is challenging</li> </ul>
<p><b>Category 3:</b> Communication  <b>Sub-category:</b> Information flow  <b>Labels:</b></p> <ul style="list-style-type: none"> <li>● Information flow is sometimes inefficient</li> <li>● Subsidiary has also improved in some areas of communication with the integrated partner</li> </ul> <p><b>Sub-category:</b> Communication channels  <b>Labels:</b></p> <ul style="list-style-type: none"> <li>● New: safety days, meetings, info-screen, intra-website</li> <li>● Communication channels could be developed internally + externally</li> </ul>	<p><b>Category 4:</b> Engagement, motivation &amp; Commitment  <b>Sub-category:</b> Work culture  <b>Labels:</b></p> <ul style="list-style-type: none"> <li>● KPI's are excellent</li> <li>● Employees are supportive to each other</li> <li>● Workers are flexible</li> <li>● Increased distance between the production and the office</li> </ul> <p><b>Sub-category:</b> Self-motivation  <b>Labels:</b></p> <ul style="list-style-type: none"> <li>● Work rotation or visits to suppliers, customers or parent organization's different subsidiaries is refreshing</li> <li>● Workers are self-motivated</li> </ul> <p><b>Sub-category:</b> Reward system  <b>Labels:</b></p> <ul style="list-style-type: none"> <li>● Company celebrations and gifts for employees</li> <li>● Reward system should be revised</li> </ul>