Managing resistance and the use of internal communication in organizations undergoing change

Case study of OMV Petrom

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ABSTRACT

In today’s turbulent environment, change has become synonymous with standard business practice and an organization needs to change in order to remain competitive. Therefore, effective communication is regarded as highly important in the successful implementation of change, because it is used as a tool for announcing, explaining and preparing the people involved for both the positive and negative effects of implementing change.

In order to understand why some change implementations succeed and some fail it is important to know how the resistance to those changes works and where it comes from. This thesis is based mainly on Kasurinen’s model, in which he has divided the barriers to change into three categories, in order to understand them better.

The purpose of this study is to identify the barriers to change that can arise in an organization after a process of acquisition and how resistance can be managed. Also, through this study, I will try to gain a better understanding of the internal communication within an organization undergoing change. This research will try to explore and explain how internal communication can be effectively used within an organization undergoing change. I have conducted a case study on OMV Petrom, based on face-to-face interviews and questionnaires within the company.

The main findings concerning internal communication are that the company uses several media when communicating in order to increase employees’ memory of the message. Good internal communication does not mean that everybody in the organization understands the need for the change and accepts it. Thus, some employees become negative towards change and managers need to know how to overcome resistance.
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1. INTRODUCTION

This first chapter presents a background that emphasizes why managing change is so important to organizations, especially if they want to remain competitive. Furthermore, the problem discussion considers issues regarding the importance of communication in organizations undergoing change, followed by a purpose and a set of research questions.

Failure is never fatal, but failure to change might be. (John Wooden)

1.1. BACKGROUND

In today’s ever-changing world there is only one constant – change [4]. Given the changes expected in technology, biology, medicine, social values, demography, the environment and international relations, continuing challenges will overburden companies’ abilities to deal with them. Failure to rethink organizations will lead to rising turbulence causing rising stress, increase disconnection and internal competitiveness, and people working harder rather than learning how to work smarter. Nowadays, change is a fact of life in business and organizations which resist change risk losing their competitive edge. According to Guimaraes and Armstrong [7], change is a necessity for business survival and growth. In the last years, the world has become more complex and dynamic. This dynamism and complexity means that organizations cannot remain stable for a long period of time. Organizations have to change constantly on the inside, at the same rate the outside changes. Zeffane states that “success is largely determined by how well organizations adjust all their tangible and intangible properties to keep themselves on track with the surroundings” [9]. In other words, a company must recognize its changing environment and adapt to suit it in order to maximize its potential.

Francesco and Gold define organizational change as “a reconfiguration of components of an organization to increase efficiency and effectiveness” [8]. Organizations undergoing change have very different goals in mind. Some seek the “accelerating”, “visionary”, or “intelligent” organizations; others, the “innovative”, “living”, “adaptive”, or “transformational” company; while many seek to build “learning organizations” [3]. In this continuous changing environment, companies must respond quickly to external changes and think more imaginatively about the future. Strategic organizational change can emanate from different sources; change can either originate from external environment or within an organization. Among the most common and influential forces of organizational change are the emergence of new competitors, innovations in technology, new company leadership, and evolving attitudes towards work [10]. Acquisitions are among the most powerful tools for business change. Done well, acquisitions can drive fundamental change in how business operates and provide a basis for growth and survival. Done badly, acquisitions lead to quick decline and failure. Recent acquisitions are occurring for both financial and strategic reasons. In part, they reflect the greater availability of capital to
finance deals, whether to consolidate declining industries, gain scale economies in stable industries, or change businesses in dynamic industries.

Changes can occur at different levels: individual level, group level, or at the organizational structure level. However, a change in the organizational structure influences individual and group changes more than changes in the individual and group level affect the organization [8]. Managers and employees view change differently and the level of enthusiasm for change varies from person to person and from hierarchical level to hierarchical level. What top-managers see as an opportunity to strengthen the business is viewed by many employees as disruptive and unnecessary. “The effect of this gap is consistently misjudged by senior managers and leads to problems to estimate the effort required to win acceptance for change” [11, 12].

Sustaining any profound change requires a fundamental shift in thinking. Managers need to understand the nature of the growth process, what are the forces that aid their efforts, and how to catalyze them, but also to understand the forces and challenges that interfere with progress and develop workable strategies for dealing with these challenges. Liedtka and Rosenblum [5] state that an organization’s future quality is determined by the members’ ability to think together at all levels. According to Davison, Boswood and Martinson “a successful strategic change entails achieving significant shifts in an organization’s direction, vision and values, a transformation that requires stakeholders to understand and accept a new conceptualization of the organization” [6]. Thus, the processes of planning, implementing and coping with change remain one of the biggest challenges that managers today have to face.

Post and Altman [13] say that there are two basic types of barriers to change: industry barriers which reflect the special and unique features of the business activity in which the company engages (i.e. technical information, capital costs, configuration of the current operations, competitive pressures and industry regulations); and organizational barriers which affect the company’s capability to deal with any form of change (i.e. employee attitudes, poor communication, past practice and inadequate top management leadership). Change can be exciting as well as challenging: it stimulates innovation and creativity, which is good for business, thus good for the people involved. Even so, employees often feel threatened by change, but without change, a company cannot survive. In times of radical change employees often feel insecure about the new situation and many experience fears, such as fear of the unknown, fear of reduce job security and fear of reduce job status [15].

Muir [14] states that most changes are perceived as negative impact on working conditions or as imposing additional burden of effort. Employees are going to be affected by changes in terms of staff number, how the work is organized, what procedures they have to follow, and workload a.o.. For these reasons, to manage change in a good way is important to consult and
communicate, in order to help people understand, at least, why the present situation has come about. Deep changes – how people think, what they believe, how they see the world – are difficult, if not impossible to achieve through compliance. Managers must use the power of their position in the organization with great care seeking to faster in employees more than just compliance, but also commitment. How employees are treated and how the change is implemented in an organization can have a considerable influence on employees’ resistance to change. Therefore, if employees feel they are treated in a way they believe is fair, they develop attitudes and behaviors required for successful change [16]. Managers must seek to unleash employees’ natural talents and enthusiasm, better relationships, and more trust and openness.

Numerous experts in organizational change believe the key to a successful change lies in creating a working environment where change is viewed as something positive, challenging and rewording in the long term.

1.2. PROBLEM STATEMENT

Organizations perceive change as very important for their survival and prosperity in today’s more competitive environment and new business challenges. They make change initiative to keep up the pace with the ever-changing and competitive environment. The success and performance superiority of an organization are very much dependent on its ability to align its internal functional structure with the external demands. Furthermore, the current economic crisis reveals that a reactive attitude of companies is not sufficient. They need to be prepared and implement change continuously; they need to be proactive. Applying Change Management is justified by the fact that competence to deal with change can be considered decisive for gaining competitive advantage. Organizations need to change in order to sustain themselves.

Among the forces of organizational change are undoubtedly the acquisitions. These can lead to fundamental changes in a company. Acquisition means that the parent company buys enough stock from the acquired company to establish more than 50% ownership. When considering an acquisition the integration process between the parent company and the acquired company becomes critical and the change process is a key aspect in a company, recently acquired in order to keep the company’s ratability. These changes could be anything from minor, step-by-step changes, to radical extensive changes, which affect the whole organizational culture and structure.

Even if change has become, nowadays, an everyday part of organizational dynamics especially when it comes to acquisitions, there are many companies that do not realize the importance of integration in the change process. Balogun and Jenkins [18] state in their study that up to 70% of organizational change processes fail to achieve the objectives of the change
and about two thirds of the companies fail to achieve their objectives in the case of mergers and acquisitions.

That some change implementations meet resistance and sometimes even fail is not strange since it involves people and resistance is an inevitable response to any major change. Individuals naturally rush to defend the status quo if they feel their security or status is threatened. Folger & Skarlicki claim that “organizational change can generate skepticism and resistance in employees, making it sometimes difficult or impossible to implement organizational improvements” [16]. How to overcome resistance to change has been discussed and investigated for many decades. Even today, the problem is still topical due to rapid technology advances and fierce competitive landscape, as organizational changes are required in order to stay competitive.

One company that has gone through major strategic change and is continuing changing is the former Romanian state operated National Oil Company Petrom. In 2004 the company was acquired by the Austrian company OMV Aktiengesellschaft, this strategic change leading to significant consequences for the employees. Since the employees of Petrom were not confident in how this acquisition will turn out, I take it as a starting point that there were a great deal of opinions and views on the mater, both positive and negative, in order to elucidate the concept of resistance.

Plant [19] believes that resistance is not something that managers have to overcome, but something that has to be managed. If management does not understand, accept and make an effort to break the resistance barriers, even the most well-intentioned and well-conceived change efforts can go wrong. Coetsee states, “any management’s ability to achieve maximum benefit from change depends in part of how effectively they create and maintain a climate that minimizes resistance behavior and encourages acceptance and support” [17]. Piderit [20] argues successful organizational adaptation has more to do with generating employee support and enthusiasm for the proposed changes, instead or merely overcoming resistance. Hence, I wish to explore in this thesis how managers can overcome resistance, both by preventing it in the first place, as well as handling it once it has occurred, and how employees wish strategic change should be implemented, as this could lead to finding ways to implement them more efficiently.

A key element in the change process and overcoming resistance is communication. If the communication is excellent during the change process, everyone in the organization understands the need for change, what the changes are and what impact will they have. If the communication is poor, only the people in charge of the changing process will know and understand the changes while the others will become resistant. According to Kitchen and Daly [21], communication is regarded as highly important in the successful implementation of the
change processes, being used as a tool for announcing, explaining and preparing the change. Internal communication can increase understanding of the commitment to change, as well as reducing confusion and resistance to it.

Abraham, Crawford and Fisher [22] state that effective communication is necessary in all the phases of the change process. Communication needs to be managed so that at any point during the transition, confusion is avoided through coherent, accurate and honest messages. Therefore, I will also focus in my thesis on how internal communication is used in a company during a changing process and how this can be done efficiently in order to overcome employees' resistance.

1.3. RESEARCH QUESTIONS

In order to approach the problem area discussed above I have formulated a number of questions to focus my study on the two major themes: resistance and communication. The questions will be investigated with help from both the theoretical and empirical chapters.

Theme 1: Resistance

Q1: What types of resistance are noticeable when strategic changes, arising from acquisition, are implemented in organizations?
Q2: How is resistance prevented and handled?
Q3: How is resistance prevented and handled in a successful manner according to the employees?

Theme 2: Communication

Q4: How can communication be used in an organization undergoing change?
Q5: How can an organization undergoing change have an effective internal communication?

1.4. PURPOSE

The purpose of this thesis is to gain a better understanding of the use of communication in an organization undergoing change, to find out what are the barriers to change and to explore the internal resistance and how can it be overcome. I will draw conclusions based on managers and employees' perception of how resistance to strategic change should be prevented and handled once it occurs.
2. METHODOLOGY

This chapter presents the methodology used in this thesis. The chapter starts by stating the research purpose, research approach and strategy, followed by the data collection methods, sample selection and the general analytical strategy. Finally, a discussion concerning the quality standards of the research, validity and reliability of the study is provided.

The true method of knowledge is experiment. (William Blake)

2.1. RESEARCH PURPOSE

The objective of this thesis is to explore and understand how can resistance be prevented and handled once it occurs, and how can internal communication be used effectively in an organization undergoing change.

According to Saunders, Lewis and Thornhill, the purpose of a research can be classified as exploratory, descriptive and explanatory [23]. Exploratory research is a valuable mean of finding out what is happening, seeking of new insight, asking questions, accessing a phenomenon in a new way. It is also very useful when one wants to clarify an understanding of a given problem [24]. According to Reynolds, the aim of an exploratory research is to develop suggestive ideas and the research should be flexible and provide guidance for the procedures engaged during the next stage [25]. An exploratory research is appropriate when a problem is difficult to limit and when the researcher has little knowledge about the area in the field of the study [26]. Exploratory studies start with a wide research area and narrow down as the research develops [23].

Descriptive research portrays an accurate event or situation. It is an extension of a piece of exploratory research that is used when there is little research on a topic, but with already existing theories and information about the problem area [27]. Descriptive research could be in direct connection to exploratory research, since researchers might have started off by wanting to gain insights to a problem, and after having stated it their research becomes descriptive [23]. The descriptive research gathers as much information as possible through the use of different sources while trying to answer the what, when, who, where and how questions [27]. Weidemayer-Paul and Eriksson state that descriptive research aims to describe phenomena of different kinds: conditions, events, courses of events or actions. Describing involves, according to them, a choice of perspective, aspects, level, terms and concepts, as well as to observe, record, systemize, classify, and interpret [26].

An explanatory research analyses causes and connections and its purpose is to explain [23]. According to Reynolds, explanatory research is focused on developing explicit theory that can be used to explain the empirical generalization that evolved from the descriptive research [25].
Explanatory research has to inform the reader about what the explanation is going to be used for and to whom it is aimed. In addition, the researcher has to consider using different models, to reach a complete explanation [23].

Therefore, this study is primarily descriptive as it tries to describe and explain the use of internal communication in an organization undergoing change. It is also an explanatory research for this study also aims to develop suggestive ideas as how can barriers to change be overcome.

2.2. RESEARCH APPROACH

Research can be categorized into two distinct types: qualitative and quantitative.

“The qualitative approach is described as a research strategy that usually emphasizes on words rather than quantification in collection and analysis of data, this however means that qualitative research do not employ measurements.” [29] Yin states that a qualitative research concerns ideas, feelings, and attitudes. The goal of a qualitative research is to get a better understanding of the research problem. Furthermore, this kind of research can be seen as a two-way communication [28]. In a qualitative study, the researcher goes deeper in the research area through interviews and documentation. Qualitative research also emphasizes on inductive approach. Saunders et. al. state that in an inductive approach, the researcher collects data and develops theory from data analysis [24]. The inductive approach is used to understand the social world through an examination and interpretation of that world by its participant, seeing through their eyes; it is descriptive in nature [29].

“The quantitative approach can be described as a research strategy that emphasizes on quantification in the collection and analysis of data.” [29] In a quantitative research, the phenomena that are studied can be measured and quantified; hence, the results are often presented in numbers. Often, there is only one-way communication within a quantitative method. This is a result of the way the information is collected, usually by questionnaires with standardized options of alternative answers, which are highly influenced by the researcher [28]. The quantitative research uses a deductive approach. Saunders et. al. state that an inductive approach develops theories, hypothesis and designs a research strategy to test the hypothesis [24].

The empirical part of this thesis will be discussed from a qualitative perspective. Since this study’s aim is to understand and not measure the concept of resistance to change, this perspective is most appropriate. The type of method used in a study also depends on what kind of information has to be collected. Having the research questions proposed in mind, a
qualitative method suits the best this study. A change process and resistance to change are complex situations with lots of room for subjective opinions and sometimes the respondents fail to identify barriers. Thus, to do only a survey or questionnaire will not serve the entire purpose of this thesis. A simple employee may not identify some barriers in the implementation as what they are. Therefore, it is necessary to do some face-to-face interviews with the key managers and employees involved in the change process, to gather their personal reflection about the change process. A more qualitative approach, gives also greater flexibility as it enables the researcher to have a discussion with the respondents and help him/her get a better understanding of how the barriers to change work.

2.3. RESEARCH STRATEGY

According to Yin, there are five major research strategies: case studies, experiments, surveys, histories and the analysis of archival information [28]. All of these strategies have both advantages and disadvantages. Choosing which strategy to use depends based on the formulation of the research questions whether control over behavioral events is required or not, and whether the research focuses on contemporary events or not [28].

The aim of this thesis it to gain a better understanding of the use of internal communication in an organization undergoing change, with emphasis on how to overcome barriers to change. Because this study does not require control over behavior, focuses on contemporary events, and uses mainly a qualitative research approach, I will use a case study as an overall research strategy.

According to Saunders, case study is a strategy for doing research that involves empirical investigation of a particular contemporary phenomenon within real life context [24]. Yin states that the case study is the most appropriate strategy to use when the form of the research questions is “why”, “how” [28], and “what” [24]. According to Weidersheim-Paul and Eriksson, a case study means that the researcher investigates few objects (i.e. industries or companies) in many respects, conducting an in-depth investigation [26]. They also state that case studies are useful when the aim of the research is explorative and the researcher wants to understand a certain phenomenon. According to Bryman and Bell, case study is mostly associated to the qualitative research method used to studied organizations [29]. It is also a very suitable method since it focuses on processes and not static conditions [26]. Thus, a small number of objects are investigated from several points of view and the researcher tries to penetrate the surface of what is directly observable. Weidersheim-Paul and Eriksson consider that the main characteristics of the case study are: its emphasis on the role of actors, studies of historical causes and events, and its good ability to communicate reality [26].
Case studies can be differentiated into single-case studies and multiple case studies. When using a single-case study, the researcher has no possibilities to make comparisons or generalize. A multiple-case study, on the other hand, gives the researcher the opportunity to compare, but less time can be spent on each case [28].

I choose to use a single-case study method in this thesis since my empirical research will be based on examining one company. However, the case studied in this thesis is not just the company (Petrom), but also the change process that they experienced. I will investigate the change implementation that has affected and is still affecting the whole company since December 2004. The aim of this study is to try to capture all resistance that the process has met. Since I am conducting an explorative research, it seems even more appropriately to perform a case study, this also having the advantage of gaining a historic view.

2.4. DATA COLLECTION

After having determined the most suitable research strategy for this thesis in the previous section, it is necessary to decide on how the empirical data will be collected. According to Yin [28], evidence for case study may come from six different sources: documents, interviews, archival records, direct observation and physical artifacts. The most common way to proceed when conducting a case study is to gather different kinds of information in order to get a holistic picture of the specific case. Yin also urged researchers to use multiple source of evidence even if they cover the same set of facts and because no single source has a complete advantage over the other [28]. Thus, it is useful to use methods such as interviews, observation and surveys.

There are two sorts of data that can be collected in a research: primary data and secondary data. Saunders et. al. [24] state that whatever source the researcher choose to use, they have to be aware of their weakness and strengths. Therefore, researchers are advice to combine both primary and secondary data in a single case study.

Weidersheim- Paul and Eriksson define primary data as “data that a person gathers on his/her own with a specific purpose in mind” and secondary data as “data that has already been gathered by other researchers with different purposes in mind” [26].

In this thesis, I have used both primary and secondary data and the primary sources of evidence have been documentation, interviews and surveys.

Flexibility is one of the major advantages when using interviews. They allow the researcher to ask follow-up questions, the answers can be elaborated in a completely different way than
when working with surveys, and the researcher can also take into consideration how the respondent answers in terms of non-verbal communication, such as facial expressions, intonation etc.

Yin states that documentation is to be perceived as secondary data, since it was gathered originally in order to serve a different purpose [28]. He also considers that documentary information is relevant to every case study topic and it is used to match the argument evidence collected from other sources.

According to Yin [28], interviews can take several forms:

- **open-ended interviews**, in which the respondents are asked for facts of a matter as well as opinions of events; the researcher also ask the respondents to propose their own insights into certain occurrence and may use such propositions as the basis for further inquiry or data collection;
- **focused interviews**, in which the respondent is interviewed for a short period of time; the interview remains open-ended, but the researcher follows a certain set of questions from an interview guide;
- **formal survey**, which resembles a survey, but is an interview technique containing more structured questions.

Zikmund [30] makes another classification distinguishing between telephone interviews and face-to-face interviews. Telephone interview have the advantage of being less time consuming and relatively inexpensive, but lack the non-verbal communication (body language, face expressions etc.) that face-to-face interviews provide.

Another classification of interviews is based on the degree of standardization. In high-standardized interviews both the formulation of the questions and the order of the questions asked are determined beforehand. A non-standardized interview in more flexible, giving the researcher the possibility to reformulate the questions to fit the specific situation and change the order of the questions. The non-standardized interviews are often used when conducting an explorative research.

As I said before, I used in this thesis both primary and secondary data collected from interviews, surveys and documentation. The secondary data was collected from books and articles in order to understand better the problem of investigation. The data was organized as a frame of reference, illustrating different authors’ view on issues such as symptoms and causes of resistance to change and how it can be prevented and handled, paying a close attention on effective internal communication.
Having in mind the advantages and disadvantages of each of the sources of evidence, I decided to collect the primary data using focused face-to-face interviews with key employees from Petrom – people that have taken decisions, people that have been in charge of the change process and people that have been affected by the change – and surveys for the other employees. I used an interview guide (see Appendix 16) for the face-to-face interviews, which contained questions based on the literature review, reflecting the problem discussion, purpose and research questions. Since I am doing a qualitative research and interview individuals with totally different roles in the organization in order to know what they think of the change, how they are affected by it and if there have been any problems along the way, using a non-standardized interview seems more appropriate. Another reason for using interviews in this study is that they allow me to focus on the individuals and their experiences. It is very useful to get hold of attitudes and feelings and get a view of the atmosphere in the company.

The collected data from interviews is matched and confirmed with documentation from previous studies. Documentation was mainly used to find information about the investigated company from company’s presentations, annual reports, privatization’s contract, and company’s web-site. Additional information was collected from different databases and articles about the company (in order to be able to make a more holistic view).

After the in-depth interviews, I also conducted a survey among Petrom’s employees in order to gain better understanding of how the change affected them. As a method of studying organizational communication, surveys possess several strengths: their nature makes it possible to study a relatively large group of people; they facilitate a comparison of individuals’ answers within and across the organization; and respondents are more likely to be honest in their responses while being anonymous.

Based on this study case I will try to evaluate both the employees’ opinions on how to overcome resistance, as well as the managers’ view on this subject.

2.5. SAMPLE SELECTION

As mentioned above, a single-case study has been conducted to gather the empirical data.

Zikmund [30] classifies case studies as holistic case study and embedded case study. The embedded study is used when attention is given to one or more subunits. The holistic case study examines only the global nature of a program or organization.
Taking into consideration the purpose of this thesis, the area of research will be through an embedded case study, because it will give the necessary information needed in order to answer the research questions.

I have chosen Petrom as the company to study in this thesis because, at the present time, it is undergoing a strategic change process, it is a large enough company in order for me to have sufficient insight, and also because I have an easy entry that allows me to conduct a research. In order to have a clear view of the change process and to better understand the situation, I have interviewed employees from different departments in the company, on different levels of management, with different roles in the change process, and, as observed after the interviews, with different opinions about the organizational change. The survey was also distributed arbitrary to Petrom’s employees on different organizational levels.

2.6. DATA ANALYSIS

According to Yin, data analysis involves examining, categorizing, tabulating or otherwise recombining the data [28]. Yin mentions two general analytical strategies that a researcher can use relying on theoretical propositions or developing a case description. I will use the analytical, collecting data with research questions and research studies as a basis.

Miles and Huberman identify two specific techniques that can be used to analyze the empirical data, within-case analysis and cross-case analysis. The within-case analysis compares the collected data against the theory used, while cross-case analysis compares data from different cases with each other. Since my thesis is based on a single-case study, I will use in the analysis the within-case technique.

This study will rely on theoretical propositions that provided the framework for introduction, research questions, and literature review and then on the analysis of a single-case study. Finally, the conclusion was compiled based on the noted regularities, irregularities, and how the empirical data was actually in accordance with the existing theory.
3. LITERATURE REVIEW

This chapter presents an overview of the previous research related to this thesis research questions. First, there will be presented studies referring to change and organizational change models, second studies connected to resistance to change and how can the barriers to change be removed, and finally studies relevant to how can an organization develop effective internal communication during an organizational change.

Organizations do not change – people do.
Change happens person by person, and you cannot change people: they change themselves.

(B. Quirke)

3.1. CHANGE AND ORGANIZATIONAL CHANGE

Page described change as the source of all human progress and all human pain [42]. As Senge [3] states, the word “change” has different meaning. In business and organizations, the word refers to external change in term of technology, customers, competitors, market structure, or social and political environment, but also refers to internal change, such as a program of reorganization or re-engineering.

In social sciences and management studies, the nature of change has been discussed from different approaches such as survival, behavior, process and system.

Darwin [32] describes change as “survival”. He associates the idea of survival with the ability of responding to changes that have been taking place in the environment. From the survival perspective of change, organizations are seen as species in nature and the survival in business environment has been interpreted as the necessity to adopt or to die [Beer & Nohria 2002]. Thus, organizations should adapt themselves to the business environment in order to increase their chance to survive on the market.

From the behavioral approach’s point of view, the change in organizations is highly dependent on the members of the organization and their behavior. The behavioral approach focuses on change on the basis of individual behaviors and their effects on other individuals’ behavior in order to reach the intended result. The failure or success of reaching the intended results should be analyzed in the behaviors of individuals and the conditions [33]. According to behavioral approach, by creating suitable environment and functional intervention strategies, change can be managed and organizational development might be achieved.

There is also a common tendency in the literature concerning change, which describes the nature of change as an ongoing process. In most of these texts, the change process is seen as a three step process containing: diagnosis of change drivers, strategy building and
implementation and evaluation. Newstrom and Davis [37] added in the change process resistance factors and extra steps, making it a six step process containing: diagnosis, selecting the change agent, building strategy, implementation of the strategy, evaluation, and change institutionalization.

The last view of the nature of change is the technological approach, which states that change can be managed by using suitable technological systems. According to this approach, starting from production, all business processes have become computerized and IT based [38]. Thus, change results from the necessity of improvements in systems within the organization.

Depending on the level of analysis, change can be defined as:

1) at a general level, “change is a phenomenon of time. It is the way people talk about the event in which something appears to become, or turn into, something else, where the ‘something else’ is seen as a result or outcome” [34];
2) at the organizational level, “change involves difference in how an organization functions, who its members and leaders are, what form it takes, or how it allocates its resources” [35];
3) at the organizational development level, “change is a set of behavioral science-based theories, values, strategies, and techniques aimed at the planned change of the organizational work setting for the purpose of enhancing individual development and improving organizational performance, through the alteration of organizational members’ on-the-job behaviors” [36].

Wilson also makes the distinction between a planned change process, in which the direction of change has already been decided, and emergent change. In the planned change, there is only “one way to Rome” and a need for discipline in order to get there in a linear fashion. The strategy is to manage or neutralize resistance to its implementation. [39] On the other hand, emergent, continuous change, when contrasted with planned change, can be defined as “the realization of a new pattern of organizing in the absence of explicit a priori intentions” [40]. The emergent model of change views change as being unpredictable, as a process shaped by inter-relationships with a range of variables. Burnes sees emergent change as a bottom-up, rather than top-down, and as an open-ended and continuous process of adaptation to changing conditions [48].

Bruch and Sattelberg, found the following characteristics of planned change [41]:

- it ignores the political and economic context in which most individuals and organizations operate;
- relies upon a model of organization in which there is uncritical acceptance of the managerial role; managers are assumed an unquestioned basis of hierarchical power;
• the locus of control is assumed to emanate solely from the management and the task of implementing it to lie solely with managers; this leads to the assumption that managers alone can make the difference between achieving and not achieving change;
• its logical outcome is to reinforce the subordination of non-managerial employees to the wishes of management – “visions” of change;
• the approach takes for granted that change can be implemented in a certain way, regardless of cultural specifics.

Beer and Nohria [40] consider the liabilities of planned change include a high probability of relapse, uneven diffusion among units, large short-term losses that are difficult to recover, less suitability for opportunity-driven than for threat-driven alterations, unanticipated consequences due to limited foresight, temptations toward hypocrisy (when people talk the talk of revolution, but walk the walk of resistance), adoption of best practices that work best elsewhere because of a different context, ignorance among top management regarding key contingencies and capabilities of the front line, and lags in implementation that make the change outdated before it is even finished. At the opposite, they state that emergent change is better and its advantages include its capability to include readiness for and receptiveness to planned change and to institutionalize whatever sticks from the planned change; sensitivity to local contingencies; suitability for on-line real-time for experimentation, learning, and sense making; comprehensibility and manageability; likelihood of satisfying need for autonomy, control, and expansion; proneness to swift implementation; resistance to unraveling; ability to exploit existing tacit knowledge; and tightened and shortened feedback loops form result to action [40].

Fincham and Rhodes define change management as “the leadership and direction of the process of organizational transformation – especially with regard to human aspects and overcoming resistance to change” [44]. However, this definition refers only to managers and what they should do in a process of change, being more appropriate as a definition for change leadership. Thus, Mark Hughes definition seems more suitable. He defines change management as “attending to organizational change transition processes at organizational, group and individual levels” [45]. This definition states that all employees are involved in the change process, not only the change manager, although the amount of involvement varies considerably at different hierarchical levels.

Cummings and Worley [46] suggest that the main levels of analysis that are pertinent in change management, when organizations are thought as open systems, are:

• organizational level – includes the design of the company’s strategy, structure and processes;
• group level – include group design and such devices for structuring interactions among members as norms and work schedules;
• individual level – includes ways in which jobs are designed to elicit required task behavior.

Organizational change may be defined as “new ways of organizing and working” [43]. According to McNamara, the concept of organizational change is related to organization-wide change. An organization-wide change can be a change in mission, restructuring operations, new technologies, mergers, major collaborations, “rightsizing”, new programs, or re-engineering. Usually organizational change is provoked by some major outside driving force, such as substantial cuts in findings, address major new markets/clients or need for dramatic increase in productivity/services. Richard Daft suggested there are four categories of organizational change: 1) technology – the use of new equipment or information processing software to accomplish work; 2) administration – including organizational structure, policies, work processes, and control systems; 3) products and services – the development and modification of the things the organization offers to its clients, customers, or constituents; 4) human resources – the members of the organization and how they are organized [A].

Organization-wide change can be difficult to accomplish, since there are strong resistance to change. People are afraid of the unknown and often do not understand the need for change. Organization-wide change goes against the values hold by members in the organization, so the change may go against how members believe things should be done.

3.2. ORGANIZATIONAL CHANGE MODELS

There are as many perspectives on change as people in the organization affected [47] and Burnes [48] has emphasized that there is no best way to manage change. That is way I have described in this section the most well known change models in order to get the best points from each one.

3.2.1. Kurt Lewin’s three-step model and force-field theory

One of the most quoted theories regarding organizational change is Lewin’s force-field theory. According to this theory, there are two forces-drivers for change and resistance to change in organizations that are in opposition with each other. When drivers and resistance forces are in balance in the organization, no change is possible to make and the organization is in a state of inertia. In order for an organization to be able to change, forces for change should be more than resistance to change. Therefore, managers should concentrate on minimizing resistance and increasing the forces for change [54].
In order to achieve organizational change, Lewin proposes three steps: unfreezing, move, and freezing (see figure 1). Unfreezing includes describing the current state, showing the resistance and change drivers to create awareness about the necessity for change, and setting intended end-state. The move step refers to taking action and forcing people to get involved in the change process. Refreezing aims to make the change permanent after the process of implementation has ended and to stabilize the organization [54].

### 3.2.2. John Kotter’s eight step model

Kotter has identified eight steps that need to be followed for a successful change management, mainly focused on improving communication during the change process [55]:

1. Create sense of urgency – analyze the competitive environment by foreseeing future threats and opportunities, and be aware and activate the organizational forces for the urgency of change;
2. Form a powerful coalition – establish the power managerial team for leading change;
3. Create a vision for change – build a clear vision for an effective perception of the change among the employees;
4. Communicate the vision – communication is the key element in a successful change, thus it is important to have good communication tools to share the vision;
5. Getting rid of obstacles – take care of the resistance factors by empower employees that can execute the proposed vision;
6) Create short-terms wins – plan short-term successes and reword employees to increase motivation;
7) Build on change – consolidate the change for promoting new products and changes;
8) Institutionalize new approaches – make sure that the organization will be ready for upcoming changes.

As we can see, in Kotter’s perspective, communication is the key factor for a successful change. He focuses on the importance of creating clear and realistic visions using an appropriate change team, responsible with communicating visions, ideas, achievements and failures within the organization [55]. This model can also be useful for managing employees’ resistant behavior.

3.2.3. Colin Carnall’s change management model

Carnall [4] has developed an alternative model for organizational change that revealed how managerial skills affect the change process and the success rate of change implementation in the organizational level. He states that the level of managerial skills in managing transitions, organizational culture, and organizational politics, are fundamental determinants of effective management in a change process. In addition, the level of management skills will allow the creation of a suitable environment for creativity, risk-taking, learning, rebuilding, self-esteem, and performance within organizations in order to achieve organizational change and learning [4].

![Carnall's change management model](image)

*Fig. 2 Carnall’s change management model (Carnall [4])*

3.2.4. Nadler and Tushman’s congruence model

Nadler and Tushman built another theory for managing change, which has many similarities with Carnall’s change management model. Their model is based on the understanding the factors that have impact on the success of the change process. According to the congruence model, an organization is a system of sub-systems, which sorts out and translates the changes from the external environment. The organization (the system) diagnoses the inputs from
internal and external change drivers, puts them into the transformational process (composed of sub-systems) and acquires outputs that can be used at the individual, team, and organizational level. The sub-systems are not independent from each other. The interactions and dependencies among sub-systems are fundamental for the success of the change management process. [56]

Fig. 3 Nadler & Tushman’s congruence model (Nadler & Tushman [56])

Nadler and Tushman [56] describe the sub-systems as follows:

- **work** – daily activities of employees in the organization;
- **people** – personality, capabilities and expectations of the employees;
- **formal organization** – organizational structure, policies, and systems, formally organized; written rules;
- **informal organization** – emerging structures, systems, and norms among employees throughout time; unwritten rules.

For an effective and successful change process, Nadler and Tushman [56] propose that managers should manage all four components at the same time. They say that the source of resistance to change could result from managers who ignore these sub-systems and the interaction among them.

Therefore, the most important part of this change model is that it shows the relation between an organization’s sub-systems and management and identifies possible sources of resistance for a successful change implementation.
3.2.5. Peter Senge and the systemic view on organizational change

The systematic view on organizational change, developed by Senge, is mainly concerned with the sustainability of change. Senge states that the reason why most change attempts have failed is not always because of managerial mistakes. The prevailing balance process of systems within an organization, which the managers are not always able to recognize or manage, also plays an important role in these failures [3]. The systematic organizational change refers to sustainable change, realized in a gradual manner. Therefore, in order to increase the rate of success of a change, Senge states that managers should start with a small change instead of a whole system change and grow it regularly, plan the action also for small intended change initiatives, and be ready for challenges [3].

3.2.6. The accounting change model

This model was first developed by Innes and Mitchell [49] and then further developed by Cobb et al. [50].

![Accounting change model (Cobb et al. [50])](image)

Innes and Mitchell [49] categorize environmental and internal drivers forces for change into motivators, catalysts and facilitators based on the nature and timing of their influence on change. Motivators are generally related to change (i.e. competitive market, increased pressure for globalization), catalysts are more directly linked to change (i.e. poor financial performance, pressure for higher margins), and facilitators are necessary in order for a change
to occur, but not sufficient (i.e. IT resources, staff) [50]. Change can be triggered by one of these factors or by a mix of them [49]. The next factors mentioned in this model can be referred to as the advancing forces of change [51]. These are the leaders, which of course affect the change process, and the momentum of change. The later can be defined as the expectation of the change to continuously proceed is seen as an important factor that drives the change [50]. Opposing the advancing forces of change are the barriers to change which, according cu Cobb et al., are factors that hinder, delay or prevent change [50]. Therefore, motivators, catalysts and facilitators create the opportunity for change, leaders help overcome the barriers that appear, and momentum of change is needed to maintain the pace of the change.

3.2.7. Kasurinen's change model

Kasurinen [51] extends the accounting change model by dividing the barriers to change into three subcategories – confusers, frustrators and delayers – in order to make it easier to recognize their role in the change process. He claims that categorizing barriers will help companies to go around the problems in practice.

![Kasurinen change model](image)

Kasurinen [51] calls the first type of barriers confusers, since they seem to disrupt the process and increase its uncertainty. Confusers appear, for example, when different actors in the company have different goals and when the purpose of the change is unclear. Argyris and Kaplan [52] argue that barriers are actually resistance to change, which drive from the fact that
the company’s interest do not match the employees’ interest. Thus, they suggest a change strategy that reduces the difference between the interests through a two-step process: first, education and sponsorship, second internal commitment. In the first step, employees learn about the change and key employees are pushed to promote the change, making employees understand and believe in the new ideas and management encouraging implementation. In the second step, employees and managers are motivated to act in accordance with the new ideas without fear of making mistakes and feeling embarrassed.

Fustrators are called this way because of their tendency to suppress the change process. Markus and Pfeffer [53] call this type of barriers structural barriers, and state that these are more likely to arise when the proposed change is inconsistent with existing power distribution, the dominant organizational structure, or when goals do not match with technology. (In most cases this kind of resistance to implementation causes system failure in a company.) They claim that no matter how much time and resources a company spends on making a good strategy, if it fails to identify the structural factors the implementation will not be successful.

The last category of barriers in Kasurinen’s model is represented by delayers, which are rather technical in their nature and only seem to appear temporarily (i.e. a delay in the implementation of change due to an inadequate information system).

As a conclusion to organizational level change and change models, for a successful change, managers have to be able to choose the best model(s) to follow in the change process, each one being useful for a different part of the process. Lewin's model is very rational, goal and plan oriented. It does not take into account personal factors that can affect change. Kotter emphasizes the importance of communication during a change process. Carnall’s contribution is centered around the importance of managerial skills in order to have a successful change implementation. Nadler and Tushman model is very similar with Carnall's; they focus also on the importance of the forces that impact on the success of the change process, but they differentiate themselves by seeing the organization as a system of sub-systems that are interrelated. The accounting model showed us the importance of the barriers to change, Kasurinen taking the model on a further level, dividing into sub-categories, and underline the importance of overcoming this barriers (resistance) in order to have a successful change implementation.

Organizational models also showed the importance of management of resistance factors during change implementation process. Whatever the nature of change is, the implementation of change strategies requires ongoing processes. The management of resistance should be taken into consideration for every step of change process. In addition, the complexity of change drivers and resistance factors force the importance of the link between special leadership and managerial skills, which are necessary to manage all processes successfully.
3.3. RESISTANCE TO CHANGE

3.3.1. What is resistance?

According to Jeffmar [02], the first essential step in the change process is for management to ensure that there is enough motivation and preparation for the upcoming change.

In the context of organizational change, resistance is frequently presented and perceived as irrational and problematical, something that needs to be dealt with in any change management initiative, and has many definitions. Stickland describes resistance as “an ongoing problem for change managers” [76] and Randall believes that the problem of resistance “lies at the heart of most change programs” [77]. Piderit has made a classification of the definitions of resistance in three main dimensions [20]. In the first dimension, Piderit included the definitions that see resistance as a behavior. According to Zander [64], resistance is “behavior which is intended to protect an individual from the effects of real or imagined change”. Folger and Skarlicki [16] see resistance as “employee behavior that seeks to challenge, disrupt or invert prevailing assumptions, discourses, and power relations”. Similar to this, Ashforth and Mael [65] define resistance as “intentional acts of commission (deviance) or omission”.

Secondly, Piderit distinguishes the dimension in which emotional factors are the source of resistance. Coch and French define resistance as “a response to frustration and aggression caused by the change initiative” [20].

In the third dimension, cognition, which refers to beliefs and attitudes, has been used to describe resistance. Watson simply defines resistance as the reluctance of employees [20]. Alternatively, Bartlen and Locke argue that participation plays a critical role in providing employees with the necessary motivation to adopt new ways of working [66].

Managers should be aware that many employees perceive the change as difficult and that they need to learn new tasks, programs and routines, as well as unlearn what was previous viewed as normal.

3.3.2. Symptoms of resistance

The approaches which explain the resistant behavior of employees varies substantially depending on the researchers’ point of view. Nevertheless, issues such as organizational dynamics, relations between managers and employees, and participation in the change process are some of the most common ones to identify the roots and symptoms of resistant behaviors.
Petrini and Hultman point out the importance of distinguishing between symptoms of resistance and the causes behind them. Symptoms are the specific behavior people use to resist change and this is how resistance is visible to other people. Instead, causes are the reason for the appearance of the symptoms [57].

Armentrout states that it is not easy to overcome resistance to change, but if management recognizes the most common symptoms, the process of change can move along [58].

According to Petrini and Hultman, there are two categories of symptoms of resistance: active resistance, which takes forms such as being critical, finding fault, blaming or accusing, distorting facts, blocking, and starting rumors; and passive resistance, which includes agreeing verbally but not following through, failing to implement change, standing by and allowing change to fail, and withholding information, suggestions, help or support [57].

<table>
<thead>
<tr>
<th>Symptoms of active resistance</th>
<th>Symptoms of passive resistance</th>
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<td>• Being critical</td>
<td>• Agreeing verbally but not following through</td>
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<td>• Finding fault</td>
<td>• Failing to implement change</td>
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<tr>
<td>• Ridiculing</td>
<td>• Procrastinating or dragging one’s feet</td>
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<td>• Appealing to fear</td>
<td>• Feigning ignorance</td>
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<tr>
<td>• Using facts selectively</td>
<td>• Withholding information, suggestions, help or support</td>
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<td>• Blaming or accusing</td>
<td>• Standing by or allowing change to fail</td>
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<td>• Sabotaging</td>
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<td>• Starting rumors</td>
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<td>• Arguing</td>
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Table 1 Active and passive resistance (Petrini and Hultman [57])

Caruth et al. [59] make another classification of resistance, distinguishing between open/direct attacks and hidden/indirect attacks. The first are the most obvious means of resisting change and can be complaining openly, intentionally slowing down on the job, or sabotaging new equipment to make it fail. The second are much harder to recognize and take the form of stall for more time or spreading false rumors. They also come up with a third category – passive behavior/dropping out. This symptom is extremely hard to recognize since no one is complaining openly, no equipment is damaged, and no false rumors are spread in the organization. In this stage employees “dropped out” and resigned themselves to the change, becoming apathetic. [59]
Another distinction can be made between rational and irrational resistance. Rational resistance must have reasonable explanations and symptoms – such as resistant behavior - have to be in line with the intention of the resistant individual or group. Contrary to rational resistance, when manifesting irrational resistance, employees usually resist change without having any logical explanations, De Jager [73] argues that while rational resistance can be handled by training, learning and communication, the ability to overcome irrational resistance depends on organization culture, which may eliminate resistant behaviors.

Reichers et al. [60] approach the problem of resistance focusing on cynicism. Cynicism about change involves a real loss of faith in the leaders of change and is a response to a history of change attempts that are not entirely or clearly successful. The success of many innovations depends upon commitment and follow-through [60]. Thus, cynicism becomes an important barrier to change.

### 3.3.3. Causes of resistance

The reasons behind employees’ resistance to change are several and vary with every individual’s personality. While one employee may react favorably to a suggested change, another employee may react angrily [59]. Managers should be aware that change efforts often meet some form of human resistance. They should take time before an organizational change, to see who might resist the change initiative and for what reason, in order to be able to remove resistance and increase the chances for the change process to be successful. Coch and French claim that the level of resistance also depends on the level of participation in the process of change. Basically, they state that individuals and groups that are given the opportunity to participate in the creation and development of change activities are less likely to resist the implementation than those who are kept away from the process [67]. Based on Coch and French study, Lawrence argued that the main reason for employees to perform poor and to resist change is because of the loss of social status within the organization and the ignorance of their skills in the previous setting [68], while Dawson sees as the main reason that “the proposed change may break the continuity of a working environment and create a climate of uncertainty and ambiguity” [43].

According to Zander [64], there are six main reasons for resistance in change initiatives:

- Ambiguity about the nature of change in the minds of those who will be affected by it;
- Different interpretations about the change and its impact;
- Strong forces preventing individuals from changing;
- Strong top-down imposition in individuals who will be influenced by the change – lack of participation;
- Personal interests in directing change;
• Ignorance of pre-established institutions in the group.

Caruth, Middlebrook and Rachel [59] claim that employees resist change mainly because they fear the consequences the change might have or they feel threatened by the change. According to Flower, when a change initiative is introduced, employees usually experience different problems which are not completely understood by managers, such as: clarity of the idea of change (unless employees grasp the meaning and the necessity of change they tend to resist it), rigidity for the way change is intended to be implemented, the change in the social status at the workplace, and fear of the increase in workload [69].

Kotter and Schlesinger state that there are four common reasons for employees' resistance: a desire not to lose something of value, a misunderstanding of the change and its implications, a belief that the change does not make sense for the organization and a low tolerance for change [61].

The different types of resistance can be summarized in:

1) Fears and imagined threats

A major reason for resisting change is the belief that the employees will lose something valuable, or they fear the possible side effects that a change may have on their situation [61]. Employees fear several outcomes like:

• The unknown – employees worry about what they should accept, whether they can handle all the changes, or how the new practices will affect the organization or them personally;
• Reduced job security – employees may see improvements (e.g. new equipments, better job methods) as threats to their job security; they fear that their skills will become obsolete and they will be replaced;
• Economic loss – employees imagine that the change is somehow going to affect their salary and earnings; a job loss is the most acute financial loss, but there are others such as transfers, demotions, less overtime, or smaller pay adjustments for some job classifications;
• Reduced job status – if employees will fear that their job title, responsibility, or authority might be reduced from an important one to a less important one, with loss of status and recognition from others, they will not view the change favorably;
• Change in work group relationship – employees often form friendly groups, in which they share experiences and help each other out; through these they experience a sense of belonging; a unified group will view changes as a threat
and resist them; employees fear that change may disrupt informal communication and cause group members to be transferred or replaced; even employees who are not directly affected by change may resist it, in order to protect the interests of close friends or colleagues.

2) Misunderstanding and lack of trust

Petrini and Hultman state that it is common for employees to resist change when they do not understand their implications and perceive that they will lose much more than they will gain [57]. As long as employees believe that the risks are much more than the benefits they can gain from change, they will be afraid of it and tend to resist it. Such situations often occur when there is a lack of trust between managers and employees.

3) Different assessments

Another common reason for resisting change occurs when employees assess the situation differently than their managers or those initiating the change. Those initiating the change or those in charge of implementing the change often assume that they have all the relevant information and that those affected by the change have the same facts. The difference in information between the two groups often leads to differences in analysis, which can lead to resistance.

Another potential cause of resistance is when managers assume that resistance is always a bad thing. Kirkaprick states that sometimes, when employees feel that change is a mistake and can cause more problems than good, resistance is justified [62].

4) Inertia and low tolerance for change

Some employees see the change as a threat, instead of a potential advantage, when they feel that their needs are already being met, when they believe that the change will make it harder for them to meet their needs. Employees will not support a change unless they see clearly the need for it [57, 58].

Sometimes, employees resist change even if they realize that it is a good thing, because they fear that they will not be able to develop the new skills and behavior that will be required [61]. Another reason for some people to resist change is that they feel that going along with the change would be an admission that their previous decisions or beliefs were wrong [62].

5) Wrong methods
Petrini and Hultman state that another reason for resisting change is the belief that the organization is not handling the change process well [57]. Kirkpatrick also argues that sometimes change is ordered in such a way that employees resent or resist it because they do not like being told what to do [62].

Another common cause of resistance is the lack of confidence in its effectiveness or the successful implementation [57]. Furthermore, the way employees find out about a change is very important. If they find out about a change from a second hand source, they might resist it until managers confirm the news.

The main conclusion that can be drawn from this different classification is that there is no clear and unique explanation of resistance to organizational change. Because of the wide range of organizational contexts and the wide range of organizational change that occur, it is unlikely that a single universal explanation of resistance to change will be sufficient.

The consequences of employees’ resistance to change include: slow down of the chance (which increases the costs) [63], less productivity, employees corruption, high employees’ turnover, disturbance and trouble in the change program, failure of the change, and, in extreme situations, can lead even to destabilization or breakdown of the organization.

3.3.4. Overcoming resistance

According to Lewin’s force field theory, for a successful implementation of a change, the forces for change must be stronger than the forces against change [54]. In other words, managers must be able to minimize and overcome employees’ resistance. Kreitner states that managers must foresee and neutralize any resistance that may occur, in order to successfully implement change [74]. Moreover, De Jager believes it is vital for managers to overcome resistance to make the employees committed to the change without making them feel that the change is forced on them [73].

One of the key elements in overcoming resistance during a change process is the role of managers. Strebel believes that commitment in necessary for change to be successful and managers should spend more time listening and understanding in order to handle resistance [12]. Furthermore, by setting a good example, managers have a great possibility to positively influence employees. If employees see that managers do not approve a change, they are likely to present the same attitude [59].

Lawrence argues that there are two different dimensions in a change initiative – technological and social – and that the outcomes of the change need to be evaluated according to these two dimensions [68]. He identifies several key points that managers have to consider when dealing with a change process and resistance:
• Managers need to take into consideration employees’ interests during the implementation;
• Managers should communicate with employees in order to make them understand the meaning of the change;
• Managers need to have different approaches in dealing with resistance, because not all employees/departments resist change in the same way;
• New job definition can facilitate the conception and implementation of new ideas;
• Managers have to be aware of their role in providing communication with employees at all levels in the organization to achieve a successful change implementation.

Researchers have identified different ways in overcoming resistance. For example, Griffin et al. recommend overcoming resistance with participation and negotiation [74], while other authors discuss other measures as the most important ones. Thus, several authors’ views on effective change implementation will be presented in the following section.

Kreitner [70] approaches resistance by focusing on the possible reactions of employees and providing managers with ways to deal with resistance. Thus, he identifies three stages in the change process:

1) Unrealistic optimism, when managers present the new strategy and create a sense of optimism among employees.
2) Second stage, when employees start to realize that the initial idea is not as good and realistic as it was presented and they are shocked and disrupted by the actual conditions, which increases their resistance.
3) Constructive direction, in which employees are expected to understand the difficulty of achieving the new targets, but at the same time, they tend to commit their energy to follow the new direction.

Fig. 6 Kreitner attitudes toward change (Kreitner [70])
Kreitner argues that an organization can move from the second stage, where resistance is at its highest point, to the third stage through managerial effort of overcoming resistance. Kreitner encourages managers to act as a role model to their subordinates and to try to clarify any type of misunderstanding about the change. According to him, when employees’ self-doubt is growing (point 3 in figure 6), managers’ responsibilities include listening to employees in a supportive manner, discarding negative feelings and unreasonable fears, creating short terms realistic goals, and building self confidence through recognizing and rewarding positive comments [70]. Furthermore, to maintain an ongoing improvement in employees’ attitudes toward change, managers need to recognize individual or group achievements and put certain long-term goals for sustainability of change.

Plant [19] proposes a model to help organize the measures which are central to effective change implementation. He also argues that managers should remember that most of these measures should be integrated and used during the whole change process.

Fig. 7 Overcoming resistance (Plant [19])
1) **Create a positive environment**

The first thing a managers should do when confronting with a change process is to create a proper attitude in the workplace. Even before resistance is visible, managers should build an attitude of acceptance to change among employees [59]. This can be accomplished by explaining the reasons for change and showing that the change will be beneficial and produce more good than bad. Employees who understand the importance of change will be more co-operative.

At the same time, Armentrout states that employees' insecurity may be reduced by decreasing their fear of failure [58]. Therefore, Piderit recommends managers to create an atmosphere in which employees feel safe expressing their negative emotional responses to change openly [20].

2) **Communication**

Many authors discuss the importance of communication during a change process. Kotter and Schlesinger argue that one of the most common ways to overcome resistance to change is to inform people about it beforehand [61]. Employees should be informed on when the change will take place, how the change will be implemented, what is expected of them, how the change will influence their jobs, and how the company will support and motivate them to be more committed to the change. Early communication can decrease cynicism and uncertainty, neutralize rumors before they spread throughout the whole organization.

Gilgeous and Chambers state that people have a desire for predictability in their working environment [75]. This is why it is crucial for managers to make predictions of the outcome of the change and ensure that every employee has reasonable knowledge of why, what and how the change is implemented.

The ways in which managers can communicate effectively with employees during a change process and vice versa will be further detailed in the next chapter, in order to answer the proposed research questions.

3) **Participation and involvement**

Many authors argue that participation is the primary method to overcome resistance to change. Flower states that managers should give employees the opportunity to shape the change so that they feel it is their own [69]. In the same line of thought, Kotter and Schlesinger think that employees are more opened to the change if they participate in its design [61]. This can be realized by soliciting opinions and using employees’ advices. Caruth et al. emphasize that
higher commitment can be achieved if employees believe their opinions have been heard and taken into consideration [59].

Managers should give a particular attention to opinion leaders, because they are respected by other co-workers and have the ability to influence their attitudes toward change. Managers should try to make opinion leaders participate and co-operate in the change process, in order to achieve greater acceptance among other employees [59].

Even though, in most cases participation leads to commitment, it may also lead to poor solutions and can be time consuming [61]. This is why Gilgeous and Chambers instruct managers to take into consideration employees' self-esteem when involving them in the change process [75]. People with low self-esteem may fear that they cannot adapt to the new situation the change will bring, and people with high self-esteem may resent change because they were not consulted on the matter and their believes and ideas do not match the change. Therefore, managers should know how and in what to involve each employee during the change process, give feedback, and set achievable goals.

4) Support and education

Another way for managers to deal with resistance to change is by being supportive – providing training in new skill when employees feel their skills will become obsolete, or listening and providing emotional support [61]. By offering retraining programs, employees will become more likely to support the change. Moreover, Gilgeous and Chambers argue that it is essential to allow employees to voice their fears and provide them with education related to mental and physical health to reduce stress during the implementation [75]. Education also refers to keeping the people who are affected informed about the process of change. Employees' perceptions and interpretations significantly affect resistance, which is less likely to occur when employees believe that the benefits of the change will overshadow the personal costs [79].

5) Creation of credibility

Credibility can be enhanced by using credible spokespersons or opinion leaders to spread the messages about the change and letting the messages be based on positive and logical appeals. Reichers et al. emphasize that change messages should be repeated and transmitted through multiple channels to ensure that everyone in the organization is well informed about the change [60]. Even though the messages should focus on the positive aspects of the change, the negative features should also be included in the messages [59]. Furthermore, past change failures and mistakes in previous implementation of change should be admitted by management in order to enhance credibility [60].
6) Acceptance and fairness

Another way for overcoming resistance is through rewards. Folger and Skarlicki emphasize that the way people are treated can have considerable influence on employees’ resistance to change [16]. If employees receive benefits like rewards, recognition, advancement and involvement when creating a proper atmosphere for change, they will learn to accept the change. Furthermore, establishing a reputation of fairness and creating confidence in the change, will help managers gain employees’ confidence and trust and they will become more effective in implementing and managing change [59]. When employees believe that they are treated fairly, they develop attitudes and behaviors required for a successful change.

7) Timing

Flower emphasizes the importance of picking the right time to implement a change and communicate it, as well as when to deal with each employee individually or as part of a group [69]. Managers should be aware of the fact that the need for information increases when the organization is going through a change and employees are likely to be surprised by events [60]. Thus, right timing is crucial.

One thing researchers emphasize is that the above approaches to reducing change are the only ones possible. Some organizational change researchers criticize the statement that all changes are alike, arguing that situational factors can vary thus organizations approach to change varies. Kotter and Schlesinger matched six general strategies for overcoming resistance whit situations in which each may be most appropriate and suggest the advantages and drawbacks of each one [61].

Although researchers suggest that change initiatives often fail, resistance may have a constructive role to play in change management. There are also researchers that see resistance not solely as an obstacle in the change process, but as a positive element because it enables managers to revise bad aspects of the change initiative. Waddell and Sohal [71] advice managers about the importance of considering resistance as a warning signal rather than seeing it just as a problem that needs to be eliminated. They recommend managers to perceive employees’ resistance as an opportunity to revise the proposed strategy and fix the defects that have been overlooked initially [71], or at least to encourage the active expression of resistance. Conner states that “where there is major change, there is resistance; but you can minimize negative effects by encouraging resistance to be expressed openly instead of secretly” [78]. Moreover, resistance to change is not only limited to directing the attention to possible defects in change strategy, but is also a valuable source for providing momentum to the change process. Litterer [72] states that apathy and passivity are important obstacles for
implementing change and argues that conflict and resistance can be useful in providing the organization with energy and motivation during the change process.

<table>
<thead>
<tr>
<th>Approach</th>
<th>Commonly used in situations</th>
<th>Advantages</th>
<th>Drawbacks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education + communication</td>
<td>Where there is a lack of information or inaccurate information and analysis</td>
<td>Once persuaded, people will often help with the implementation of the change</td>
<td>Can be very time consuming if lots of people are involved</td>
</tr>
<tr>
<td>Participation + involvement</td>
<td>Where the initiators do not have all the information they need to design the change, and where others have considerable power to resist</td>
<td>People who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan</td>
<td>Can be very time consuming if participators design an inappropriate change</td>
</tr>
<tr>
<td>Facilitation + support</td>
<td>Where people are resisting because of adjustment problems</td>
<td>No other approach works as well with adjustment problems</td>
<td>Can be time consuming, expensive, and still fail</td>
</tr>
<tr>
<td>Negotiation + agreement</td>
<td>Where someone or some group will clearly lose out in a change, and where that group has considerable power to resist</td>
<td>Sometimes it is a relatively easy way to avoid major resistance</td>
<td>Can be too expensive in many cases if it alerts others to negotiate for compliance</td>
</tr>
<tr>
<td>Manipulation + co-operation</td>
<td>Where other tactics do not work or are too expensive</td>
<td>It can be a relatively quick and inexpensive solution to resistance problems</td>
<td>Can lead to future problems if people feel manipulated</td>
</tr>
<tr>
<td>Explicit + implicit coercion</td>
<td>Where speed is essential and the change initiators possess considerable power</td>
<td>It is speedy and can overcome any kind of resistance</td>
<td>Can be risky if it leaves people mad at the initiators</td>
</tr>
</tbody>
</table>

Table 2. Global strategies for overcoming resistance to change (Kotter & Schlesinger [61])

In conclusion, there are two main approaches concerning resistance to change. While some authors see resistance as a negative aspect and recommend complete elimination rather than managing or controlling it, others propose using resistance in a constructive manner and turning it into a positive element that can be used in the change process. Due to the many factors required to ensure an organization is ready for a change, managers need to be aware of the importance of readiness when embarking on a change initiative. In order to cope with resistance successfully, an analysis of resistant behavior is necessary.

3.4. COMMUNICATING CHANGE

Everyone at the work place or in the spare time uses communication every day. Deresky states that managers use communication to coordinate activities, to disseminate information, to
motivate people and to negotiate future plans [80]. Communication includes timing, communication methods, and message content. What managers must understand is that without effective communication it is impossible to implement any change and make it a success. Barrett argues “without credible communication, and a lot of it, the hearts and minds of the troops (a.k.a. employees) are never captured” [81].

3.4.1. Organizational communication

Organizational communication is “the process whereby members gather pertinent information about their organization and the changes occurring within it” [82]. Communication is very important in an organization because it enables organization’s members to discuss critical organizational experiences and develop relevant information; communication helps organization members accomplish both individual and organizational goals by enabling them to interpret organizational change and ultimately enabling them to coordinate their fulfillment of personal needs with their accomplishment of their evolving organizational responsibilities. Organizational communication also serves as a data-gathering function for organization members by providing them with sense-making information.

Klein [83] identified several communication principles that form a communication strategy:

1) Redundancy of message and medium – message redundancy is related to message retention and the repetition of the message through more than one media is more effective and increases employees’ memory of the message.
2) Face-to-face communication – this type of communication has a greater impact than any other way of communication because it is a two-way communication encouraging involvement in the process, clarifies ambiguities and allows immediate feedback; another advantage is that it allows non-verbal communication.
3) Line authority – even if nowadays the importance of authority is overlooked, line management is an effective communication channel because it has greater communication impact and credibility – the credibility of the message is directly related to the status of the source of the message.
4) The supervisor is a key communicator – employees expect to hear important, official information from their immediate supervisor, since they are expected to be well informed and to transmit accurate information; because supervisors are always in contact with their supervisees, they can use face-to-face communication and be redundant; the role of last level heretical supervision is an essential one and by keeping them completely informed about the progress of the organizational change, it is likely that lower levels (non-supervisory employees) are also well informed.
5) The use of opinion leaders – informal leaders who have collegial authority have great
impact on others opinions and attitudes; thus, it is very important to keep opinion
leaders well informed about the change.

6) Personally relevant information – information that directly affects one’s job is attended
and retained and other information tends to be forgotten quickly or is not even
registered.

### 3.4.2. Communication strategy

According to Klein, the communication strategy should coincide with the general stages of the
change process and the relevant associated information requirements [83]. Based on Lewin’s
change model [54], Klein has identified the objectives and communication needs for each
stage of the change process.

1) Communicating during the unfreezing stage

   The primary communication objective in this stage is to prepare employees and the
organization for the change. This step is known as "readying" the organization.
Resistance will increase at the same rate with how big the change is and how much it
affects the organization. However, it is much easier to overcome this resistance if the
communication strategy is designed to account for the initial resistance [83]. In order to
ready the organization for the change, Klein states that it is important to communicate
the objective of the change and what is going to happened and why ought to be
conveyed. The first thing that needs to be communicated is the need for change, by
pointing out the discrepancy between desired outcomes and actual outcomes. If the
change is an organization-wide change, this first message should come from the CEO
of the company. Although written communication followed by question and answers
meeting has been proved to be an effective way of communication, face-to-face
communication is important in this stage [83].

2) Communicating during the move stage

   When change is being implemented, there is a lot of organizational activity. Because
most of the employees are not directly involved in the change process and do not know
exactly what is happening, the level of uncertainty raises and rumors appear. Thus,
communication in this stage is very important and has the following objectives: to
provide those not involved in the change implementation with detailed and accurate
information of what is happening; to provide those involved in the process with
information about their roles in the change process, as well as information about how
the change will affect them, and their new roles and responsibilities; and to dismiss all
the misinformation that is circulating through the organization [83]. Because the change
is beginning to have more tangible outcomes and some organizational impact, the communication should have a more specific character than in the first stage [83].

3) Communicating during the refreezing stage

The primary objectives during this stage are to build structures and processes that support the new ways. The communication should be centered on answering employees’ questions regarding efficiency, rewards, control and relationship roles. In this stage, the responsibility of communicating with employees shifts from the CEO and management, down the hierarchy to supervisory management. The information flow should be continuous, concrete and multidirectional, so that employees have enough understanding of the personal implications the change has. Because of the inevitable misunderstandings that may occur in this stage, communication should primarily concentrate on making public the success of the change and spread the word to employees [83].

3.4.3. Internal communication

Internal communication represents the communication and interactions between the employees and members of an organization. Internal communication was defined also as “internal relations” [84] or “internal public relations” [85]. Deetz defines internal communication as a “phenomenon that exists in organizations” [86]. In his view, this means that the organization is a container in which communication takes place. Deetz also defines internal communication as “a way to describe and explain organizations” [86]. If we consider this definition, this means that communication is the central process through which employees exchange information, create relationship, and build meaning, values, and an organizational culture.

Traditionally, internal communication was defined as “communication with employees internally within the organization” [87]. However, the advent of new technologies (e.g. e-mails, internet) has meant that messages to employees do not always remain inside the organization, making what employees think and say about the organization very important to the organization’s reputation. Computer technologies have made it easier to produce, multiply, distribute and store written documents, to exchange messages, work together, and have meetings regardless of space and time proximity. E-mails, intranet, and video conferences, are just a few of the communication tools used nowadays by managers to communicate with their employees or by employees to stay informed with the company’s news and activities.

Richard Dolphin proposes a brief and discerning definition for the internal communication. For him, internal communication is “transactions between individuals and groups at various levels
and in different areas of specialization and these transactions are intended to design (and redesign) organization and coordinate day to day activities” [88].

As we can see, there are a lot of definitions for the concept of internal communication that vary more or less, but some ideas remain constant in most of them, as Goldhaber pointed this out. Thus, internal communication involves messages, their flow, purpose, direction, and media; it involves people, their attitudes, feelings, relationships and skills; and occurs within a complex open system that is influenced by and influences its environment [89].

Regarding organizational change, internal communication is one of the core elements of implementing employee development. Management must understand that it is very important to develop a formal, coordinated, and organization-wide internal communication system to facilitate the implementation and practice of the new change. During a change process, it is also necessary to increase the internal communication frequency, since employees have a higher demand for information and continuous feedback [21].

3.4.4. The use and importance of internal communication

Internal communication has an essential strategic role in the organization and it can be a source of competitive strategic advantage. Tucker advances the hypothesis that organizations with a well-structured and operational organizational communication system would be able to have more relevant strategies that they will be able to run more effectively [90]. Kitchen and Daly argue that organizations would not exist without communication [21]. Therefore, internal communication is essential for organizational survival and growth.

Because internal communication has been recognized as having an important role in the implementation of change management programs, it is useful to understand what factors prevent or facilitate effective communication within an organization. Organizations require different approaches to internal communication depending on the type and size of business, managerial style, organizational culture, financial and human resources and the degree of stability of the business environment [21].

Many factors contribute to the constant increasing need of information. Information is needed in the process of decision-making. In addition, self-determination in the job has lead to an increased demand of information and knowledge among the employees. Hyo-Sook [91] states that excellent organizations have management structures that empower employees through internal communication and participation in decision-making. According to Heller, Drenth, Koopman and Rus [92], increased participation in decision-making by lower-level employees has been found to have a positive effect on the efficiency of the decision-making process. Employees who participate in the decision-making process have higher levels of satisfaction and commitment to the organization. Internal communication is often mentioned in the
specialized literature as a competitive advantage and an important resource for an organization.

Smythe argues that nowadays the context of internal communication is changing fast and the challenge is not only managing media and using more media, but reducing communication pollution and discipline the torrent of information from management in order to increase individual understanding [93]. In terms of strategy, communication must mainly deal with the information of employees, the management of changes and the motivation of employees [88]. Excellent internal communication means that everyone in the organization, at all levels, understands the need for change, what the changes are and how they will affect the business and each individual’s (work). Basically, the effectiveness and commitment of employees depends largely on their knowledge and their understanding of the strategic issues of the company [90]. Communication needs to be well managed so that at any time during the change process confusion is avoided through clear, accurate and honest messages, by using a variety of media with high coverage and impact [22]. Therefore, a good communication should enable a better understanding of the strategy, a better commitment, and a lower resistance to change which eventually leads to a better implementation of the change.

3.4.5. Effective internal communication

It has been recognized that effective and appropriate communication is a vital ingredient in the success of any change program [54, 55, 95]. DeWitt [94] argues that people are naturally resistant to change. Thus, effective communication means a lot more than just giving people regular updates with what is going to happen, managers have to sell the benefits of the change. Furthermore, a successful communication strategy should be developed around the best media for reaching everyone, such as newsletters, e-mail, and workshops. However, it is not important which media is being used to communicate, but it is critical to communicate regularly.

The effectiveness of the communication depends, as Erickson declares, on the kind of information that is to be communicated. Erickson distinguishes five different types of internal communication [95]:

1. Work communication – communication necessary for each employee in order to do his/her daily work. This communication involves how an employee should do his job, how to write a report or an agenda for a meeting. The majority of the oral communication concerns practical issues that occur continuously.
2. News communication – being informed about the latest issues in the organization enables employees to perform more efficiently. This communication usually occurs via
internal newsletters, news section on the intranet, personnel magazines or department meetings. News communication usually concerns several departments.

3. Manage communication – is important in order to guide the organization toward its goals. This type of communication includes the long-term plans of the organization and also the short-term measures taken by the organization in order to achieve its objectives. Such communication contains budget issues, company policies, and memos that regulate the business. It also includes work manuals, quality regulations, and working environment regulations.

4. Change communication – is based on unexpected and particular incidents, within the company or the environment around it, which occurs beyond the normal news flow (i.e. information about changing in business goals, vision or strategies). When an organization is undergoing change, the ordinary channels and methods are often supplemented for a certain period of time and offered to a specific public (target group).

5. Culture communication – facts that refer to the company values, its ethics and attitudes towards employees. These issues are more or less visible in the internal communication. Culture communication also includes attitudes towards leadership, equality issues, environmental questions, and company responsibilities in general. Even if there is rarely a printed document about an organization’s culture, analyzing this is an important step in order to gain a better understanding of what kind of internal communication works or does not work for a company.

Coulson-Thomas states that ineffective internal communication is a major contributor to the failure of change initiatives [98]. Balogun and Hope argue that in order to be effective, communication needs to be context specific; what works well in one organization under a set of circumstances, may not necessarily be successfully applied in another [99]. Thus, selecting the appropriate method of communication and deciding what the communication content should be are extremely important and highly complex issues for change management to address.

Erikson [95] suggests that internal communication has to meet a number of criteria in order to be effective. First, communication has to be concrete, understandable by each employee. This means that a lot of thought must be put in selecting the language and communication channels that can be used most effectively. Secondly, the information transmitted has to be kept concentrated, focusing on the issues that are essential for the receivers. The communication must also be coordinated; a massage has to be transmitted in only one way to all parties involved, without differences in information for different target groups. The information provided must also be consequent over time. Any uncertainty regarding the organization’s position over time must be declared to the employees – it is better than having to take back what has been said.
According to Erikson, the communication must form *contrasts*. Effective communication affects people’s knowledge as well as feelings. Frequently, written communication is dull and uninteresting for the receiver, thus not motivating employees or encouraging dialog. The use of pictures, charts, graphics and presenting information in a pedagogical way, using bullets and numbers, will make the information more interesting to the readers.

Finally, the information transmitted must strive to *create contacts* that lead to dialogue and further exchange of ideas. When selecting a communication channel, the massages we want to transmit and audience’s preferred communication style must be taken into consideration. To create credibility among the employees it is necessary to communicate on a *continuous* basis and planning the dialogue in advance can make this easier.

Communication methods include issues of both timing and media. Regarding timing, Klein argues that both the content and the media used will need to be adapted as the change process moves through Lewin’s [54] three stages model of unfreeze, move and refreeze [99]. Armenakis and Harris identified there communication strategies that can be used in preparation for a change process: persuasive communication, active communication, and managing or sharing information about the change. The way in which these strategies are being organized varies according to the context of the change process [100].

Concerning media, DeWitt [94] identifies several typical forms of internal communication:

- **E-mail** – has become one of the most common form of written/technology based communication within an organization; the major advantages of e-mails are speed, low costs and increased access to other employees; managers should also be aware that, when using e-mails, they have to make sure that the receiver recognizes them as important and opens them.

- **Company website** – usually an organization’s website will have a section dedicated to internal communication with and between employees; the company’s website is useful to employees mainly to keep up with the activities and projects of the company; also an intranet site may be used to provide access to shared files, resources and other information to employees who are located all around the world but have access to the internet.

- **Company databases** – in large organizations, employees usually have access to different company databases

- **Face-to-face communication** - is the richest and most dynamic medium available to managers, yet the most restrictive communication channel; the advantages of face-to-face communication are that it allows instant feedback from the audience and that it can be more informal and have more social aspects then many other channels. The main disadvantage is that the audience must be physically present in one location,
making such a meeting hard to settle in time and space; other disadvantages are that it can be time consuming and employees may not be honest in their communication because they cannot be anonymous.

- Meetings – can be either formal or informal; departmental meetings, training sessions and group conferences take up a lot of time and resources; they may be the most expensive communication channels because of the money, time, and energy spent on getting everybody in the same place; even though the costs are great, group meetings have many benefits: they offer opportunities to coordinate various activities, stimulate commitment, brainstorming, motivate high-level performance and communicate the corporate culture, welcome new employees; the advantages and disadvantages of face-to-face communication are also valid in group meetings.

- Phone communication – telephone and mobile phones are probably the most widely used substitutes for face-to-face communication. These methods of communication have made geographical distances no longer barriers to communication. This means that managers do not have to be present physically to give tasks or be kept up to date on vital information. The phone has its disadvantages: the channel is less rich, so it is difficult to transmit visual information and senders can never be totally sure if the message is only listened to by the intended receiver. In addition, the phone is not the best channel to discuss complex topics (i.e. negotiations) and the receiver may not be prepared to talk or have the time to do so, thus requiring a second call. Yet the phone is useful in coordinating a meeting or communicating in emergency situations.

- Memos – can be effectively utilized for announcing routine organizational changes, transmitting information between geographically separated departments and employees or reporting meeting schedules and agendas; the difficulty occurs when readers fail to understand the memo or fail to recognize that they do not understand; most of the time, memos today are sent by e-mail.

- Internal newsletters – are different from the organization’s regular newsletters in that they contain information that is relevant only to employees. Newsletters can be developed more quickly than other internal publications (i.e. magazines or annual reports) and can be used to transmit more urgent messages. As such, it can be an ideal way to communicate information about new employees, changes in policies and procedures, programme updates and organizational development. They can also be used to recognize employees’ contribution. The challenge for an effectively newsletter is to report newsworthy events while avoiding the tendency to transform it in a yearbook-like publication.

- Notice board – used to post work schedules, new job postings, social events announcements and schedules, employee recognition and brief but interesting news stories about employees or the company. Among the strengths of this channel, we can mention the simplicity of posting, the relatively low costs involved, the ready
accessibility and the speed of written messages postage [96]. The drawbacks of this channel are that employees must be in the proximity of the notice board in order to read the messages and some of the people who have an interest in the information posted may not be able to check the board on a regular basis.

- Internal magazines – help employees to understand better the corporate philosophy, policy and the company’s products and services. These publications may contain feature stories of new lines of products/services and a question and answer section from the president of the organization or from departments’ managers.

Balogun and Hope-Hailey argue that the choice of media should match the significance and complexity of the massages managers want to transmit, as well as the stage in the change process that the organization is going through.

### Fig. 8 Effective and non-effective communication of change (Balogun & Hope-Hailey [101])

Whichever channel managers choose to communicate with employees, they must take into consideration that communication must be a two-way process. Theories of communication state that effective communication depends both on the receiver (in this case – employees) hearing the message as it was intended by the sender (here – management), and the feedback loop, which enables both the receiver and the sender to check for understanding [83, 102]. Klein also points out the importance of line managers and opinion leaders as links in the communication chain.

Regarding the content of communication, it is transmitted to employees before, during and after the change implementation, as well as what information is required form employees [101].
Kitchen and Daly [21] have identified three types of information that affect employees during a change process:

1) what employees must know, like job-specific information;
2) what employees should know, including desirable information about the organization;
3) what employees could know, like unimportant office gossip.

Communication researchers have described the purpose of communication content in a change process as: spreading a vision [103], minimizing uncertainty [83], gaining employee commitment [55], involving employees by seeking their input into the content and process of the change [21], overcoming barriers to change [104], and challenging the status quo [99].

Klein also argues that employees will want to know as much information as possible in order to minimize uncertainty [83]. However, the type of information that is transmitted by management and the manner in which information is transmitted are key determinants of whether change implementation is successful [21].

There are many factors that can lead poor communications within an organization such as: transmission problems (ex: one-side communication processes), suppression of information, mistakes in what is communicated, rumors, the type of language used, and purposeful distortion. Moreover, employees may misinterpret the information given [21].

Kitchen and Daly [21] declare as imperatives for successful internal and organizational communication the following:

- Communication is a fundamental part in the process of organizing.
- Understanding organizational communication can help understanding management strategies.
- Senior management should be committed to communication.
- Effective leadership skills should contain communication skills.
- Management should be responsible for conceiving and maintaining the communication system.
- Effective communication should include both written and face-to-face communication.
- Employees should perceive the messages as relevant to them.
- The messages should be consistent with actions.
- Communication skills training can lead to increase effectiveness of the communication system.
- The communication system should always be monitored and evaluated regularly.
4. DATA ANALYSIS

In this chapter there will be presented the data collected from the company (Petrom OMV). The chapter will begin by introducing the company (background), the change process, and then the data presentation will be related to the theoretical frame of reference, in order to discover similarities and differences.

In much of society, research means to investigate something you do not know or understand.

(Neil Armstrong)

4.1. COMPANY BACKGROUND

Petrom is the largest oil and gas producer in South Eastern Europe. With activities in the business segments of Exploration and Production, Refining, Marketing as well as Gas, Petrom has proved oil and gas reserves of 823 mn boe, a maximum refining capacity of 8 million tons per year, approximately 550 filling stations in Romania and over 260 filling stations in Moldova, Bulgaria and Serbia.

In 2009, the turnover of the company was EUR 3,029 mn and EBITDA was EUR 696 million. After its privatization in 2004, the company recorded positive results. The modernization process initiated in 2005 is still underway.

As a member of the OMV Group, Petrom has embedded in its operations the '3plus' strategy. The company’s core activities are represented by the three business segments – Exploration & Production, Refining & Marketing, and Gas & Power – and operated with a focus on their sustainability. As a regional center within the OMV Group for Southeastern Europe, Petrom plays an essential role in delivering concrete economic results in one of OMV’s three growth markets - CEE, SEE and Turkey. Additionally, Petrom focuses on the three values of the OMV Group – Pioneers, Professionals and Partnership - , “which distinguish us from our competitors and strengthen our competitive advantage in technical and commercial activities”.

Until 1989, the activity of the company has been carried out in the conditions specific for that period. The organizational structure and the activity have been carried out based on a national strategy of economical planning, through the so-called ‘five-years plans’ which were based on the vision of the national economy as a unique corporation.

After 1990, the society has undergone a series of reorganizations within a process of transition to a market economy. In December 2004, the company was acquired by the multinational company OMV Austria and, from that moment on, a series of programs have been carried out in order to implement a completely different organization and development strategy, based on investments and strategic programs of long- and medium-term development, with a financial
discipline and a strict cost management, with the aim of maximizing the operational efficiency and consolidating the profit. In the moment of the acquisition, the company had 7 main divisions (see Appendix 1 – Petrom organizational scheme 2004), and through a step-by-step change process, implemented over a few years with reorganization, restructuring, new company policies, new regulations and new procedures, the company became an almost new organization (see Appendix 2 – OMV Petrom organizational scheme 2010).

Before privatization, Petrom was the market leader in Romania; after privatization, the company received the position of regional centre for Southeast Europe within OMV Group. Due to its economic performance, it plays an essential role on Southeast Europe market, one of the three emerging markets of OMV: Central Europe, Southeast Europe and Turkey respectively.

4.2. THE ORGANIZATIONAL CHANGE

The acquisition of 51% of the share capital of Petrom by OMV Austria in December 2004, allowed OMV to ensure the management of Petrom in conformity with the vision and decisions of Petrom shareholders.

The change process that followed the acquisition had two major stages:

1) First 5 years stage – which was governed by the organizational perspectives imposed by the privatization contract (with restrictions regarding closing of objectives, restructuring staff, staff salaries and outsourcing);
2) After the first 5 years stage – in which all decisions were put into practice.

Within each of this two stages there were more sub-stages, practically the change was and is continuous, creating the impression that the company “lives and is constantly changing”. The first stage included:

- The set up of seven regional centers for leadership (managed by expats) which supervise 3-4 county branches of Petrom
- The set up of the new management structure – in this structure the key positions were occupied mostly by expats, the rest being occupied in two years-time by selected employees from old Petrom structure or by new employees, from outside the company
- Gradual dissolution of the 41 Petrom county branches (in Romania) and centralization of all activities within the new Petrom structure
- Closing-down unprofitable objectives (terminals, filling stations, extraction wells etc)
- Outsourcing some activities, such as transportation, maintenance, project supervisors, training, IT services, consulting etc
Within the second stage of the change, which is undergoing at present, there are the following sub-stages:

- **EAST project** – which comprises of: changing the name of the company from Petrom S.A. to OMV Petrom S.A.; joining the Marketing and Refining divisions and rearranging the departments within the divisions (the Supply & Logistics department was moved from Marketing to Refining); the inclusion of the OMV Romania S.R.L. personnel in the new division and setting-up the new company OMV Petrom Marketing S.R.L., under whose name OMV Romania S.R.L. still operates.

- **The SPIN OFF project** – which will start in October 2010 with the absorption of all activities of old OMV Romania, of Retail and Commercial departments from the actual Marketing and Refining division, as well as the activities of MPP Petroleum Distribution S.R.L. (which manages over 30 filling stations acquired by Petrom from MOL Romania) in OMV Petrom Marketing S.R.L. This project will also imply the alignment of Downstream Optimizing and Supply Department (Petrom terminals) to the working procedures of the Refining division.

- **IRIS project**, which comprises of implementing a new ERP (enterprise resource planning) system – IRIS (replacing SAP); IRIS system is used by OMV in all its companies.

- **Reshaping the Corporate Center project** – the project was launched in November 2009 by OMV Executive Board in order to optimize the structure and working methods of the corporate functions of the OMV Group based on the 3plus Strategy. The main advantage of this project is the centralization of all corporate functions. Fundamentally, no corporate function will remain at divisional level (except project management) and, thus, optimal synergies are created and utilized.

From this point forward, I will refer to the company studied in this thesis as OMV Petrom, when referring to the actual company, and Petrom and OMV, when referring to the companies prior the acquisition.

The acquisition of Petrom by OMV Austria can be considered a merger, characterized by collaboration, in which one party wants to buy (OMV Austria) and the other party is willing to sell (Petrom) [105]. Even so, maintaining the morale of surviving managers and employees is vital to a successful ownership change. The changes that followed the acquisition were planned changes, there was a well-defined line of how the new procedures were supposed to be implemented in the old company, and there was almost no room for comments from the employees: “Employees’ response to change was acceptance, there was no other choice” (level 3 manager - Asset Administration Write-Off, R&M BU Procurement). Employees who opposed vehemently to the change left the company by their choice. Most of the employees interviewed are firm in their opinion that this change ignored the political and economical
context in which Petrom had been operating, but most of all that it did not take into consideration the cultural specifics of Romania. “Some stages of the change have been coordinated by people without enough experience and no knowledge of Romanian legislation and local conditions” (level 3 manager - Put in Function Team Lead, R&M BU Business Administration). Some of the planned change liabilities indentified by Beer and Nohria [40] in their study can also be identified in the beginning of the change process at Petrom, mostly due to the ignorance of top management of local contingencies. OMV Austria brought in Petrom foreign specialists and a practice that was working well in Austria, but which should have been adapted to the local Romanian environment: “At the beginning of the implementation process, in the new organization structure, wrong decisions were taken mainly due to the lack of information and adjustment of the operating conditions to the Romanian law, and due to quick adoption of radical measures without evaluating the short- and long-term consequences” (level 3 manager - Storage Development Manager, R&M BU Downstream Optimization).

All the above determined the management team to turn their attention on the possibility of combining planned change with emergent change and adjust their objectives so that they fit the Romanian market, as one of the manager states “Of course not all of the things run according to plan and adjustments were done on the processes. Overall the coordination of change showed a strong main goal but also flexibility.” (level 3 manager, Logistics Process Transformation & Implementation, R&M BU Downstream Optimization). This was possible by identifying the experienced staff, having a flexible organizational structure with the possibility of modifying it according to needs, developing training programs for the entire staff depending on the position occupied and the needs, and transferring knowledge towards the employees in order for them to achieve their established objectives in good conditions.

4.3. THE INTERVIEWS AND QUESTIONNAIRES

All seventeen interviews have been conducted within OMV Petrom, with employees from four different divisions: Marketing, Refining, Chief Financial Office, and Exploration and production. Interviewees are from different levels of management (second to fifth), and have different type of tasks, related to communication, asset management, logistics, technical management, and controlling (see Appendixes 2 & 3).

The questionnaires were distributed to employees in four different divisions: Marketing, Refining, Chief Financial Office, and Chief Executive Office. Respondents occupy different levels of management, from one to six (see Appendixes 2 & 4). Respondents have been working for Petrom, and OMV Petrom respectively, for 2 up to 31 years, and have ages between 26 and 56. 59% of respondents were male and 41% female (see Appendix 5).
4.4. INFORMATION AT FIRST

Since the decision to sell Petrom to a private company was not in the hands of management but in those of the government, it was not easy to keep it a secret, but there still was a degree of uncertainty due to lack of information from management. More than 40% of the interviewed employees first found out about the acquisition from the media. After the acquisition was finalized, most employees were informed about the new situation by their direct managers.

The general reaction to the acquisition was positive. 62% of respondents strongly believe that a company must necessary change in order to stay competitive, but only 30% of them have a definitely positive attitude towards change. Yet, all respondents agree that changes bring more positive things than negative and were hoping for an improvement (see Appendix 6 - Change process in general).

“I considered the acquisition itself as positive, because I guessed that major investments in the company will be made, and the view on personal development will also change.” (Head of Chemical & Fluids Procurement, Exploration & Production, level 4 management)

4.5. SYMPTOMS OF RESISTANCE

Once the privatization contract was signed and OMV Austria acquired Petrom, employees had to accept it, but that did not mean they were necessarily satisfied with it or did not resist the change process. Armentrout states that is not easy to overcome resistance to change, but recognizing some of the symptoms is the first step in that direction [58]. After interviewing some of OMV Petrom’s employees, some indications of resistance could be recognized. First, a distinction can be made between the resistance employees showed in the beginning of the process and resistance employees are still showing today.

Overall, most employees (86,49 %) agree that they have a positive attitude toward change, but what it is interesting is that only 16,21% of them perceive other employees as having a positive attitude towards change. Most of them (67,57%) see others as balancing between a positive and a negative attitude, or having no opinion – “Romanians never have a clear position” (level 4 manager - Process Manager Taxes, Chief Financial Office) (see Appendix 6 - Change process in general).

Even if most employees did not have positive attitudes towards the upcoming change, none of them showed signs of what Petrini and Hultman [57] identified as active resistance. Most of them expressed their worries in casual conversations with their families, friends or colleagues, but not often with managers or leaders. Some even tried to find more information about the
change process – “I have tried to eliminate my worries by searching for more information about what the changes consisted in and to find out how this process could affect my team, my organizational environment and me” (level 2 manager - Project Management Lead, Refining).

There were also respondents that referred to the kind of resistance Caruth, Middlebrock and Rachel [15] call open/direct attacks. No one has intentionally slowed down on the job or sabotaged new equipment or procedures to determine the change to fail, but some employees were so critical to the new organization that they chose to resign or accept the company’s offer of early retirement with a social program.

The other type of resistance defined by Caruth, Middlebrock and Rachel [15] - passive behavior/dropping out - is the strongest indicator of resistance at OMV Petrom. Most employees had certain post acquisition expectations, which were not satisfied, but very few complained about them openly. Instead, they preferred to keep their thoughts to themselves and only complained to each other in the corridor or in the smoking room. One manager identified a clear sign of passive behavior: “Employees resisted day by day, trying to find excuses and motives for NOT doing what they were requested to do” (Head of Technical Management, Marketing, management level 4). Thus, their negative thoughts and their dissatisfaction with the situation in the company could be interpreted as resistance to the change. This resistance arose during the change process, when employees became less and less satisfied with the consequences of the acquisition and their expectations did not match the reality. “For some of the employees, the enthusiasm from the beginning of the change process turned in the following period into disillusion and lack of satisfaction due to the radical changes within the company. This new organizational structure was not easily accepted by all the employees of the company, many of them not being able to appreciate the implications of the new working system” (level 3 manager - Storage Development Manager, R&M BU Downstream Optimization).

Finally, OMV Petrom’s employees could be considered a little cynical if we use Reichers and Wanous [11] definition of the term. 32.43% of respondents stated that past changes in the organization were unsuccessful. There is also the possibility that employees have lost faith in their leaders and managers, since the power and the higher management levels are now occupied by foreigners (see Appendix 7 – Sense of urgency).

4.6. CAUSES OF RESISTANCE

Despite the popularity of mergers and acquisitions strategies as options for organizations, research indicates that between 55% and 70% of mergers and acquisitions fail to meet the
anticipated purpose [106]. Thus, managers are beginning to realize that maintaining the morale of surviving employees is vital to a successful ownership changeover.

Resistance is an inevitable response to any major change. It is human nature to resist what we see as different. Change requires for employees to learn a new set of rules, when the old rules may have suited them just fine. In reality, circumstances outside of people’s control may occur and force them to adapt to new policies, new systems, and new sets of regulations. Kotter and Schlesinger [61] state that many managers do not take the necessary time to evaluate who might resist the change and for what reasons, a situation that can be observed in the case of OMV Petrom. Managers interviewed said that management does not seem to have given resistance much thought and the only solution for employees was acceptance, even if they did not agree with the change. However, it is important to remember that the reasons behind employees’ resistance might not always be direct consequences of the acquisition of Petrom, and that previous changes in the organization might also influence employees and their understanding of the process.

Following the types of resistance identified in the theoretical part of this thesis, I will present further the causes of resistance identified at OMV Petrom.

1) Fears (see Appendix 7)

A major cause of negative feelings that appear after a transition is the frequently resulting layoffs. Almost 90% of the respondents mentioned dismissals and layoffs as a major worry after the acquisition. This turned out to be a founded fear, since the privatization process has brought a complex program of staff restructuring which has affected, since 2006 when it has begun, 22,540 employees. Almost 73% of the respondents identified reduced job security as being the most important effect of organizational change.

Another reason for employees resisting the change was that they were afraid of losing their positions, their job title, responsibility and authority, in other words their job status. 21.62% of employees found reduce job status as a very important effect of the change, while 37.84% identified it as somewhat important. As a result of reduced job status, employees started to perceive the change negatively, and opposed it by stating out loud, even if among themselves, their displeasure with the change. The fact that they knew they would lose power and descend in the organizational structure influenced the way they reacted.

Caruth et al. [15] state that a common worry in a change process is fear of the unknown. Even if most of the interviews believe that employees of Petrom worried about the unknown at the beginning of the process, the fear was not that significant,
only 37% of the respondents perceiving it as an important effect of organizational change. As stated before, most of the employees were positive about the change and wanted to wait before making a decision in order to see what would happen. “I have discussed the possibility of resigning with my family and decided to try to see this change as a challenge and decide after some time what to do, not immediately” (level 3 manager - Head of Retail Controlling, Marketing). On the other hand, the employees that had chosen to leave the company did not fear the unknown, but fear mostly the loss in job status and the economic loss and did not want to give the organization a chance. However, as stated by their remaining colleagues, all of them found better jobs within a few months.

Economic loss was not identified as a very important effect of organizational change; only 24.32% of the respondents considered it as important. This is because most of the employees that decided to stay at OMV Petrom actually hoped for a raise of salary in alignment with the salaries in OMV, so that the Romanian employees who worked on the same hierarchical level with the expats to be paid according to the same system. Unfortunately, as regards the salary level of the Romanians, the company only takes into consideration the evolution of the Romanian local labor market. This, in time, led to dissatisfaction, which triggered further resistance.

According to Caruth et al. [15], another reason to fear change is alteration of workgroup relationship. Many people feel the need to belong to a group and to associate with other people in the workplace, thus making workgroup relationship crucial. 29.73% of respondents saw changing in workgroup relationships as a very important effect of the reorganization, and feared that the change would cause group members to be transferred and replaced by people with different personalities and skills, splitting the existing workgroup. This made them oppose resistance to the change process.

2) Different assessments

Kotter and Schlesinger claim that people resist change because they assess the situation differently from their managers or those initiating the change [61]. In the OMV Petrom case also, managers assess the situation differently from other employees; the information differs according to the level of management each person occupies.

Furthermore, managers and employees perspective on the change process varies. While managers have the full picture of the process, know all the stages and consider that the change started with the pre-acquisition preparation and will end sometime in the future, employees see the change process from their personal point of view,
thinking that the change started with the implementation of the first stage, and picturing the changes from the last 5 years as separate changes, not as part of a whole. Hence, employees state that changes happen too frequently and this can be a cause of resistance. Even more unbelievable is the fact that more than 27% of the respondents state that they are not aware that a change process is taking place in the organization.

3) Misunderstanding and lack of trust

As Petrini and Hultman [57] state it is common for employees to resist change when they do not understand their implication and believe that what they have to gain is less than what they will lose. More than 32% of respondents state that they do not understand the vision the company is driving toward and over 40% do not understand the objectives and goals of the current change. Moreover, 35.14% do not understand how the vision affects their jobs and over 27% do not see a positive outcome of the current change. These all can be causes of resistance to organizational change. In addition, the lack of trust that leaders have in local managers and employees may annoy the personnel and make them dwell, complain, and resist the change (see Appendix 9).

4) Wrong methods

Even if most of the interviewed employees agreed that Petrom’s acquisition and integration into OMV Group has been a success, they all think that this could have been done better. Whether they refer to a shorter change process, better communication, or better usage of local human resources, all respondents agree that “there is always room for more”. Although employees resist the methods used to implement the change and not the change itself, this can lead to negative feelings from employees, which leads in turn to resistance.

5) Inertia and low tolerance for change

Employees’ tolerance for change depends on the ratio between positive and negative outcomes. Employees need to get a feeling of stability and security at their place of work in order to support the change. Furthermore, as Kotter and Schlesinger [61] state, all human beings are limited in their ability to change and some people are more limited than others. At OMV Petrom, 16.22% of employees declare they do not adapt quickly to any change, which may turn into resistance to change. At the same time, more than 20% do not have enough confidence in the company’s possibilities to change and adapt to a change. Some employees resist change because previous changes and reorganizations have come too often and some of them had been implemented abruptly. For example, one of the interviewers stated, “I have become more negative
about the change because the restructuring has to stop!” (level 4 manager, Head of Technical Management, Marketing).

To sum up, the main causes of employees’ resistance to organizational chance include fear of dismissal and layoffs, fear of economic loss, loosing job status and changes in the work relationship, the lack of trust in the actual leaders and the positive outcomes for employees, as well as a low tolerance for change, triggered by the failures of past change processes. But the main cause of resistance in the OMV Petrom case remains the lack of information and the misunderstanding of the information.

4.7. MANAGING RESISTANCE

Many scholars use the expression “overcome resistance” when talking about preventing and handling resistance. But some of the causes of resistance such as downsizing, layoffs, and increased workload may, however, have some positive effects on the remaining staff. The key to morale maintenance and remove barriers to change is systematic preparation for change. There are cases when resistance is not always inappropriate and therefore it should not always be overcome. Thus, as Plant [19] argues, the expression “managing resistance” is much more suitable in this study case.

Gutkenecht and Keys [105] argue that a peaceful and positive relationship with employees, following a takeover, grows slimmer as the management moves from the rescue agreement to the takeover as a raid, when the takeover becomes hostile with little regard for the plans of the acquired company. Caruth et al. [15] state that managers usually are unaware of the ways they can influence employees’ attitudes during a change and of the fact that if managers have a positive attitude towards change, they can create a positive atmosphere and make employees see the change as a positive thing. Some of the respondents agreed that their attitude towards change has changed at the same time with their managers’ attitude. “The more confident managers became in the benefit of the change the more trust they forwarded to us.” (Project Management Lead, Refining, management level 2). On the other hand, most of the employees agreed that their attitudes towards change cannot be influenced by their superiors’ attitudes. Thus, in order to manage resistance, managers have to find out what are the true causes of employees resistance.

4.7.1. Managing visible resistance

Resistance has been discussed previously in the form of active and open/direct attacks. At OMV Petrom these symptoms of resistance include the employees who were negative towards the change from the start and expressed their opinions openly to colleagues and, sometimes,
to superiors, as well as the employees who disapproved the change to such an extent that they decided to resign. According to the respondents, superiors listened to what the first group had to say, but only occasionally took into consideration their opinions or tried to change their views through non-persuasive methods. Regarding the employees from the second group, nothing was done in order to keep them in the company. “Following the acquisition, everybody knew there were going to be layoffs so managers thought it was better to let people resign than dismiss them.” (Head of Filing Stations Administrator, Marketing, management level 2). The company’s mistake at that point was that many specialists were lost that way.

The way the change has been implemented, the information received during the change process and the belief that management could have managed things in a different way, are all reasons for employees leaving the company. This could have been prevented with a good preparation for the change, effective two-way communication and rewarding system, in order to convince valuable employees to remain in the company, at least long enough to make an informed decision.

4.7.2. Managing subtle resistance

As shown in the previous section, after analyzing the symptoms of resistance in OMV Petrom case, most resistance can be defined as passive behavior/dropping out. Very few employees expressed their opinions openly, but instead most of them complained to colleagues in casual conversations. Some of the interviewed managers stated that they have been trying to solve all the problems that their subalterns have, but it is not always enough, since they, in turn, have to convince their superiors of the necessity to take action. Most of the times, though, superiors are not aware of the full amount of negative feelings that their subalterns have and how this feelings influence their work.

Due to the Romanian culture, in which employees are accustomed to accept everything the management does or they are left to fend for themselves, managers often assume that employees agree, if they do not tell directly the opposite. Therefore, because managers are unaware of the existing resistance, this type of resistance has not been managed at OMV Petrom.

Since resistance is not easy to be identified, it is important for management to assume that resistance exists after an acquisition or can appear during the change process. Thus, managers should always try to prevent resistance to begin with.

Even if many employees felt unsure and unsecure about what was going to happen in the future, most of them state that they were positive towards the change in the beginning (86.49%) and that change was necessary for the company to remain competitive (89.19%). The employees’ dissatisfaction seems to have developed and accelerated during the change
process, because of the way the change was implemented and the progress has been communicated, and because the results were not up to expectations.

Following Plant’s [19] model of effective change implementation, I will describe the actual situation at OMV Petrom and propose means of managing resistance in this case.

1) Creating a positive environment

Even before the change process begins, managers should create an attitude of acceptance among employees and show them that the change will be in their best interest. The interviews have shown that employees, in general, know that the organization must change (67.57%) and can identify some general effects of the change such as: obtain larger profits, increase economic efficiency, improve conditions for increasing production, improve work conditions, or personal development. However, most of this information was gathered through personal search for information, casual conversations and rumors. 43.25% of respondents agreed that leadership did not explained them why the organization needs to change and 78.38% of them stated that leadership did not communicate why the organizational change is in the employees best interest. In addition, more than 70% of respondents think that leadership does not lead by example and more than 62% believe the same thing about management. When they understand the importance of the change, employees become more cooperative.

2) Communication

Numerous scholars have emphasized the importance of communication in overcoming and managing resistance. They argue that communication is one of the most essential measures to prevent resistance. If managers communicate successfully and the communication is both downward and upward, they will be aware of how subordinates feel, being able to take their opinions in consideration when implementing change and decreasing the risk of subtle resistance.

The importance of communication in a change process, how, when and by whom it must be done will be further detailed in the next chapter.

3) Participation and involvement

Coch and French [67] argue that participation is the primary method to overcome resistance to change. In addition, Kotter and Schlesinger [61] state that employees are more willing to accept a change if they have participated in its design. All the people interviewed, except one, stated that, at some point, they were involved in the design and/or implementation of the change in their department or at the organizational level.
This implication made them feel important to the company and appreciated by management – “There were many changes in the company – organizational changes, managerial changes and mentality changes, but the fact that I was involved in all of them from the beginning made me adapt more easily and helped me change at personal level.” (Project Manager Communication, Refining, management level 2).

Unfortunately, employees on lower levels did not have the opportunity to participate actively in the change process, which made them more skeptical to the change. However, it is important to remember that Petrom had to adapt to OMV Austria’s organizational structure, and that it is difficult to let every employee participate.

4) Support and education

As most employees have had their tasks prior to acquisition changed partially or totally, there was a great need for training and education at OMV Petrom. In addition, employees had to learn new procedures and programs. All the interviewed employees declared that they participated in training programs and received support from their superiors – “I received support especially from management. This is what OMV brought new in the company: patience to explain; I never saw them bored or sending somebody away because they had no time.” (Project Manager Communication, Refining, management level 2).

Regarding the employees that have participated in the survey, although the majority state that they have been trained and educated for their new activities, 30% of them declare that they did not participate in any training or education program. As a general opinion, both interviewers and respondents agreed that the support received was good, but there is always room for better.

5) Creation of credibility

In order to enhance credibility, the person delivering the message about the change should be a credible person in the employees’ eyes or an opinion leader. Employees state that they would have been more positive towards changes if the messages would have come directly from management and superiors and they would not had been forced to use rumors as a mean of information. Employees also state that managers should be more opened, explaining clear and sincere not just “how” the change is going to be implemented, but also “why”.

6) Acceptance and fairness
Caruth et al. [15] argues an important task for managers is to reward acceptance of change. If people see the benefits from accepting a change, they will learn to accept it as a normal occurrence. This could be very useful for OMV Petrom, since the change process unfolds over more than six years, and employees started to get tired of continuous change.

“If rewards encourage change, I will be more than happy to support the change for some rewards, because I found out from this questionnaire that change implies rewards, a thing that has never been mentioned in the information received from management.” (Purchase Support, Marketing, management level 3). This statement is sustained by the fact that only 16.21% of respondents declared that they have been rewarded for supporting the change.

Folger and Skarlicki [16] state that how the change is implemented and how people are treated have considerable influence on employees’ resistance to change. When workers feel that they are being treated fairly, they develop positive attitudes towards change. According to the OMV Petrom’s employees, people are not always treated fairly. As mentioned before, some of the Romanian employees feel that they are not rewarded according to their workload and the tasks they perform, in line with foreign employees. Respondents mentioned the need for an objective rewards system, correlated with the work performed, the same for everybody, in order to support the change, since 48.65% of them believe that a good reward system promotes the behavior needed for change.

7) Timing

The speed with which the change process is implemented is very important in order to prevent resistance. According to Caruth et al. [15], it is important to allow proper time for the transition between the announcement of a change and its implementation. Furthermore, managers should remember that all changes take time and employees cannot learn and adjust instantly to new procedures and programs. In Petrom’s case, the announcement of the acquisition was made on December 6th, 2004 and the implementation started on January 4th, 2005. It is impossible to state if this is considered enough time or not, since each person adapts to a change in his own time. Yet, management should be aware of how much time employees need in order to adapt the speed of the process to their needs.

In general, the way employees perceive the speed of the process depends on which hierarchical level they are. Managers had more information about the process, knew all the stages and easily adapted to programs that they helped implement. They
experienced the process as fast and believe that integration of Petrom has gone far although the change is not over. As we move further down the line of management to the employees on the lowest levels in the organizational structure, respondents state that the change process is too long and it has to stop. The longer the implementation process is, the more insecure employees get, feelings that can trigger in time resistance.

4.8. THE USE OF INTERNAL COMMUNICATION

Communication is an important part of OMV Petrom’s strategy, since Petrom was acquired by OMV Austria and since the company has become the Regional Centre for Southeast Europe within OMV Group. The management of the company also considers communication as one of the most important methods for transmitting the values it wants to promote.

All of the people interviewed agreed that the internal communication in the company is better now than it was before the acquisition. This is mostly because the methods of communication are totally different now, easier to use and to transmit information to all employees in the same time (such as e-mail, newsletters, intranet). At the beginning of the privatization, between 2005 and 2006, the communication was not efficient due to the lack of specific standards and means of communication. Starting with 2007, the company has put into place daily communication standards, rules for the written communication, the use of Outlook and other information about signatures. The OMV Petrom intranet software allows the transmission of information within the company and can be consulted in any moment. The information transmitted through intranet is extremely complex and contains all the information about OMV Petrom’s domains of activity.

Along the organizational change, there is also a change in communication. Constantly improving the communication within the company is one of the main objectives and is considered the main mean to give social responsibility to the employees. The key communicators try to find ways to communicate better, to be able to reach all employees, and to get them involved in the company’s development. Such an example is the “The best in us” contest, in which employees have to propose an idea of how to improve the way their department or the company in general works. The project will be finalized with the implementation of the best proposal.

According to Klein [83], a company can use several communication principals during a change. Message redundancy is directly connected with message retention. Using several media to communicate is more effective than using just one, because it increases the possibility of people remembering the message. The way OMV Petrom communicates is consistent with what Klein states, the company using several mediums, including intranet, e-mail, meetings,
memos, newsletters, telephone, and face-to-face communication. The most used methods of communication at OMV Petrom are considered to be the e-mail and the intranet. Both of them are fast, low cost methods and can reach many people in the same time, but have the disadvantage of being impersonal and there is always the risk that not all employees have access to internet at all times. Therefore, the communication strategy should contain other forms of communication, especially when important information needs to be shared with all employees.

According to the employees, the most effective way of communicating is through meetings (72.96%) and e-mail (70.27%). The most ineffective mediums are considered the memos (75.62%) and the casual conversations (62.16%). Regarding the intranet and newsletter, employees' opinions are equally divided. Employees state that there were not many communication activities in the company until now, mostly because no one seemed to know exactly what was going to happen and how the new structure of the company was going to look like. However, they identify e-mail as one of the most successful communication activity because it is fast, clear and concise. They also prefer short meetings because they provide clear information, interactive discussions and the possibility to get answers to their questions. On the other hand, employees state that memos, newsletters and intranet are not good methods to communicate with employees because they are impersonal, hazy, sometimes brief and can lead to interpretations. One respondent declares, "Newsletters via e-mail have been unsuccessful types of communication because they are one-sided communication, usually come after the change happened and the information is incomplete. Practically you are informed but you do not understand." (Tender Organization Coordinator, Refining, management level 3) (see Appendix 11).

Klein [83] declares that the supervisor is the key communicator in an organization, so employees expect to hear official and important information from their direct supervisors. This theory is not fully applied at OMV Petrom. The function of key communicator in the company is performed by the Corporate Communication Department, which, together with the communicators from each division, carries out vast communication programs inside and outside the company, but the intranet is the channel of communication. The reason for this is that employees work in different buildings, towns and countries, and this is the easiest way to transmit information to all of them. It is a fact that on the intranet employees can find all the information about what is happening in the company, but not everybody has time to search the intranet looking for information.

According to Klein [83], communication changes depending on what stage of the change process the company is in – unfreezing, moving, or refreezing. OMV Petrom is changing constantly. Therefore, it has already gone through a series of changes and is now in the refreezing stage after the implementation of the EAST project. The first unfreezing stage was
when Petrom recognized the need for the acquisition and the organizational change. In this stage the management should have communicate to the employees about what was going to happen. Unfortunately, most information in this stage was based on rumors.

In the moving stage, the new organizational structure was implemented. The company employed specialized managers responsible for each division who worked as support directly beneath the board of directors. The company has become more transparent during the change process. Access to information and communication channels were selected and adapted to the company's needs. Employees have more access to company information than before. Nevertheless, 67.87% of respondents think that the change initiative was not communicated effectively by giving everyone a solid understanding of the future. Only 37.85% of respondents feel informed on the progress of the change. Employees state that, usually, the information about a certain stage in the change process comes after the respective change has been implemented. In the present moment sustained efforts are being done at the lower levels of the organizational structure, through an adequate communication between managers and their teams, in order to make employees understand the reasons for change. For this purpose, the team leaders have been helped through special training programs to improve their competences and management skills in order to transmit respect for the team, support and conflict solving.

Over the last 4 years, the company has suffered several transformations centered mainly on achieving the results based on ambitious financial objectives. Starting 2010, the company focuses more on improving the performance of the staff and tries to help them more in their vocational and personal development. In this respect, a vast development program was started at management level. This program is designed, in the first stage, for the level 1 to 3 managers and, selectively, for level 4 managers. This program offers support to the selected managers as well as to their teams, thus implementing a performance culture. Through the selected managers, the company will transmit the performance message to all its employees.

OMV Petrom is currently in the refreezing stage after the implementation of the EAST project and the company is now adapting to the change as well as preparing for the SPIN OFF project, trying in the same time to publicize the success of the change. In this stage, the company should be reinforcing new behavior and openness to feedback. This is the area where the company still needs improvements, since only 27.73% of employees agree that the company has feedback mechanism for them to express their opinions and interests in the change and 27.03% of employees believe that those feedback mechanisms are being used. Most of the times employees are only informed of what is happening in the company. At this moment, the extent of which employees are listened to and asked for opinions depends very much on every individual manager. The information flow at OMV Petrom is not entirely open, because the
company is hierarchical organized and open and direct communication is mostly possible only with the immediate management levels (see Appendix 10).

4.9. EFFECTIVE INTERNAL COMMUNICATION

Kitchen and Daly [21] theory states that it is important for companies undergoing change to focus on retaining an effective workforce. Thus, how companies communicate with employees becomes more significant in this moment than in the past. OMV Petrom communicates differently with its employees now in than before the change. Having a good communication in an organization is the premise that everything is working well in the company. The use of communication has developed significantly in the company over the last few years and it will continue to be improved in the future.

According to Gilgeous and Chambers [75] it is necessary that all employees are aware of the change and agree with how it will influence them. Although, OMV Petrom is communicating more effectively at present, there are still a lot of improvements that can be made. Today the communication within the company is getting better across all divisions and departments, because with the new technologies people can be reached almost whenever they are needed. The use of the intranet, telephone and e-mail makes it easier and faster to communicate. However, this new technologies make the use of face-to-face communication more rarely, which is not necessarily a good thing. Face-to-face communication has its advantages by creating closeness to people, the communication is personalized to every employee, and leaves the impression that managers “care”.

OMV Petrom’s management believes that employees are informed about the change, but this does not mean that they communicate. Communication implies that the information, feelings and opinions run both ways, from managers to employees and vice versa. Over 70% of respondent employees stated that it does not exist a dialog between all levels in the company regarding change.

Communication is central to the implementation of planned change. Once a change is decided upon, it must be communicated to others who are affected or involved in implementing it. Caruth et al. [15] encourage managers to communicate, and argue that communication is one of the most essential measures to prevent resistance. If managers communicate successfully, they will know how subordinates feel and minimize the risk of subtle resistance. Furthermore, by asking the employees’ opinions and use their advices, they can create a sens of involvement in the change. Reichers and Wanous [11] argues that employees must believe their opinions have been heard and taken into consideration, in order to be committed to the change process. In this case, the interviewers claimed that the company has almost no
feedback mechanism for employees to express their opinions in change, which made employees become more and more negative towards the new organization.

Almost everyone in OMV Petrom, regardless of the position in the company, has understood by this time the need for the organizational change. However, there is a significant difference between how the communication with the first management levels is and how the communication with employees on lower levels is. The managers are mostly informed about the change through meetings with the leaders. Employees can find information about the change on the intranet and in meetings with their direct superiors, but the quantity and quality of the information received decreases with every level of the organizational structure. Managers receive information from their direct superiors, but are compelled to transmit forward to their subalterns just parts of it. This is why employees feel that they lack information about change and have difficulties in understanding how the change affects them and the company in general.

When communicating with employees, OMV Petrom uses different mediums, such as intranet, e-mails, memos, newsletters, meetings, and face-to-face communication, team-buildings. However, when asked if the company uses multiple forms of communication, more than half of the respondent employees (51.35%) said “no”. This can only lead to the conclusion that not all employees can use all the methods of communication, which means that managers should pay more attention to how they communicate, not just to what they communicate.

The need for support from superiors in the form of encouragement, appreciation, and rewards, also seems to be of great importance for employees. Some respondents stated that they would be much more positive towards the change if they were told from time to time that they are doing a good job or if they would receive any kind of reward.

According to Barret [81], each business unit or division must create the important messages to its employees, so that everyone can understand and act upon it. At OMV Petrom the division communicators have power to customize information for employees only when communicating information that is relevant only to their division. Usually, information regarding the change process and its implementation is transmitted to all employees via intranet or e-mail by the corporate communicator. Not targeting messages to employees depending on which department they belong to or on what level of the organizational structure they occupy, leads to confusion among employees and they may resist change. 73.24% of respondents state that the change has not been explained to them in clear terms and 62.16% feel that there is still confusion or resistance to the organizational change.

The interviewers agree that when it comes to informing, communicating, and managing resistance, it is the managers’ responsibility. When persuading employees to change it is
essential to enhance credibility [11]. Thus, managers should try, especially in the beginning of the change process, to use credible spokespersons. In the general meeting with employees at the beginning or end of a stage in the change process, at least one person representing the management should be present, ready to answer all of the employees’ questions. On a day-to-day basis, official information should come from the direct supervisor, especially when it is about layoffs. Employees from OMV Petrom were upset by the fact that they were fired through an e-mail, which impersonal and offers no opportunity to ask questions and request explanations.

When the decision to sell Petrom was taken, employees got information about the acquisition, after the decision was passed. There were no discussions about the possible outcome between the employees and the management prior to that decision. Even if the decision was not a surprise, employees felt insecure about what was going to happen in the future. As Caruth et al. [15] argues, employees should be informed at the earliest possible moment about any change, in order to decrease their insecurity and cynicism. Even if managers themselves are not always sure about the outcome of a change, they should communicate while the change is debated. These discussions make employees feel they are being involved in the process, thus reducing resistance. By keeping an open dialogue with the employees, they will be prepared for what is going to happen and accept change as a positive thing.

Gilgeous & Chambers [75] discuss the importance of the employees knowing why the change is relevant. They discuss the significance of explaining the need for change to all employees. It is very important for managers to inform the employees when the change will take place and exactly how it will be implemented, which will produce a more desirable working situation. Positive aspects of the change should be presented, in order to create credibility for the change, but any negative features of the change should also be included [15]. According to the respondents, most of them were positive about change in the beginning, but did not know exactly what the acquisition will entail. This statement indicates that the benefits of the acquisition were not clearly explained, and neither were the negative aspects. In addition, no credibility for change was created. Employees were informed about what would happen in general, but not what they would gain from the acquisition or why they should be positive towards the upcoming changes. During the change process, employees’ negative feelings towards change have increased because of the lack of information and, consequently resistance remained.

Finally, it is very important for managers to know how to communicate and the relationship between them and the employees plays a very important role. At OMV Petrom, many of the employees declared that they do not feel that they can speak openly to their managers and express their feelings, and they only complain to their colleagues where no superiors are present. One reason for this fear to speak is the fact that most managers are new and,
consequently do not have the same relationship with their subalterns as their predecessors and they, in turn, do not have the same confidence in them. Another reason for not having a dialogue with managers is the fact that employees feel they do not listen anyway, so they repress their feelings and opinions. One way of making employees and managers have an open relationship is by having, besides weekly meetings with the entire department, one-on-one meetings with each employee on a regular bases, in order to get to know them and allow them to share their ideas openly. Another way to create openness for the change is to communicate and repeatedly spread the message through multiple channels. OMV Petrom already applies this type of communication in very important situations, but this should be generalized since employees have access and understand different mediums.
5. CONCLUSIONS

This final chapter summarizes the findings of the thesis. The empirical findings will be related to the formulated problem and will be discussed in correlation with the purpose and research questions of this thesis.

Finally, in conclusion, let me say just this. (Peter Sellers)

The first purpose of this thesis was to explore employees’ resistance to organizational changes and to draw conclusions based on the employees’ perception of how resistance should be managed. Therefore, I will start by bringing forward the most common types of resistance noticed, continuing by discussing measures taken at OMV Petrom, and finally conclude on how resistance should be managed according to the employees.

The literature mentions two types of resistance with several symptoms, but at OMV Petrom the most common symptoms are belonging to the subtle resistance type. Of course, there were employees that opposed the change obviously, but the most common forms of resistance noticed, were dwelling and complaining. This type of resistance is very common in Romania. In the Romanian culture, employees are used to have no opinion and no questions regarding what superiors do. Hence, resistance is hard for managers to notice since it comes in a subtle form. Thus, when managing resistance in Romania, it is better to take action in order to prevent its occurrence.

The subtle resistance can be managed from the beginning of the process. Managers should try to transmit information continuously and invite employees to ask questions. During the change process, employees have become more and more negative towards the change, due to failed expectations. At the beginning of the process, they were mainly positive towards the change, but as the process went along, their previous positive feelings turned into negative ones.

According to what employees’ state, it is crucial for managers to be able to communicate with employees. In order to do so, it is important for employees to perceive they have a good relationship with their managers and to feel they can communicate openly. Hence, managers should try to get to know their subalterns better and communicate in a more informal way.

Furthermore, the employees need information about changes at the earliest possible moment, and preferable prior to the change implementation. Management has to communicate with the employees, and listen to their opinions, before decisions are taken. Thereby, the employees will feel they are involved in the process and commit to the change.
At the same time, it is not important only when one communicates, but also how and what one communicates. As the employees are informed about the change, management should present the benefits of the change, in order to create a positive atmosphere, establish credibility for the change, and increase the employees’ knowledge about what the change will bring. Managers must not forget to include any negative features of the change.

Another important measure is to train the employees about the new procedures and programs in the company. Training the employees in new areas can create understanding and minimize resistance.

To sum up, the relationship between the manager and his subordinates lies at the heart of resistance management, just as it is important in many other situations. The task of preventing resistance starts long before a change is to be implemented.

The second purpose of this thesis was to explore the manner in which internal communication can be used in an organization undergoing change and what makes internal communication effective.

This study confirmed that the use of communication is important, especially in an organization undergoing change. Being aware that the use of several media increases employees’ memory, OMV Petrom uses frequently several methods of communication as repetition of the message. While employees see face-to-face communication as the most effective way to communicate, OMV Petrom uses the intranet as the main method of communication with employees. Communication differs depending on which stage of change the organization is in. Since the company is in the refreezing stage, OMV Petrom’s employees are currently adapting to the change in order to get the organization to function efficiently.

This study highlights the fact that nowadays companies need to think better than in the past about the way in which they communicate with employees. In the present moment, OMV Petrom is communicating more than it did in the past. The company uses the intranet to transmit all the information regarding the company and the change process, since it can store a lot of information for a long period. The drawback of this practice is that it takes a lot of time to search for information on intranet; hence, a reorganization of the website is necessary. The most effective ways to communicate, as stated by employees, are meetings and e-mail.

Thus, employees require weekly meetings both with the entire department and one-on-one with the direct manager. In order to improve this way of communication, employees mentioned: management representatives should be well informed and able to answer all employees’ questions, the presentation should be both in Romanian and in English, and they require knowing the agenda of the meeting beforehand. Employees also require meetings at the beginning and end of each stage of the change process, in which there is explained the upcoming change in detail.
Regarding the e-mail as a method of communication, employees find it fast, clear, simple, concise and effective because it allows immediate answers. The only request employees had about communication through e-mail was that it would not be used anymore as a way to announce layoffs. Employees have identified newsletter and memos as the most ineffective ways to communicate, since they are brief, hazy, impersonal, and allow interpretation, with no possibility of feedback.

Conclusively, to achieve effective internal communication, it is vital to know what kind of information needs to be communicated, as this is the starting point when determining to whom the information is relevant and what method is the most suitable to communicate the information. Furthermore, it is important for managers to consider what employees must know and should know.
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