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Employee Perceptions of Organizational Change: Impact of Hierarchical Level

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Abstract

Purpose: This study examined the influence of organizational level on employees' perceptions and reactions to a complex organizational change involving proposed work force redesign, downsizing and a physical move to a new hospital.

Methodology/Approach: Participants included executives, supervisory and non-supervisory staff in a major tertiary hospital. Recorded in-depth interviews were conducted with 61 employees about the positive and negative aspects of the change.

Findings: Twelve themes were identified from content coding, including emotional responses and attitudes toward the change, issues about the management of the change process and about change outcomes. Supervisory and non-supervisory staff referred more to conflict and divisions, and expressed more negative attitudes toward the change, than did executives. Executives and supervisory staff focused more on planning challenges and potential outcomes of the change than did non-supervisory staff. Finally, compared to other staff, executives focused more on participation in the change process and communication about the change process.

Research limitations/implications: This study examines the organizational change at only one time point in one organization. Perceptions of the change may change over time, and other identities like professional identity may influence perceptions.

Practical implications: These findings suggest that change agents should consider the needs of different organizational groups in order to achieve effective and successful organizational change.

Originality/value: This study clearly shows the impact of organizational level, identifying similarities and differences in perceptions of change across level.

Keywords: Organizational change, organizational level, change management

Employee Perceptions of Organizational Change: Impact of Hierarchical Level

Major organizational change disrupts the fabric of organizational life in terms of interpersonal relationships, reporting lines, group boundaries, employee and work unit status and the social identities associated with group memberships (Paulsen et al., 2005; Terry and Jimmieson, 2003). Even though change is implemented for positive reasons (e.g., to adapt to changing environmental conditions and remain competitive), employees often respond negatively toward change and resist change efforts. This negative reaction is largely because change brings with it increased pressure, stress and uncertainty for employees (Armenakis & Bedeian, 1999; McHugh, 1997). One of the main reasons why change efforts fail is employee resistance to change; the significance of resistance is compounded by the high rate of change failure. Thus, building positive employee beliefs, perceptions and attitudes is critical for successful change interventions (Armenakis, Harris, & Mossholder, 1993; Eby, Adams, Russell, & Gaby, 2000). In an effort to identify how organizational change can be managed more effectively, researchers have focused on the processes underlying employee resistance. Critics of resistance studies have argued that researchers need to address employees' subjective experiences of change in order to understand what resistance to change actually entails (Nord & Jermier, 1994; Oreg, 2006), particularly when theoretical models of resistance underscore the fact that it is a multi-faceted construct (George & Jones, 2001; Piderit, 2000). Examining employees' subjective experience of change may reveal that employees are not necessarily resisting the change itself, but rather perceived undesirable outcomes of change (Dent & Goldberg, 1999) or the process of implementing the change. Thus, the current study aimed to examine employees' subjective experience of large-scale planned change.

Employee concerns during organizational change

A number of studies have identified issues that concern staff during organizational change (Covin & Kilmann, 1990; Lewis, 2000). Leader behavior is crucial during organizational change, as leaders provide a vision of the change, give direct support to employees and model appropriate behavior. These actions help to build stability during change and enhance employees' commitment to it (Schweiger et al., 1987; Covin & Kilmann, 1990). Uncertainty about careers and roles (Ashford, 1988), fear or anxiety (Terry et al., 2001), communication (Lewis, 2000), and new roles, relationships and skills (Rubenstein et al., 1996) are also important issues for employees.

During change some employees may also have trouble disengaging from the old organization, as they feel a sense of loss with having to 'let go' of the old and highly-valued structures, methods and rules (Amiot et al., 2006; Nadler, 1987). This is especially so if people have been socialized to appreciate the values, norms and organizational history, and if beliefs and values are shared throughout the organization. Inevitably, there are positive aspects of the organizational culture that are lost with any change. There may be a loss of organizational history through relocation from an old building or a change in service values. Employees may perceive these changes as a loss to the organization's status or prestige (Amiot et al., 2006; Elsbach & Kramer, 1996). To date, little research has examined employees' concerns about retaining positive aspects of an organization's culture during change.

In a systematic approach to identifying key issues during organizational change, Oreg (2006) developed a model building on Piderit's (2000) definition of resistance to change as a multi-dimensional attitude comprising affective, cognitive and behavioral components. The affective component reflects how one feels about the change (e.g., angry, upset); the cognitive component reflects how one thinks about

the change (e.g., is it necessary? will the outcomes be negative?); and the behavioral component refers to actions or intentions to act in response to the change (e.g., trying to be involved in working parties; complaining about the change). In the context of a merger of two organizational subunits, Oreg's (2006) model examined how perceptions of anticipated change outcomes (power and prestige, job security and intrinsic rewards) and perceptions of the change process (trust in management, social influence and information about the change) were associated with the three components of change resistance. They found that anticipated change outcomes were associated with the affective and cognitive dimensions of resistance. Perceptions of the change process were associated with the behavioral component, and to some extent also for affective and cognitive resistance. The resistance components were also significantly linked with organizational outcomes (job satisfaction, intention to quit and continuance commitment). Oreg's findings show the value of developing models of employee perceptions of organizational change.

More generally, there has been a tendency for research on employees' responses to organizational change to focus on the negative aspects. Oreg (2006) emphasizes the need to examine employees' subjective experiences of change, whether these are negative or positive. Findings from such research will help to reveal the specific factors which contribute to employees' acceptance of, as well as resistance to, change thereby assisting change agents in tailoring their intervention efforts. Ultimately, the needs of employees will be more adequately addressed (Armstrong-Stassen, 1998). The current study aimed to provide a more comprehensive analysis of employee perceptions of organizational change by exploring both negative and positive perceptions. In addition, previous research has limited respondents to reporting on predetermined issues via structured

questionnaires. There is a need for research using a more grounded approach (Strauss & Corbin, 1990), where respondents are not limited in the aspects of the change experience they can report on. Through this we can identify the multi-faceted perceptions employees have of organizational change. Thus, the first aim of the current study was to examine employees' perceptions of the positive and negative aspects of an organizational change.

Group-Based Differences in Perceptions

A further limitation of research on organizational change is that researchers have failed to take adequate account of the perceptions and responses to organizational change by members of different groups, and of the intergroup nature of organizational change (Jones et al., 2004, Terry and Callan, 1997). Organizations provide members with multiple group memberships (e.g., work units, professional groups, divisions and the organization as a whole). By examining the way different groups of employees talk about the change, we can take account of *voice*.

Specifically, we considered the perspectives of many stakeholders in a change process. This focus upon employees at varying hierarchical levels is also reflected by research that reframes the experience of organizational change as not only an intrapersonal process linked to stress and uncertainty (Paulsen et al., 2005), but also as an intergroup phenomenon (Jones et al., 2004; Terry et al., 2001). Specifically, we drew on social identity theory (SIT: Tajfel & Turner, 1986) to explain how individuals in the workplace may react to others in terms of professional and work unit identities rather than as individuals. During organizational change these social identities may be more salient, particularly when the change is appraised as threatening (Terry & Callan, 1997). Jones et al., (2004) noted that when a company embarks on restructuring or downsizing, the result may be removal or amalgamation

of a work unit. Employees may find themselves losing a familiar point of reference for where they belong in the organization, and may construe this loss of role identity as a threat to their self esteem and work validation. SIT provides a valuable framework to understand the resultant employee responses to the change.

Change poses special challenges at different levels of the organizational hierarchy, as different aspects of the change process may be salient to employees and may be evaluated quite differently. Thus, a focus of the current study was to examine the subjective experiences of a major planned change of employees from different levels of an organization experienced. Kanter et al. (1992), reviewing various case studies, concluded that there are at least three key groups within organizations during change: change strategists at the top of the hierarchy, change managers in middle management (supervisors), and change recipients at lower levels (non-supervisors). They argue that change managers and recipients experience a greater sense of threat about the consequences of organizational change than do change strategists, and are most likely to lose status and jobs during major change.

There has been some research on how change strategists, managers and recipients differ in their perceptions of change (with research generally focusing more on the effects of change). Covin and Kilmann (1990), in interviews with external and internal consultants, researchers and managers, found differences across groups of participants in terms of comments about the importance of management support, change preparation, negative leadership actions, employee participation and communication, and understanding of the purpose of the change. Specifically, researchers were more concerned than managers about issues related to the preparation period of change (e.g., establishing a clear purpose for the change). The lack of interest in preparatory issues was attributed to managers being more concerned

with implementation issues. External consultants were more tuned in to employee participation and justifying the need for change, but less concerned about keeping staff informed. Internal consultants were more concerned about the impact of inconsistent management actions. In the same vein as Covin and Kilmann, King et al., (1991) found that change managers referred more frequently to the initiation period of planning and decision-making, and less frequently to the absorption period of the change than did non-supervisory staff.

Other research focusing on the effects of organizational change has shown that non-supervisors, as change recipients, report higher levels of role ambiguity and overload, lower levels of satisfaction with and support from their supervisory relationships, lower job satisfaction and commitment, lower perceptions of job security and lower acceptance of organizational change (Ahmad, 2000; Armstrong-Stassen, 1997; Olson & Tetrick, 1988). Moreover Nelson et al., (1995) found that over time job satisfaction and mental and physical health declined more among manual workers than white-collar and managerial staff.

In contrast, managers and supervisors, whose roles are more like those of change strategists and change managers, perceive higher levels of organizational (both supervisor and informational) support, and more opportunity and access to information during change (Haugh & Laschinger, 1996; Luthan & Sommer, 1999). Luthan and Sommer (1999) argue that different attitudes between managers and staff arise because managers are more involved in the change process. Moreover, Armstrong-Stassen (1998) found that managers reported more control over decisions concerning the future of their jobs than did non-supervisory employees. Armstrong-Stassen (1997, 1998) also found that supervisors were more likely to engage in control-oriented coping compared to non-supervisors, who typically employed

avoidance coping. As a consequence, the latter were less likely to make use of available informational and organizational support.

Not all change implementation efforts are experienced more negatively by non-supervisors. Employees may feel more positive about changes that do not involve staff reductions, but rather offer skill development or opportunities to develop innovative work methods (King et al., 1991; Silvester et al., 1999). Furthermore, executives and middle managers may also differ in their responses to change. In a study of downsizing, Armstrong-Stassen (2005) found that compared to executives, middle managers reported more escape coping, felt that they had less job security, reported lower job performance and experienced more health symptoms.

The second aim of the current study was to examine how perceptions of the positive and negative issues differed across non-supervisors, supervisors and executives. Overall, research suggests that supervisors and non-supervisory staff have different attitudes toward and perceptions about organizational change, arising from their disparate experiences of the change process, which reflect differences in power, autonomy and influence. Employees at higher levels may have the power to contribute to decisions because they are directly involved in decision-making, whereas lower level employees are less directly involved. Furthermore, organizational change often entails significant change in roles, resources and responsibility that may be delineated by hierarchical level (Goltz & Hietapelto, 2002; Stewart & Manz, 1997). In general, more significant and widespread changes occur at lower compared to higher levels. In the current study, the change involved workforce downsizing and job redesign, which mainly affected non-supervisory staff. Given that job-related issues have been found to affect employees' sense of control and well-being (Bordia et al., 2004), and that perceived threats to control are

positively associated with cognitive resistance to change (Oreg, 2006), we expected that level differences with respect to such issues would be salient.

Change-based differences in perceptions. Employees' perceptions of change may be affected by the type of change being implemented. Various models of change take into account the timing of and reasons for change. For example, incremental change occurs over time in small, orderly steps and with democratic leadership that includes employee consultation (Dunphy & Stace, 1990; Gersick, 1994; Beer, 1980). As this type of change involves employee participation in the change, employees should have more positive attitudes about the change (Dunphy & Stace, 1990). In contrast, radical change involves sudden, substantial changes to organizational processes and routines (Greenwood & Hinings, 1996; Hernandez, Kaluzny, & Haddock, 2000). The vision, identity, strategies and values of the organization are redefined (Ho, Chan, & Kidwell, 1999; Ingersoll, Kirsch, Merk, & Lightfoot, 2000), resulting in significant and permanent changes to the organization's structure (Gersick, 1991). Top management typically drive this type of change (Waddell, Cummings, & Worley, 2000), and it often demands directive or coercive leadership (Dunphy & Stace, 1993). A relative lack of employee participation in such change is likely to lead to more negative attitudes about the change (Reichers et al., 1997). Another type of change that is largely led by directive leadership is based on the punctuated equilibrium model (Tushman & Romanelli, 1985). This model highlights changes caused by external factors and the evolution of organizations through a series of stages. Similarly, Gustafson and Reger (1995) conceptualized a tectonic model of change, where there are extensive periods of change preceded and followed by a stable period of equilibrium.

The change investigated in the current study was a major planned change occurring over a period of four years. It was radical in that it involved staff downsizing, physical relocation, organizational restructuring in work methods and practices, departmental mergers and modification of the organizational culture. Nevertheless, employees were given voice through the introduction of working parties where employee representatives discussed change interventions and processes. Thus, we expected positive as well as negative perceptions of the change: positive perceptions because employees were consulted about and involved in setting changes, and negative ones because the changes involved significant and potentially negative personal outcomes (e.g., loss of job, change in work practices).

The Present Study

In this study, we considered organizations as intergroup entities, in which people identify with specific departments, units or hierarchical levels. Individuals experience change at least in part as group members, and thus may make different evaluations of the change process. Little research has systematically examined whether executives (change strategists), supervisors (change managers) and non-supervisors (change recipients) differ in the issues they perceive as salient during large-scale organizational change. We focused on differences in perceptions among these three groups. In previous research respondents have been limited to reporting on predetermined issues (e.g., role clarity, job security) via structured questionnaires, and there has been a tendency to focus on negative or difficult aspects of change (one exception is Covin & Kilmann, 1990). We used an open-ended interview, so that respondents were not limited in the aspects of the change experience they could discuss, and thus addressed two research questions:

RQ1: What are the key issues that employees attend to during organizational change?

RQ2: How do these issues differ across the hierarchical levels of non-supervisors, supervisors and executives?

As noted above, we expected executives and supervisors, as the higher status groups, to view the change more positively and to express fewer negative consequences of the change. Non-supervisors, who identify more with their sub-unit and have less involvement with the change process, were expected to have more negative views of the change. We also expected supervisory staff to perceive the change more positively than non-supervisors, but less favorably than executives.

Method

The study was conducted in a large metropolitan tertiary hospital where employees were experiencing large-scale organizational change related to the redevelopment of the hospital site. The change included a move into a new hospital building, downsizing of staff prior to the move, a reduction in bed and patient numbers, and the implementation of multi-disciplinary teams. The research reported in this paper was part of a larger three-year program of research examining employee adjustment to organizational change; thus, the research team were all external to the organisation. The current study was conducted in the midst of planning the changes, including the design of the new building, the structure of new wards and working relationships, the merger of some divisions, and changes to work practices related to technological improvement. The researchers wanted to describe how employees initially envisaged the change before it was actively implemented and to identify salient issues and concerns from employees that management could address. The results of the interviews were also to be used to inform a later stage of the project in

which a survey would be administered hospital-wide. A new CEO and internal change management team led the process within the hospital. At the time of the interviews, CEO forums, an internal newsletter, posters, and meetings between the CEO and hospital divisions were the major methods used to communicate the nature and timetable of the changes. Management and staff were actively planning and considering many of the changes, and weighing up the consequences of the new building for patient care and management.

Participants

Sixty-one participants were involved in recorded open-ended in-depth interviews (one participant did not agree to be recorded and her data were not included). They included 12 executives (8 males, 4 females), 32 supervisors (11 males, 21 females) and 17 non-supervisors (7 males, 10 females). Participants came from a wide variety of professional and non-professional roles and work units within the hospital. Using purposive maximum variation sampling, we selected participants to ensure a range in the sample across non-supervisory, supervisory and executive employees.

Procedure

The hospital provided an administrative assistant who provided the research team with telephone numbers of staff and assisted in the recruitment of interviewees. Interviews were then conducted by a group of postgraduate assistants, under the supervision of the chief investigators. All 12 members of the hospital executive were interviewed. At the end of each interview the interviewer asked for names of hospital employees at a supervisory level within the executive's division who the executive thought would hold either similar or different opinions from him or herself. It was important to obtain contrasting opinions about the change process in order to

minimize bias in the perceptions of change. These employees' names were passed on to the hospital administrative assistant by the interviewer, who then asked the named persons if they would be willing to participate in the next stage of interviews. To ensure a broad sample of staff, supervisors who agreed to participate were also asked for additional names of non supervisory staff who reported to them, who might hold similar or different opinions from them. In this way a broad volunteer sample of executive, supervisory and non-supervisory staff was obtained. Note that our methodology (see below) minimizes the impact of refusals to participate by specifically probing similarities and differences in perceptions and attitudes.

Interviews were typically conducted in an office in the hospital. We used a convergent interviewing process (Dick, 1990; see Driedger et al., 2006), so that interviews were broadly focused at the beginning, with more specific questions asked later. Interviewers began with an open-ended question about the interviewee's perception of the good and bad aspects of the organizational change ("Tell me what you think is good and what is bad about the change that is occurring"). In the initial interviews, and in line with the convergent interviewing technique, interviewers only asked for clarification or summarized key points to ensure they had understood. Interviewers took notes as the interviews progressed and compiled a summary after each interview for immediate discussion and development of probe questions at daily interview summary sessions. Interviews were tape-recorded and transcribed verbatim for more detailed analysis. On average, each interview lasted 45 minutes.

A thematic coding system for the interviews was developed using the daily interview summaries as a starting point. The first three authors then randomly selected interviews from each organizational level and refined the coding system until all issues could be coded using the thematic system. Two coders not involved in the

development of the coding system then coded all sixty-one interviews. After an initial training session the two coders had a further meeting to discuss any difficulties they had with the coding system prior to final coding of transcripts. Coders entered a code each time a new issue was introduced by the interviewee, as an issue could be discussed for one or multiple turns before a new issue was introduced. Interviews were coded for the presence or absence of a theme in the interview, the way in which the theme was talked about, and the frequency with which a theme was mentioned.

Results and Discussion

General Themes about Change

The first research question asked about the key issues employees attend to during organizational change. The coding system revealed 12 themes, classified under three more general categories. The first category, which included five themes, was labelled *emotional and attitudinal*, and referred to people's attitudes and reactions to the change. Five more themes were classified in a second category labelled *process*, which referred to issues about the way the change was implemented. The third category included the final two themes, 'outcomes including structure, services and staff' and 'external issues'. It was labelled *outcomes*. The 12 themes with definitions are presented in Table 1.

INSERT TABLE 1 ABOUT HERE

Many of the themes were consistent with those identified in previous studies as important factors during change, including employee participation, communication, stress and uncertainty (Ashford, 1988; Lewis, 2000; Covin & Kilmann, 1990; Rubenstein, et al., 1996). Participants also talked about additional issues, including positive and negative attitudes toward, and outcomes of, the change, the effects of the

change on relationships between staff (including conflicts and divisions) and the important values of the organization.

Emotional and attitudinal issues and outcomes. Employees talked about a range of attitudes and feelings about the change, including some ambivalence. Of note is that they talked about positive attitudes and feelings as frequently as about negative ones. Employees at all levels described the change as “exciting” or “a terrific opportunity” or “how staff are feeling positive”. Relatedly, respondents reported positive outcomes associated with staff responsibilities, staffing profiles, and changes in hospital services and in physical structure:

“I think it’s a very positive attitude towards the change that’s going. I really believe that in the long run it’s going to be, everyone’s going to be very happy with the outcome. Especially when they do get into the new hospital and they find that it’s going to work a lot better. They’ll have the resources available there (Supervisor)”

“Most of our appointment scheduling will be automated. It will be electronic. It should’ve been a few years ago but it will be in the new facility. There’s the building itself. The building itself will be technologically superior in terms of for example having um maintenance management systems which could allow us to detect problems and faults (Executive)”

Nonetheless, the majority of employees talked about change as being difficult and people being fearful of change. They said that they or others were frustrated and felt that work and roles were out of their control. They also emphasized negative outcomes for staff, including downsizing and unwanted changes in job design:

“Something will have to give. I mean some aspects of my job will have to go or there’ll have to be another body there to take up some of the routine (Non-supervisor)”

“A lot of these wards are going to reduce in size, from a 34 bed, the ward’s going to be 28 beds and 20? Two 34 bed wards are going to be 28 and 20. That’s a big difference. (Supervisor)”

Some people spoke about resisting the change as a response to fear of the unknown:

“Oh very strong resistance. Like people who really don’t want to change. (Supervisor)”

“Doctors do not react to change favorably (Non-supervisor)”

We identified a number of different types of uncertainty, structural, strategic and job-related (see Bordia et al., 2004, for more detail). Job-related uncertainty was the form most frequently mentioned, although participants at all levels also described uncertainty about the new structure and strategic direction of the hospital. Bordia et al. also found that employees reported experiencing all three types of uncertainty, with job-related uncertainty highest, showing the usefulness of this typology:

“What they’re finding it hard to come to terms with is that they aren’t certain of exactly what the changes are and you know, although we’ve been told that you’ll always have a job, there’ll be redeployment and all that sort of thing, I think people are still worried that they could be without a job. (Non-supervisor)”

“I must admit there are the days that I sit there and I think oh my gosh, you know, where are we? What are we really trying to be? And you know the big picture but sometimes it’s really hard to you know, with certain things that are happening, you’re thinking oh, is this really going to work? (Executive)”

As expected, respondents were concerned with the threat of change to organizational values (cf. Virtanen, 2000). Virtanen acknowledged how change brings with it employee concerns about new commitments and competencies and associated tensions. Thus in line with Virtanen, nearly half spoke about the core values of the hospital that they wished to retain, including the focus on patient care and clinical and research innovation, values clearly specific to the organization.

“The majority of people are keen to make sure that you know the hospital is seen in a good light. They don’t like to see adverse comments and adverse publicity and that sort of thing, so that’s the thing I’d hate for it to lose is that when they move to the new hospital, they’d lost that. (Non-supervisor)”

“There is great pride in what we do, like research and new sorts of surgical techniques. (Non-supervisor)”

This highlights the challenge for change managers to identify the particular values core to an organization and then to examine ways to retain these values after a change has been implemented. Such values may form part of the organisation’s climate,

which can act as an organizational coping resource that facilitates more positive responses to organizational change (Martin et al., 2005).

Process issues. Participants described the positive and negative aspects of communication and employee involvement in the change. They particularly focused on the negative aspects of change communication, consistent with other research on organizational change (Lewis, 2000; Lewis & Seibold, 1998). In particular, employees felt they had not been given sufficient notice and information in a sufficiently convenient way. As others have found, interviewees often pointed to the source of communication as the outgroup. Under the heightened threat associated with organizational change, it was often perceived negatively:

“I think the information is there if you want to know it and people know. Like we’ve got little boards and we’ve got information that comes around. If you want to know about something and there’s phone numbers to ring, you can find out but its up to you. (Supervisor)”

“We were left very much up in the air about what we were going to be doing up until only a week ago. There should be more, they should already have worked out what they were going to do so they can communicate that to people and then there’s none of this oh, what are you going to be doing? There’s a lot of probably false information circulating round that needs to be clarified perhaps. (Supervisor)”

“Yeah they’re not consulted and you know its none of, there’s not really that much they can say. So its probably why they haven’t been used. But they sort of feel generally unhappy. (Supervisor)”

Previous research has described leadership as critical to the management of organizational change (Kotter & Cohen, 2002; Nadler, 1987). Participants described both positive and negative aspects of change leadership from the executive and change management team. Consistent with their discussion of other issues, many participants expressed multi-faceted perceptions of the change leadership:

“I guess that’s where I’d say that part a large part of management is actually trying to make those things happen. You deliver your core business or whatever in the way that perhaps other people see fit. (Supervisor)”

“Probably the only other thing to add to that would be that some people that I’ve worked with appear to be in the mode of management whereby they

manage crises rather than being proactive and actually having a management plan which is proactive. (Supervisor)”

Planning challenges were identified; participants talked about the challenges of changing staff roles and workloads, and the provision of staff training and development. In addition, the pacing and timing of the change and the associated exhaustion of staff was challenging:

“I suppose like every administrator, I worry about you know getting it done within the confines of budgets. I do worry about the impact it has on people. You know, the sheer fact that you know that we do have to try and sit down with people and those that perhaps don’t want to stay or won’t be able to stay, how you map out their futures or help them to map out their futures. (Executive)”

“It is a bit fast. Considering it was only just before Christmas it was all sort of mentioned and then all of a sudden we’re doing surveys and then we’re doing these work groups and now its sort of in and its got to be going by the end of August (Supervisor)”

Outcome issues. Finally, participants highlighted their perceptions of the most important outcomes of the change. Specifically, these issues concerned staff numbers (reduction), responsibilities and skills (altered job descriptions and work practices for doctors and nurses, technological advancements), changes to the hospital layout (reconfiguration and amalgamation of wards) and hospital patient services (day surgery, hot-bedding).

“We ourselves are also making a dramatic shift in the way that we treat patients as well, in terms of the time they spend here (executive)”

“the CNC [Clinical Nurse Consultant] and the Nurse Manager role are combining to become an NPC [Nurse Practise Co-ordinator] role” (Supervisor)

Additionally, the role of external factors was discussed, with participants describing how other hospitals, government departments and the community were influencing the change:

“You can sort of change of governments and things like that does sort of make you nervous as to whether things will be completed or um you know at the speed at which they’re expected to be. (Non-supervisor)”

In summary, our findings highlight a wide range of issues that are salient to employees undergoing organizational change. While Oreg's (2006) model was not used as the basis of our coding scheme, there is some overlap in his theoretically derived model and our more grounded theory approach. This similarity supports the usefulness of a model of employee perceptions of organizational change that includes the following core aspects: (1) attitudes toward and emotions associated with the change, (2) perceptions of the change process and, (3) perceptions of the change outcomes. The key issues for participants included anticipated positive and negative outcomes of the change, planning challenges, the change process, and problems with participation in and communication about the change. Consistent with previous research, there was considerable discussion about negative aspects of change for employees across the organization. At the same time, there was frequent mention of positive aspects, with many respondents talking about the positive attitudes of employees and the range of anticipated positive outcomes in terms of hospital services, changes in responsibilities for staff and the new hospital infrastructure.

Our findings highlight the importance of examining both positive and negative aspects of change. As Piderit (2000) proposed, it is important to conceptualize employee responses to organizational change as multidimensional attitudes that may be neither consistently positive nor negative. Nevertheless, it is clear that positive issues associated with the change were mentioned less frequently than negative ones.

Effects of Organizational Level

The second aim of the study was to examine how perceptions of these issues differed across the levels of non-supervisors, supervisors and executives. There were many similarities in the issues mentioned by participants from different levels. All change themes were discussed by more than one person from each level. Moreover,

there was little evidence of a uniform pattern of differences in mentioning positive or negative aspects of the change. Rather, for some themes executives spoke most about negative (or positive) aspects of the change, while for others it was non-supervisory staff. In general, executives started the interview by describing either positive outcomes of the change or their own or more general positive attitudes. Supervisors and non-supervisors were much less likely to do this. Differences across hierarchical level appeared for all three general categories of themes.

Emotional and attitudinal issues. There was more discussion by supervisors and non-supervisors than by executives about interpersonal and divisional conflicts:

“There currently seems to be a bit of a tussle amongst medical departments about whether general medicine will be downsized and whether some specialists will take over more of the work. (Supervisor)”

As there was a limited budget, conflict over resources (e.g., space) was apparent. Past research has revealed that group members tend to favor their own group and perceive greater differentiation with and negativity towards a salient outgroup, especially when the group’s identity is insecure (Tajfel, 1978) or there is a threat to the group’s resources (Brown, Condor, Mathews, Wade & Williams, 1986; Terry et al., 2001). It is not surprising that intergroup conflict and divisions emerged when groups were in contact and competing for limited resources, as well as facing changes to group membership from restructuring, role changes and downsizing. Supervisors and non-supervisors talked more often about conflicts between individuals, professions or units within the hospital; executives focused more on conflicts between hospitals or their hospital and the state health department. These differences may reflect differences in the salience of different identities during change, where the organizational identity of executives is more salient, but for other employees work unit or professional identity is more salient (Jones & Watson, 2000):

“I guess that’s where I see that it does set up some, some conflict within the system of management and the chains of management that you know you might have fighting or arguing between a work unit and the divisional executive. (Supervisor)”

“There still is to an extent an us and them attitude between a district out here at the coal face where we are actually treating patients and Queensland health corporate office and the bureaucrats in town. (Executive)”

As expected, when executives spoke about employees’ attitudes toward the change and relationships between employees, they were more likely to mention them positively. Other research has also found that managers are more positive about organizational change (Reichers et al.,1997). Surprisingly, supervisors expressed the most positive attitudes about the change, both for themselves and others. The change process in this hospital provided multiple opportunities for supervisors to be involved, including the formation of user groups where a cross-section of employees from different parts of the organization were involved in planning and implementing specific aspects of the change. There was considerable comment about the positive aspects of this initiative, showing the positive effects of participation in change. Even though non-supervisors expressed many negative attitudes and feelings about the change, they also expressed positive ones, showing that lower level employees can experience positive and negative attitudes and feelings in the same context.

There were differences in the foci of uncertainty for the three organizational levels. Bordia et al. (2004) proposed that the experience of different types of uncertainty (environmental, structural, cultural and role; see also Buono & Bowditch, 1993) is related to employees’ positions in the organizational hierarchy. Our results provide some support for their argument, as executives typically commented about structural uncertainty (structures, policies and practices), whereas supervisors and non-supervisors more often cited job-related uncertainty (job security, changes to job roles and promotion processes). This outcome is to some extent consistent with

Armstrong-Stassen's (1997, 2005) finding that executives have higher perceptions of job security than middle managers, while non-supervisors have the lowest perceptions. Executives should thus be more aware of the concerns of lower-level employees about job uncertainty, particularly given the relationship between employee uncertainty and employee turnover (Johnson et al., 1996). At the same time, it is notable that all levels of staff discussed uncertainty.

Process issues. Importantly, the majority of employees across all three levels mentioned communication of the change as key. In general, there was more discussion and more positive comment by executives about issues associated with managing the change process. Covin and Kilmann (1990) found that managers were more concerned with implementation than researchers and change consultants. We extended their findings by comparing managers with other employees in the organization. Executives and supervisors spoke more about positive aspects of involvement by staff in the change than did non-supervisors; interestingly, executives also spoke more about lack of participation by employees:

“There are some that don't elect, that really are being ostrich-like. In particular, they know they've got 20 too many people down there, but they think they're just going to bury their heads in the sand and it won't be there. (Executive)”

Executives spoke equally frequently about the positive and negative aspects of change communication. In contrast, other staff emphasized the negative aspects of communication, in terms of quality, quantity and timeliness of communication:

“It doesn't matter how many forums you have, people still don't turn up. It doesn't matter how many leaflets you distribute, people don't necessarily read them. Its and the best communication seems to be face to face communication but if, you know, we have that with everybody, it would be, we wouldn't be able to do it. (Executive)”

“As a general [rule], the medical officers don't get given specific information. No. Only if you go looking for it or you ask for it, yeah. (Supervisor)”

These findings are consistent with Goodman and Truss' (2004) observation that despite a clear change communication strategy being in place, many employees perceive that neither the amount nor type of communication is adequate. A possible reason why executives expressed positive perceptions about communication compared to supervisors and non-supervisors is that executives have more access to information (Haugh & Laschinger, 1996; Luthan & Sommer, 1999), as well as greater decision-making responsibility (Armstrong-Stassen, 1998). Furthermore, executives may only receive positively couched communication from their subordinates, which may distort their understanding of reality (Fulk & Mai, 1986; Gardner & Jones, 1999).

Executives spoke more often about positive leadership of the change (both their own and that of other executives and the change management team), whereas non-supervisors spoke most about negative aspects of the change leadership. This may once again reflect the differing perspectives of communication. Supervisors focused least on leadership issues, perhaps reflecting their own high level of involvement in the change:

“There’s the change of having a chief executive officer or district manager who now is basically managing whereas previously we didn’t. (Executive)”

Planning challenges were frequently discussed. Executives talked most about these challenges, focusing on training and developing staff and managing changes to roles and workloads. Supervisors were also likely to mention these issues. In contrast, non-supervisors focused primarily on the planning challenges associated with new roles and workloads. Not surprisingly given their focus on implementation (Covin & Kilmann, 1990), executives talked more about hospital-wide planning challenges. More surprisingly, supervisors and non-supervisors also focused on challenges, albeit more at the ward or work unit level:

“One of the things that is changing is that clinicians now have to become managers and their management skills are not all they might be. Some are excellent, some are ordinary and some are awful. (Executive)”

Outcome issues. Overall, executives spoke most about the outcomes of the change process, and non-supervisors the least. Moreover, participants at different levels emphasized different outcomes. Executives focused on the improvements to hospital services from the change, as well as positive outcomes for hospital staff in job enrichment and skill development. At the same time, executives acknowledged potentially negative outcomes, particularly downsizing and redeployment:

“The advantage you get out of that is you can cross-train your nursing staff to work in coronary care or ICU, medical or surgical. And there’s continuity with patients as well so they get to see the same faces. By doing that of course we believe you get a better team approach, and the patient gets a better outcome. (Executive)”

Non-supervisors spoke least about positive outcomes of the change, particularly in terms of improvement in service delivery. They did, however, acknowledge the new hospital buildings as a positive outcome, and there was some mention of positive job-related changes. These results support previous findings that non-management employees experience organizational change as having more negative consequences (Nelson et al., 1995; Olson & Tetrick, 1988), but also show that non-managers recognize potential benefits from change:

“So it’s not only going to be better for the patients because it will be more user friendly You’ll have better facilities and you’ll be able to concentrate and get things written up. (Non-supervisor)”

In summary, there were many similarities in the way in which the three levels talked about the change. All levels had multifaceted perceptions of the change that included both positive and negative perceptions of issues, emphasizing the extent to which perceptions of change are shared across levels in an organization. It would be overly simplistic to classify particular groups as having more negative views of

change when across different issues, different groups were more positive or negative. Executives spoke most about issues associated with the process and outcomes of the change, and least about emotional and attitudinal issues. They spoke about communication during the change, participation of staff in the change and leadership of the change, as well as the planning challenges associated with staff training and development. In terms of outcomes, executives acknowledged that the change would result in both positive and negative outcomes, particularly for staff and services. Like executives, supervisors focused more on process issues than did non-supervisors. They focused on participation in the change process and planning challenges about new roles and changes in staff workloads, together with job-related uncertainty. In addition, supervisors emphasized negative more than positive aspects of change communication. They were particularly concerned with potentially negative outcomes for staff, and frequently mentioned positive and negative attitudes toward the change. Non-supervisors spoke about a range of issues associated with their emotions and attitudes about the change. While they spoke less about change planning and outcomes, their focus was also more negative.

Conclusions

This study investigated employees' subjective experience of organizational change, and how perceptions of change differed across levels of the organization. Three broad categories of issues were identified: emotional and attitudinal issues, change process issues and outcome issues. All participants emphasized their positive attitudes toward the change, yet they also highlighted the problematic nature of achieving effective communication, conflict and negative attitudes to the change. There was a strong emphasis on planning challenges. The interviews highlighted the

uncertainty associated with the change, but participants focused on both positive and negative outcomes.

There were many similarities in the issues identified by executive, supervisory and non-supervisory staff. All groups talked about the problematic nature of communication and participation during organizational change. Moreover, all acknowledged the positive and negative outcomes that would arise from the changes and the positive and negative attitudes of staff toward the change. All groups cited important values associated with the organization that they wished to retain. Contrary to our expectations, all talked about the planning challenges associated with the change and the influence of factors external to the organization. However, there were differences in the emphasis and valence (positive or negative) employees at different hierarchical levels placed on the different themes.

Many of these differences can be understood in terms of the different roles that executives, supervisors and non-supervisors play during change. Executives have a key leadership role in the change process, yet the impact of change is less dramatic for them than for their supervisory and non-supervisory counterparts. For instance, supervisory nurses knew they faced a major role change in their work responsibilities, and senior doctors knew that they would become more responsible for management. Other supervisory staff were aware that there would be changes in the staffing of non-supervisory positions and that this alteration would be managed by the supervisors. Non-supervisory staff members were more focused on how the change would affect them in day-to-day work routines and their immediate job, yet acknowledged the potential benefits of the change for patients.

Future Research

The core themes identified in this study represent important issues regarding employees' perceptions of a major planned organizational change effort. These themes provide an initial framework for future research on employee perceptions of change. Other change researchers can confirm or expand on the themes reported in this study. Such results will advance our understanding of the subjective experience of employees undergoing organizational change.

This study also highlights the importance of understanding organizations as intergroup structures, where people interact as members of a single organization but also within separate, albeit overlapping, groups. Researchers taking this perspective are well placed to understand differences and similarities in attitudes, needs and feelings among employees, and to predict future perspectives. An important avenue for future research is to obtain data from different organizational levels and groups as they progress through different stages of organizational change. Johnson et al., (1996) showed that change-related reactions develop over time. In addition, people within organizations have multiple identities reflecting roles and positions that change over time. In the present study, we focused on hierarchical level. However, other organizational identities are also important in shaping perceptions of change. For example, in a hospital setting professional group identity is an important predictor of perceptions, particularly where the proposed change threatens established professional groups (Amiot et al., 2006; Grice et al, 2006; Terry et al., 2001).

Practical Implications

The findings of this study have a number of implications for change agents, in that a wide variety of employee concerns during change have been identified. In particular, communication about the change and participation in it are central concerns for employees, as are uncertainty about jobs and the planning challenges of

change. Thus, change agents need to pay special attention to staff consultation and involvement. Staff members feel more positive and reassured when they know that their input and involvement have an impact on decisions, and when they are kept up to date with changes that affect them personally. Furthermore, change agents should set priorities and send a consistent message about job-related decisions. They can also offer substantial, immediate career counseling support, so that employees know what to expect and feel supported as they experience job-related changes. In this study, employees at all levels had positive feelings about the change and the anticipated outcomes. It is important for change agents to identify, encourage and harness such positive feelings in an effort to enhance the ease of making changes.

Our findings also highlight the need for change agents to understand the different needs of various groups. Executives may be more concerned with broader organization-wide issues, supervisors with intra-organization and departmental issues, and non-supervisors may focus on their own job. Thus, change agents can form tailor-made change management strategies to meet the needs of employees at different levels and with varying responsibilities, and in consideration of the intergroup nature of change. As a start, change strategists must be aware of the extent to which their own perceptions of the change differ from those of change managers and change recipients, and change communication should address and acknowledge the personal concerns of people at different levels. To quote one participant:

“They wanna know, the people wanna know what’s in it for them. What’s in it for me. How does it affect me? (Supervisor)”

In doing so, change strategists must remember that employees perceive both the quality and amount of communication from outgroup members more negatively, particularly during organizational change (Grice et al., 2006). In complex diverse organizations like hospitals, it is important to make use of communication and

knowledge brokers who can bridge intergroup boundaries in communicating the positive aspects of change (cf. Riedlinger et al., 2004).

As noted earlier, the change that we examined involved salient negative events for employees. It was inevitable that there would be negative attitudes and perceptions of the change, even though, the change process encouraged employee participation and involvement. Research into employees' involvement in change has confirmed a positive influence on perceptions and acceptance of change (e.g., Bordia et al., 2004). The results of this study revealed positive attitudes in this turbulent situation, due in no small part to the positive role of employee engagement.

Finally, this study highlights the intergroup nature of organizational change. Group memberships overlap and cross-cut, but as our findings show they are also the source of conflict and divergent feelings and actions around the change. Change strategists can use these perceptions to devise ways of highlighting intergroup similarities, taking advantage of overlapping group memberships and harnessing positive attitudes to change.

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Table 1. Themes

Theme Category	Theme Definition
Emotional and Attitudinal issues	
Relationship between people	Relates to either good relations between staff such as positive feelings amongst staff, work environment positive, morale or poor relations between staff, negative feelings amongst staff, work environment negative
Perceptions of change-attitudes/feelings	Concerns positive thoughts and feelings about changed, that indicate positivity about the new hospital and work environment and staff commitment to the change or thoughts and feelings that indicate negativity about the change including denial, anxiety and feeling threatened, stressed, upset or ambivalent, statements that are both positive and negative
Uncertainty	Relates to the following uncertainty topics: Uncertainty regarding organizational level issues, such as reasons for change, planning and future direction environment hospital is facing Uncertainty regarding chain of command, relative contribution and status of work units, and policies and practices Uncertainty regarding job security, promotion opportunities, changes to job role etc
Conflict, power, politics	Refers to conflict between people, units, divisions, groups about different topics
Values	Refers to values associated with the old hospital e.g., patient care, clinical reputation of the hospital
Process issues	
Communication	Concerns aspects of the quality, quantity and timeliness of communication and the levels of appropriateness.
Participation/involvement	Relates to positive or negative experiences with involvement in the change, attitudes toward participation, outcomes of participation
Planning challenges	Covers issues about the strategies to be pursued, the pacing and timing of change, challenge of training and developing staff, resourcing change, challenge of changes to staff roles and workload
Leadership	This theme is about good leadership, management and supervision e.g., consultative and supportive or about poor leadership, management and supervision e.g., no feedback on performance, poor decision-making, not supportive
Desired process	Highlights opinions on how change should occur, rather than what was occurring at the hospital.
Outcomes	
Outcomes including structure, services and staff	Relates to changes in staff numbers, responsibilities and skills. Changes in hospital services including efficiencies and patient care. Changes in hospital structure layout and facilities. Also covers desired outcomes.
External issues	Covers other external issues such as the political climate, external hospitals, funding and legal issues e.g., changes in government, poor funding and resourcing,

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