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EFFECTS OF MANAGEMENT BEHAVIOR ON EMPLOYEE EMOTIONS

- A case study

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ABSTRACT

This research looks at change management during change projects from the employee's perspective in a Finnish subsidiary of a multinational company. The research context was challenging as employees were faced with statutory negotiations and significant changes to the company structure. Partly due to the economic situation in Finland and partly due to the change in the nature of business, drastic change processes are becoming more common and therefore quality change management is more important than ever. How can a company keep its employees motivated during change processes? Change resistance is almost inevitable. Could companies use that to their advantage? This research goes inside a Finnish company and finds out what are the challenges and emotions that employees have to deal with during change processes and what actions can management take in order to successfully lead the process.

This research is an in-depth single case study. It focuses on analyzing the emotions of employees during change processes and whether management behavior could affect these emotions. This research utilizes a qualitative research method and the research data was mainly collected in semi-structured face-to-face interviews. Although it was clear to the employees that the company was facing declining profits and had to make changes, partly because their mixed experiences of previous change processes, they were unsure if the actions planned by the company were going lead to desired results. During the change process the employees were faced with challenges related to the change itself, uncertainty of their future, renewed company structure, training and communication

KEY WORDS: Change management, resistance to change, emotions

1. INTRODUCTION

In today's dynamic business environment companies face more changes than ever. While the fast pace of changes in the business environment can offer unprecedented business opportunities, it can also lead to bigger challenges and obstacles. Companies are under immense pressure to adapt and take advantage of the emerging possibilities. Otherwise they are in danger of losing their competitiveness and eventually the ability stay in business.

Despite the importance of effective change management and occasional success stories, it seems that the process of change is still very difficult to manage and only few companies have managed to perform it successfully. Most of the change projects face problems in some stages of the process and the objectives that were set are not achieved. Studies have shown that as high as 70 percent of change projects fail. (Beer& Nohria 2000: 133)

Naturally as the business environment is changing rapidly and effective change management becomes a vital source of competitive advantage for companies, studying change management further becomes important. Emotions are a vital part of change processes as they drive the behavior of employees and give structure the meaning of change (Kiefer 2002: 59). Emotions have an important impact on the willingness of employees to contribute to the success of the change project. This thesis discusses theory form the field of change management, and specifically focuses on the impact of management behavior on employee emotions.

Focusing on eliminating all change resistance hasn't increased the percentage of successful change projects. In fact eliminating all change resistance is very difficult, if not impossible. Because of the inevitability of the phenomenon it would be preferable for companies to try understand the reasons behind resistance and to take advantage of it. Change resistance can also be seen as a value adding part of the change process. (Ford et. al. 2008: 369)

1.1 Research problem and background

Although change management and change resistance have been extensively analyzed in management literature, managing change appears to be as difficult as ever for companies engaging in change projects. The global financial downturn after 2008 and slow recovery from it has made successful management of difficult change processes such as major restructuring or downsizing even more relevant than before. Successful change management is an issue that companies are constantly faced with in order to stay competitive. While there has been increased interest in studying the influence of emotions on organizational behavior in recent years (Baron 2008; Gooty, Gavin & Ashkanasy 2009; Russel 2008; Sinkovics, Zagelmeyer & Kusstatscher 2011), there is still a lot we don't understand, especially during change processes as potentially emotional as major restructuring and downsizing.

This research takes a look at the challenges that a Finnish subsidiary of a multinational parent company is facing when undergoing difficult change processes through an in-depth single case study. The situation in the case company was complex, as it had undergone many major changes in recent years. The company had been acquired by a larger Norwegian multinational corporation in 2012 and it had just recently made major changes to its structure and held statutory negotiations due to declining financial numbers. Understanding the effect of management behavior on the emotional reactions of employees during these difficult changes could improve the ability of companies to successfully manage change processes. Also as emotional reactions influence the actions of employees and change resistance is a natural part of any change process, it could be beneficial to explore whether management behavior can affect the type of change resistance (constructive/obstructive) of employees

The research problem is twofold. From a theoretic perspective it is interesting to study the emotional reactions of employees during difficult change processes as emotions guide the behavior of employees. From a practical perspective the study focuses on how the behavior of management can affect the emotional reactions of

employees during change processes and whether management behavior can have an effect on the type of change resistance of employees.

1.2 Research objective and research questions

This research looks at a Finnish subsidiary of a Norwegian multinational company and focuses on the emotional reactions of employees during different stages of change processes. The aim of this study is to find out what kind of emotional reactions employees go through during change processes and what kind of effect management behavior has on emotions of employees. Additionally this study tries to find out whether management behavior can affect the type change resistance of employees.

The two main research questions of this thesis are:

How does management behavior affect the emotions of employees during difficult change processes?

Can management behavior affect the type of resistance to change of employees? (constructive/obstructive)

1.3 Scope and limitations of the study

This is a single in-depth case study that has the focus on finding answers to the research questions presented above in the setting of a Finnish subsidiary of a Norwegian MNC operating in northern Europe. This study focuses on the later stages of demanding change projects as the changes have been already implemented before the interviews were conducted. Therefore this study is able to evaluate the change projects as a whole. The evaluation stage of the change project was still ongoing and it is interesting to get to study the results of the change projects while they are still fresh in the minds of the employees. This presents also challenges as the interviewed employees now have a concrete understanding

about the results of the changes and this might affect their answers about their emotions during the time when the results were still unclear. This study concentrates on the effects of managerial behavior on emotions of employees during statutory negotiations and restructuring and on the effects of managerial behavior on the type of change resistance during these projects.

As this study draws from a single in-depth case study its findings are not directly generalizable to other cases. It is possible that the results of this study may be impacted by organization and cultural specific factor. The method of choice for this study is qualitative as it provides the possibility for in-depth and rich examination of data collected from a specific organizational context (Wang & Noe 2010:126).

1.4 Structure of the study

First chapter of the study includes the introduction to the research and present background for the research as well as the research objectives and questions. It also discusses the scope and limitations of the study. In order to understand the research context some background information of the case study company is provided. The last part of the first chapter lays out the structure of study

Many researchers have tried to describe the behavior of people facing change both as individuals and as a part of a group. Understanding the nature and mechanisms of change resistance and employee emotions during change is crucial in understanding and evaluating the effectiveness of change management. The second chapter is the main literature section of this research. It focuses on identifying the concept of change resistance, the mechanisms behind it and its effects on both individuals and larger groups of people. Change resistance phenomenon is also discussed as a useful part of managing change along with the effects and differences between constructive and obstructive change resistance. This chapter also provides a look at well-known change management models and summarizes them. Finally this chapter discusses the role of emotions in employee behavior and in change management in general.

The third chapter describes the research approach, research methods and the overall process of conducting the research. Data collection techniques and the method of analyzing data are described in detail. This chapter also discusses the possible challenges regarding the reliability and validity of the research and the measures that were taken in order to avoid them.

Chapter four focuses on presenting the findings and empirical results based on the collected data. Empirical results are presented along with supporting quotes from the interviews. This chapter consists of four sections. The first part of this chapter gives background information of the case company and about the situation in general. The second part of this chapter looks at the sources of and range of negative emotions employees went through during the change processes and the third part focuses on the opposite side of the emotional spectrum and looks at the sources of and range of positive emotions. Finally these findings are summarized in the fourth part.

The fifth chapter compares the findings to existing literature, revisits the research questions and presents conclusions based on the findings. Finally the limitations and possible suggestions for future research are discussed at the end of the chapter.

2. MANAGING CHANGE

As globalization and increasing economic instability have made major organizational changes a common theme in today's business environment, the quality of change management has become an important source of competitive advantage for companies as they are frequently faced with intense change processes such as restructuring, downsizing, mergers and acquisitions. At the same time, as the technological development has been faster than ever before, companies also have to adapt to other external factors such as changing legislations and quickly evolving market conditions. Incompetent management of change processes can potentially be harmful or even destructive for companies. (Fugate, Prussia & Kinicki 2012: 890–891; Raineri 2011: 266; Coulson–Thomas 2009: 32)

Companies are in a tough situation. While it is clear that they have to make changes more often than before, it is the employees that ultimately determine whether those changes are successful or not. Drastic changes such as downsizing or restructuring are bound to raise negative emotions among the employees, but at the same time it is those same employees that have a tremendous effect on whether the intended benefits of those changes are ever realized. Therefore it is clear that in order to manage change effectively, companies have to be able to better understand the reactions of employees during change processes. (Fugate et. al 2012: 981)

This chapter is the literature review of this thesis and it looks at different aspects of managing difficult change projects such as downsizing and restructuring. The goal is to build a strong theoretical base that can be used to improve the understanding of change management and increase the ability to evaluate the situation and management challenges in the case study company. There had already been other major changes in the case company earlier when it was acquired by a larger multinational company in 2012 and it was just recently forced to downsize and restructure. These were all changes that were potentially highly emotional for the employees, which made studying the emotions and change management in this

case context extremely interesting and rewarding. The company had held statutory negotiations and restructured its operations into two separate departments. Completing these change projects while maintaining the working motivation of the employees wasn't an easy task for the management. Employees had to face uncertainty about their own future in the company while at the same time they had to be ready to learn and adapt to the new ways of working. As these situations are becoming more and more common, it is important to try to understand how management behavior influences the emotions of employees and whether it can affect the type of change resistance of employees.

The first part focuses on identifying the concept of change resistance, and the mechanisms behind it. The second part is focused on describing how does the change resistance manifest itself in both larger groups of people as wells as in individuals. The third part presents the positive sides of change resistance. Theoretical models of change management are presented and summarized in the fourth chapter and finally in the last part of the literature review the role of emotions in employee behavior is discussed along with how emotions have been studied in relation to change management.

2.1 Resistance to change

Kurt Lewin introduced the concept of resistance to change in 1946. He described it as a correlate of homeostasis, the tendency exhibited by social systems to restore their equilibrium after a disturbance. Lewin's field theory aims to explain group behavior by analyzing the environment that is created by the interactions of individuals. Forces driving in to different directions with differing intensities regulate the environment and equilibrium is determined by the balancing of forces favoring and obstructing change. (Patalano 2011: 250)

Since then, many researchers have tried to define the term resistance to change. Zaltman and Duncan (1977: 63) describe any activities that resist change and try to maintain status quo as resistance to change. Ansoff (1988: 207) sees resistance to change as a complex multidimensional phenomenon that leads to unexpected

expenses, delays and destabilizes the change management process. Block (1989: 199) describes resistance to change as a natural counter reaction to change.

Organizations and the functions of a human body can be described in a similar way. Both are very complex systems, with numerous small units that all have an effect on the whole system in which they are operating. The immune system protects the human body from foreign substances, but it can't always tell the difference between substances that pose a threat and substances that would be useful to the host. In the same way resistance to change can be viewed as the immune system of organizations. Employees might see change as a potential threat even if it could lead to positive results. (Gilley, Godek & Gilley 2009: 6)

Humans have a tendency to resist change as it forces them to adopt new ways of doing things and change processes face many obstacles. Even if people felt dissatisfied with the current situation, they might cling to it as change always introduces uncertainties. The proposed change might be beneficial for the community as a whole, but for some it could lead to concerns over personal losses. Groups have established norms of behavior and failure to comply with these norms could lead to sanctions from other members of the group. Dependency can lead to resistance to change if the employees are highly depended on feedback and guidance from their leaders. They could be unable to change without clear personal endorsement from their leader. If employees feel like they can't trust their administration, they might resist change even if they understand that they could benefit from it. It is also possible that the employees are aware of the problems in proposed change. (Lunenburg, 2010, 4–5)

When facing change, people almost always feel strong emotions and suspicion. Even changes that seem promising often include possible threats along with opportunities. Naturally the more radical the proposed changes are, the more likely it is that people feel reserved and suspicious towards them. Factors that have an effect on the intensity change resistance are for example organizations history in previous change processes, the starting point for change, pressure for change and the desirability of the objectives. (Martola 1997: 102.)

Because changes always involve moving away from familiarity and safety, resistance is a natural part of the change process. Most people are inclined to maintain status quo and to stay in their comfort zone. The ways that people react to changes depend on the individual. All people are different and individuals in different positions view the change differently. Others will breeze through the change process quickly, while other face multiple challenges in different stages of the process. Others push the change forward and others try delay and prevent it. (Bovey 2001: 2). Employees with more experience of change projects often comply with changes more easily than employees with little or no previous experience, but they are unlikely to give any constructive input as they tend to lay low and distance themselves from the process (Stensaker & Meyer 2012: 116, 119–120).

Managing change is very challenging process. The unknown brings uncertainty and change processes require people to learn new ways of working. People trust their old time-tested ways and routines. During change people have to face the possibility of failure. Resistance to change is a survival mechanism and some people would continue working with their outdated equipment, even though they could be fairly certain that the new equipment would decrease their workload. Therefore it is important that managers understand the role of resistance to change. Management's view of resistance to change has often been seen as an attempt to prevent, delay or change the course of the change and it has been linked to negativity and unproductive behavior (Bemmels & Reshef 1991: 231). (De Jager 2001: 2–3.)

Resistance to change affects the speed at which new innovations are adopted. It has an effect on the feelings and opinions of employees at all stages of change processes. If employees feel that they have been involved in a series of changes that have had insufficient support or undesired results, the resistance to change can intensify. As mastering innovation is a competitive necessity in today's business it is clear that managing resistance to change has a tremendous impact on organizations performance. (Nodeson, Beleya, Raman & Ramendran 2012: 468–470)

Martola (1997: 106–109) describes resistance to change as unwanted and uncertain behavior for organizations, that is a result of incompetency, differences of opinions and the lack of inner/outer motivation. It is always wasted energy that should be put to a constructive use. People take change projects seriously, but aren't willing to change because of disagreements, lack of necessary skills or proper incentives.

Shaul Oreg (2003: 680–681) identifies six sources for resistance to change. People are reluctant to lose control. If they feel that they no longer have control over the changes imposed on them they are likely to resist the changes. Another source of change resistance is cognitive rigidity. Individuals who are characterized by rigidity and closed-mindedness are less willing and able to adjust to changes. Level of physiological resilience can predict individual's ability to cope with changes. As change processes are often stressful, individuals with higher resilience often can be more willing to participate in organizational change. It is also possible that people with less resilience could be more reluctant to make changes as it implies that past practices were faulty and admitting that could lead to loss of face. Intolerance to the adjustment period in change can also increase resistance. New tasks require learning and adjustments and some individuals are more willing to endure this. Others who might support the change in principle might still resist it because of the reluctance to undergo the learning period. As change processes increase stimulation, one source for resistance is people who prefer lower levels of stimulation. They are more comfortable with less stimulation and novelty, and resist change to maintain their routines. This is closely related to the sixth source of resistance, reluctance to give up old habits.

Many different circumstances and situations can generate resistance to change. If employees can't see potential crises, the company hasn't been unprofitable or there isn't a threat of cutting workforce, they seldom see change projects necessary. Even the grandeur of company's exterior and the positive outlook portrayed by the upper management can result in employees' negativity towards change. If the need for change isn't clear enough, it is part of human nature to resist it. "Why fix something that isn't broken?". (Kotter 1996: 34–37.)

Resistance to change isn't a straight forward phenomenon caused by resistance to the content of change, but rather a dynamic phenomenon that is also shaped by agent-recipient interactions. The quality of interpersonal manager-employee relationships influences whether employees judge the information given by their manager as supportive and credible or as manipulative and selfish. The emotional reactions of employees toward their bosses have an impact on their behavior toward proposed changes, whether or not these changes are intrinsically beneficial or harmful. (Huy, Corley & Kraatz: 2014, 1675)

2.2 The manifestation of resistance to change

Change always involves moving from known to unknown. It has an effect on the status quo and therefore it naturally causes uncertainty. Without convincing reasons people tend not to support change. Depending on the potential outcomes, people's reactions differ from negative to positive. If the change is likely to have more negative outcomes, it will result in resistance to change. (A. Agboola & R. Salawu 2011: 236–237.)

Judson (1991: 48) divides the possible reactions towards change in to four different categories: Approval, indifference, passive resistance and active resistance. Within these four categories the actions of individuals vary in a radical way between positive and negative actions.

Acceptance -	- enthusiastic
	- cooperation
	- cooperation under pressure from management
	- acceptance
	- passive resignation
	- indifference
Indifference -	- apathy; loss of interest in the job
	- doing only what is ordered
	- regressive behavior
Passive resistance -	- nonlearning
	- protest
	- working to rule
	- doing as little as possible
Active resistance -	- slowing down
	- personal withdrawal (increase time off job and away from work)
	- committing "errors"
	- spoilage
	- deliberate sabotage

Table 1. The spectrum of possible behavior towards a change (Judson 1991: 48)

Frustration towards the change process can lead to aggressive countermeasures. Increased amount of errors, wastage and in the worst case even deliberate sabotage may appear. Resistance to change can also lower efficiency in the workplace in less drastic ways, such as increased absence, slowdowns and negligence. (Judson 1991: 48–54.)

Gilley et. al. (2009: 6) describes organization's response to change in five stages starting from the initial planning of the change and finally leading to the failure of the change. The lack of information leads to the spreading of gossip and rumors,

which in turn lead to a situation where the proposed change is viewed as hostile and employees start to reject or even intentionally sabotage it.

ORGANIZATION'S RESPONSE TO CHANGE
Organizational leaders explore the possibility of change
Employees ask questions; seek information
Rumors, gossip; Initial fear and resistance take hold; change is isolated, resources cut off Employees form alliances against the change, become vocal and call in reinforcements
Alliances build, resistance solidifies
Avoidance, rejection, sabotage; The change is insulated, alienated from the organization; ultimately rejected

Table 2. Organizations response to change (Gilley et. al. 2009: 6)

The phases of resistance to change can also be viewed through Kubler-Ross' stages of grief (1970). According to Kubler-Ross people go through five different stages when faced with a difficult change, such as impeding death. In the first stage the change is not accepted and it is denied completely. In the second stage people start to feel anger and ask questions like "Why me?". Third stage is about negotiating and bartering and despite the inevitability of change, people still try to look for a way out. In the fourth stage the inevitability of the situation becomes clear, which the leads to depression. In the final fifth stage people accept the change and try to find ways to move forward.

The reaction towards change varies between individuals. Some are excited and committed to reforms, while others view change negatively and try to actively resist it. The commitment level to change can be roughly divided in to four

categories of character. "Blockers" resist the change strongly and try to prevent it. "Sleepers" are indifferent towards change or completely unaware of the situation. "Preachers" are usually individuals who are in a position of power and their opinions are heard, but they don't see the change as a high priority for the company. "Champions" are the advocates for change and are actively involved in implementing it. (Edmonds: 2011: 251).

2.3 Resistance to change as a positive force

From the point of view of effective change management, the idea of advantages gained from change resistance is paradoxical. According to change management models if the change process could be handled perfectly, there should not be significant resistance to change.

In reality as many as 70 percent of change processes fail (Beer & Nohria 2000: 133). The prevailing opinion about change resistance has been one-sided. Resistance has been viewed from the viewpoint of change agents and their supporters. The actions of change agents have been seen as rightful, whereas the obstacles set by change resisters have been seen as unreasonable and they have been blamed for the failure of change processes (Ford, Ford & D'Amelio 2008:362.). Resistance to change can also be seen as valuable resource and as a natural and inevitable part of every change process. (Knowles & Linn 2004: 3–9).

Change resistance is often shortsightedly viewed as destructive towards the objectives of companies. When managers who are driving the change forward aren't achieving their goals, they get frustrated because of the lack of results and start blaming stubborn and reluctant employees. In reality the situation is often a lot more complex. It is also possible that the motives of managers behind the change are skewed. Their career opportunities and reputation might be dependent on successfully managing the change and therefore the rewards might be emphasized and the risks and potential problems downplayed. The discussion about change resistance is dominated by negativity. Even the term change resistance is negatively charged and often misunderstood. Managers in charge of

change processes should also be able to see resistance to change in a more positive light. (Smollan 2011: 12– 13.)

Change resistance can be seen as a valuable resource in the change process. In order to fully take advantage of the phenomenon, it is crucial that managers get rid of the tendency to blame change resistance of the failures in change processes. Adopting this view isn't going to be easy, as managers see change resistance as the main reason behind failures in change processes. Over half of the change processes fail and negative attitudes are heavily rooted. (Ford & Ford 2010: 24.)

Change resistance can also be seen as a filter, which can be used to find the areas that are in need of change (De Jager 2001:25). Resistance to change is feedback of the planned change and as any feedback, it contains potentially valuable information that would otherwise be difficult to acquire. If resistance is viewed as useful information, the goals of the change can be adjusted and probability of a successful change increased. Change resistance should not be avoided and suppressed, but it should be accepted as a part of a successful change process. Healthy change resistance can be seen as an understandable reaction of committed people and as a natural and useful phenomenon. People who view something as important to them, naturally want to be heard when changes that could affect it are planned. (Ford & Ford 2010: 2, 34.)

Instead of avoiding change resistance as an adverse and unwanted aspect of change, it would be beneficial to better understand the potential advantages of resistance. During change processes change resistance can be seen as a natural reaction and as a survival mechanism of the organization that evaluates, adapts and sometimes even prevents changes that would be unfavorable for the organization. Change resistance plays an important role in identifying unfavorable, poorly prepared or even totally erroneous changes. (Waddel & Sohal 1998: 545). If all changes would be accepted without further evaluation, also the changes that would turn out to be unfavorable would be implemented without resistance (Erämetsä 2003: 98). The resistance of middle management can be seen as particularly valuable, as they often have the best understanding of the

relationship between the overall picture and smaller units and functions (Perren & Megginson 1996: 24).

Management shouldn't ever assume that change resistance is a consequence of the reluctance of people to change. Opposing management and stating your own opinion requires courage and it is not something employees take on lightly and without reason. Management should evaluate planned changes again thoroughly, because it is possible that original plans were inadequate or erroneous from the beginning. (Self & Schraeder 2009:177–178.)

If there would be no change resistance at all it would be impossible to instill any change. Therefore change resistance also has a reverse effect of enabling commitment to change objectives. Also the just the fear of change resistance can act as a motivation to undertake actions that reduce resistance, such as better communication and involving employees in the planning stages. Employees get the necessary resources and the working environment is improved. If necessary, change resistance or the fear of it reminds management of important aspects of managing people. (Ford et. al. 2008: 370.)

In its core, resistance is always a conflict. Without resistance to change organizational behavior would be difficult to predict and it would have chaotic characteristics. As all conflicts, change resistance can potentially lead to constructive discussion and re-evaluation of decisions. Conflicting situations can improve performance, increase the quality of planned changes and increase commitment to the final decisions, leading to improved solutions compared to the original plans (Robbins 2005: 195–269; Amason 1996: 123–148). Therefore change resistance can also be seen as a value adding part of the change process (Ford et. al. 2008: 369).

The demonizing view of change resistance hasn't been able to create an effective model for managing change and might be part of the problem behind failing change processes. One reason for the negative view is that the concept of change resistance has diverged from Kurt Lewin's original concept. Lewin saw change more as a systematic process and change resistance part of that process than as a

psychological phenomenon. In Lewin's vision work is conducted in a systematic fashion according to strict roles, attitudes and norms, where changes in one part might drive the whole system in to an unbalanced state. (Dent & Goldberg 1999: 25–41.)

2.4 Theoretical models for managing change

Incompetent management of the change processes can turn out to be burdensome or in the worst case scenario even destructive for organizations. Employees react differently to change and understanding those differences as quickly as necessary can be very difficult. Change processes also often result in long term effects that are hard to detect. (Coulson-Thomas 2009:32.)

People don't resist change just out of principle. They resist the uncertainty and unfavorable results they often lead to (Waddel & Sohal 1998: 545). Therefore to minimize resistance to change it is necessary that the change process can be rationalized to the employees. There are many theoretical models that try to provide the necessary stages to overcome the challenging situations in change processes. In this thesis the models from Kurt Lewin (1946) and John Kotter (1996) are reviewed and shortly summarized along with the ADKAR change model (2006).

Change processes fail for numerous reasons. Even if from the objective view the costs were too high, products would not be competitive or the company was unable to meet the requirements of its customers, change isn't happening. Reasons are for example inward organizational culture, excessive bureaucracy, lack of trust, incompetency of management or general fear of change. To be successful in change process, companies must understand all possible barriers and take them in to account in the change process as effectively as possible. (Kotter 1996: 20)

Change projects are complex and there are many pitfalls during these often time consuming processes. For example John Kotter (2007) identified eight of the most common mistakes organizations make; *not establishing a sense of urgency, not creating*

a powerful enough coalition, lack of vision, lack of communication, not removing obstacles to the new vision, lack of short-term wins, declaring victory too soon and not anchoring changes to corporate culture. Theoretical models for managing change try to address the most common mistakes that hinder the success of change projects, or in a worst case scenario cause the whole change project to fail. It could be said that the foundation for most of the other theoretical change models was laid by Kurt Lewin in 1946. His three-stage process of unfreezing, change and freezing forms the base for numerous other models and while different theoretical models for managing change include varying amount of step, most of them follow roughly the same path. Differences between the models come mostly from how detailed these steps are rather than including any specific unique steps.

The first step in Kurt Lewin's model is "*unfreezing*". This step is about getting ready to change and understanding the necessity to change. In John Kotter's model (1996) the first three steps are presented a bit more in detail; *establishing a sense of urgency, creating a guiding coalition and developing a vision and strategy*. While the ADKAR model (Hiatt 2006) consists of different elements rather than stages, it is still very similar to Lewin's model. *Awareness of the need to change and desire to make the change happen* belong to the "unfreezing" stage. The second step of Kurt Lewin's model is "*change*" and the transition process to make the changes begins. The more detailed steps by Kotter in this phase are *effective communication of the change vision and empowering broad-based action*. In the ADKAR model *knowledge about how to change and ability to implement new skills* fall within the second stage. In the last "freezing" stage of Lewin's model the stability is restored after the changes have been made and accepted as the new norm. In this stage Kotter identifies three steps; *generating short-term wins, consolidating gains and producing more change* and *anchoring new approaches in the culture*. The last element of ADKAR model; *reinforcement* also falls in to the last stage of Lewin's model.

Kurt Lewin	ADKAR	John Kotter
Unfreezing	Awareness Desire	Establishing a sense of urgency Creating a guiding coalition Developing a vision and strategy
Change	Knowledge Ability	Communicating the change vision Empowering broad-based action
Freezing	Reinforcement	Generating short-term wins Consolidating gains and producing more change Anchoring new approaches in the culture

Table 3. Summary of three theoretical models for change

When studying these three different models it becomes clear that all of them follow roughly the same principles. Probably the most important aspect of any change process is the necessity to change. Without it, it is really difficult to justify the changes to employees. Secondly there has to be sufficient resources to guide the process and to provide the necessary training. Lastly it is important to understand the importance of keeping the change alive and rooting it. Change results need to be monitored and reinforced even after the initial change process is "finished". All change processes and situations are different and therefore it is difficult to form a solution that would lead to certain success. Regardless of the amount of steps or detail in different theoretical change models the most important aspect of any change process is the ability to adapt. Different models can be useful as guidelines but the end result comes down to the quality of management.

Theoretical models for managing change have also faced criticism. They view change processes as predictable events that can be managed with predesigned steps. In reality change can't be managed perfectly and it's a process that shapes itself after the creation of strategy (Edmonds 2011: 350). Models often see individual employees as robotic entities and fail to recognize the human side of change (Graetz ja Smith 2010: 135–136). Changes in the business environment can be unexpected and disruptive and agile organizations have the ability to response quickly and effectively to variations in market conditions (Nejatian & Zarei 2013:

241). While useful, theoretical models for change can be seen as too rigid and overwhelmed in today's business environment and organizations might need to find alternative methods to maintain necessary agility to survive (Horney, Eckenrod, McKinney & Prescott 2014: 41). Because of the constant changes in the business environment, it is important that in addition to competent change management organizations have to be able to anticipate future changes.

2.5 Role of emotions in employee behavior

There has been increasing interest in emotions in organizational change context (Agote, Aramburu & Lines 2015: 1). Emotions guide people when adapting to new situations and are an important part of change (Kiefer 2002: 58). Emotional reactions generate a change in readiness to act and prepare people for action. The potential action response is determined by the evaluation of the abilities to deal with the event. If there are adequate resources to deal with the event, people are more likely to have an active response. If there aren't adequate resources, people may adopt a passive response and avoid the event. (Huy et. al 2014: 1655)

A lot of research has been done regarding acceptance of change, but most of it has been based on cognitive models and the emotions of employees have been given much less attention. Emotions are important drivers of employee behavior. Emotions promote behavioral activation and help to prioritize and organize behaviors in optimal ways in order to adjust to the demands of the environment. Therefore they influence employee behavior and readiness for action. (Beaudry & Pinsonneault 2010: 689–693) In their study about emotions in the implementation phase of new IT applications Beaudry & Pinsonneault (2010) classify emotions in to four distinct types of emotions: challenge, achievement, loss and deterrence emotions. Implementation of new IT applications is a demanding change process and their study is also valuable when studying other change projects.
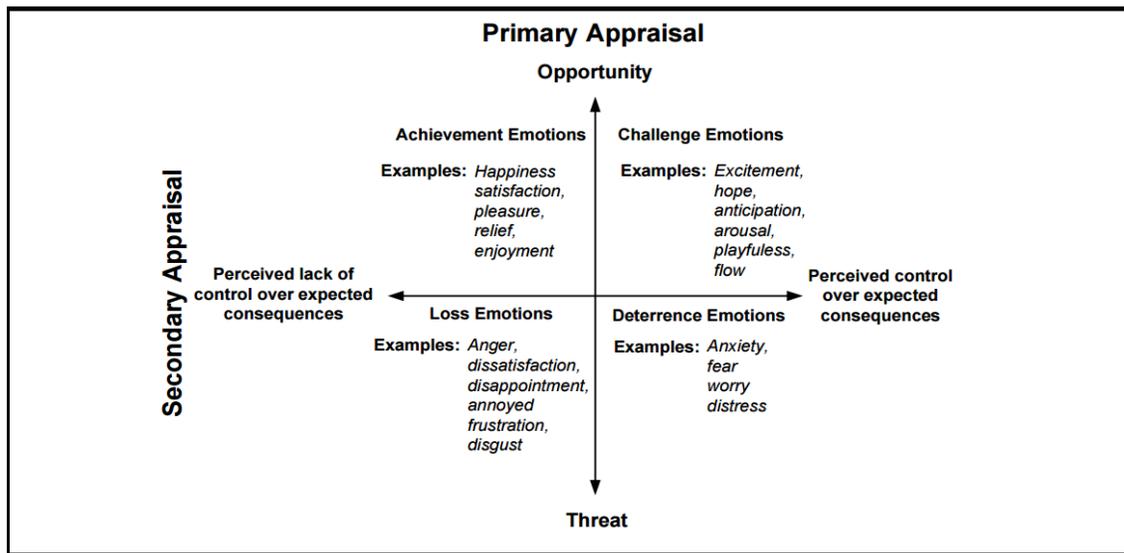
Table 4. A Framework for Classifying Emotions (Beaudry & Pinsonneault 2010)

Loss emotions reflect the perception of change as a threat and perception of lack of control over the consequences. In these situations emotions such as anger, dissatisfaction, frustration and disgust are common. Loss emotions are often associated with the desire to punish the agent responsible for the frustration and lead to confrontational behavior. These emotions usually have dysfunctional effects that impede the achievement of goal behaviors. (Beaudry & Pinsonneault 2010: 694–695)

Deterrence emotions occur when the change is perceived as a threat and employees feel that they still have some control over the consequences. In these situations emotions such as anxiety, worry, fear and distress are commonly experienced. Employees with anxiety often tend to avoid the stressor or engage in different exit strategies. These emotions lead to employees distancing themselves from their jobs and reducing their efforts to cope with the change. They give up on trying to achieve the desired goals of the change process. (Beaudry & Pinsonneault 2010: 696)

Challenge emotions are triggered when employees view the change as an opportunity that is likely to result in positive consequences and one that they feel they have some control over. Challenge emotions include excitement, eagerness,

playfulness, arousal and flow. These kinds of emotions fuel the investment of energy towards new activities and provide the employees with necessary drive to achieve the desired goals. (Beaudry & Pinsonneault 2010: 697)

When the upcoming change is seen by employees as an event that will generate positive outcomes they experience achievement emotions. These emotions include happiness, satisfaction, joy and pleasure. These emotions are usually associated with the desire to benefit from the current situation, but no necessarily with desire to invest in additional efforts. Achievement emotions tend to lead employees to be satisfied with the current situation and less likely to have a strong desire to act. (Beaudry & Pinsonneault 2010: 698)

In their study about the role of emotions in cross-border M&A Sinkovics et. al. (2011: 28–29) define emotions as a mental state of (action) readiness that arises from cognitive appraisals of events, social interactions and/or thoughts. Their definition presents emotions as tangible phenomena, as "action readiness". This definition is helpful when studying emotions empirically. According to Affective events theory (AET) (Weiss & Cropanzo, 1996) there are certain triggers, or 'affective events' that systematically lead to human affects in workplace. Employees experience positive and negative emotions that are initiated by events at workplace which, in turn are determined by various factors in the work environment. These affective states then lead to affect-driven behavior and change the work attitudes of employees (Sinkovics et. al. 2011: 27–29). In the context of this study the statutory negotiations and restructuring of business areas are clear examples of events that initiate strong and mixed emotions in employees. Major changes like these often increase uncertainty, rumors and speculations. Therefore it is important that during change processes managers understand the emotional reactions of employees and know how to act accordingly.

In addition to the effects that positive and negative emotions have on employee behavior and actions, those emotions are also intensified in times of uncertainty. Bar-Anan, Wilson & Gilbert (2009: 123–127) propose an uncertainty intensification hypothesis where the effect of events are intensified by uncertainty. Employees in companies that are facing difficult changes, like statutory negotiations, often feel

that they aren't receiving enough information which further increases their negative emotions. Therefore effective and open change management becomes even more important in avoiding negative change resistance.

While it is important for management to understand employee emotions during change processes, according to Sinkovics et. al. (2011: 30–31) management can also have an active role in shaping those emotions. They state that managerial stimuli, such as management behavior and communication have an influence on the emotions of employees and those emotions affect their behavior and attitudes which in turn have an impact on the rate of success of change processes. In their study (2011: 39–40) Sinkovics et. al. found that managers' leadership behavior has an enormous impact on employee attitudes, emotions and behavior. Reserved behavior and communication by management led to frustration, lack of motivation and speculations. Communicative and open behavior on the other hand led to a situation where pulled together towards a common goal and gave their best for the company. This clearly illustrates the effect that managerial behavior has on the emotions of employees and to their willingness to contribute to the change process.

2.6 Emotions in change projects

Emotions are a vital part of change experiences. They drive the behavior of employees and give structure the meaning of change. Emotions aren't dysfunctional, but helpful for individuals when adapting to challenging situations. Employees experience a wide variety of emotions during change projects and different groups experience the change differently. Understanding the emotional aspect of change project is vital for successful change management. It is important to acknowledge emotions rather than trying to push them aside. Emotions can indicate the underlying problems in management and these problems need to be dealt with. It is also important not to focus solely on the negative emotions and to offer positive experiences during change projects. (Kiefer 2002: 59)

Positive emotions help employees during change projects. They broaden the perceived options for the employees, make it easier to adapt to new conditions and

promote an open approach on problem solving. Even in times of disruption positive emotions can increase the level of commitment of employees and strengthen their emotional engagement to the organization. While the possible benefits of positive emotions during change projects are clear, management should not take a deterministic view that simply describes positive emotions as beneficial and negative emotions as detrimental to change. The role of emotions during change projects is much more complex and negative emotions have their own value besides the possible detrimental effects. They serve as warnings and can signal that action needs to be taken. (Klarner, Todnem By & Diefenbach 2011: 333–334)

Major changes have profound implications for employees. Changes in work demands and context increase uncertainty and stress. A lot of research has been done to increase the understanding of employee responses to organizational change, but the research has mostly focused on understanding employee reactions in a particular change episode and has overlooked the effect that past episodes play in shaping employee reactions. Poor change management affects not only the change that is being implemented, but also the change projects in the future. Employees can carry the negative emotions from past change experiences with them and therefore management should pay attention to the organizations change management history. If there are unsuccessful change projects in the past, management should take them in to account and deploy trust-enhancing strategies such as open two-way communication, apology and rectification of past mistakes. (Bordia, Restubog, Jimmieson & Irmer 2010: 1–3, 15–20)

The emotions of employees aren't necessarily triggered by single change event. Emotions are often are result of several complex events and emotions can evolve during change processes. Major change projects take time and different emotions can be triggered during that time period (Klarner et. al 2011: 334). Emotions are undergoing processes rather than steady states and allow individuals to make rapid readjustments to changing circumstances (Scherer 2005: 702). To understand emotions during change projects, it is important to understand the evolving nature of emotions and the effects of different events and previous experiences to them.

In their study (2011) about emotions in cross-border M&A's Sinkovics et al. found that emotions felt by employees not only have an important impact on their willingness to contribute to the success of the success of M&A, but that emotions may in fact be critical to M&A performance. While Sinkovics et al. studied emotions in the context of cross-border M&A's, the same conclusions hold true also in other major changes. It is important to continue regular open and communication throughout the change process. Sinkovics et al. (2011) found a connection between managerial communication style and employee response in their interviews. If there was frequent, honest and open communication, employees felt that even bad news were better than uncertainty and no news at all. Employees need frequent and regular information in order to feel secure. If they are kept in the dark, their working motivation starts to suffer and uncertainty starts to create negative emotion, rumors and speculation. On the other hand, informing employees about what's going on and reassuring them with supportive messages has a positive effect on their emotions.

There should be clear consistency between communication and management behavior. Employees notice the discrepancies, which leads to negative emotions and change resistance. In order to maintain the trust of employees and credibility management has to make sure that their messages are consistent and supported by tangible signs. Major changes often involve unpleasant decisions. Findings suggest that employees' emotions towards those decisions depend on the way the decisions are communicated and how the employees feel that they are treated by the management. Disregarding the role emotions and handling communication in a purely logical and rational way might not be sufficient in difficult change projects. Managers need to understand that emotions play a critical role in difficult changes projects and that attempts to avoid or reduce the intensity of emotions can be harmful. (Sinkovics et al. 2011: 43–44)

3. RESEARCH METHOD

The thesis project started late 2014 with the researcher contacting the HR manager of the organization. Discussions with HR were helpful in getting to know the background of the organization and clarifying the objectives for both the organization and researcher. In those early discussions method of collecting data was decided. The choices regarding data collection and research methods that the research was based on are presented in the following chapter.

3.1 Research approach

Researcher makes assumptions at every stage of the research process. These assumptions will inevitably shape the research questions, methods and how the findings are interpreted. Adopted research philosophy can be thought as the researcher's assumptions about the way the world is viewed and these assumptions will underpin the research strategy and methods chosen as part of that strategy. In business and management research the researcher has to be aware of the philosophical commitments made through choices of research strategy as it will have a significant impact on the research process and how the investigated topic is understood. (Saunders, Lewis & Thornhill 2012: 127–128)

The research setting will influence the research philosophy. Naturally a researcher focused on facts, such as resource management in manufacturing process is going to have a different view on the way research should be conducted than a researcher focusing on the feelings and attitudes of the workers in the same manufacturing process. Not only will the strategies and methods differ, but also the view on what is important and useful for the research. Different research philosophies are suited to achieving different things and one research philosophy isn't necessarily better than another. (Saunders et. al. 2012: 127–128)

Ontology is concerned with nature of reality and raises questions about the assumptions researchers have about the surrounding world and their commitment to particular views. The two aspects of ontology are objectivism and subjectivism. Both are likely to be accepted as producing valid knowledge and both have their devotees among business and management researchers. In objectivism social entities are viewed to exist in reality external to and independent of social actors. Researcher might argue that management is an objective entity and managers operate in formal structures. In essence their function is very much the same in all organizations. Subjectivism represents the position that the objective aspects of management are less important than the way managers attach their own individual meanings to their jobs and how they see their job should be performed. As this research focuses on the feelings and subjective perceptions of individual employees it is natural to adopt subjectivism as the research approach. (Saunders et. al. 2012: 132–133)

Epistemology concerns what makes acceptable knowledge in a field of study and what the researcher views as important. A "resources" researcher is more comfortable with the collection and analysis of "facts". Reality is formed through objects that are considered to be "real", such as machines, computers or employees. These objects have a separate existence to that of the researcher and therefore it can be argued that the data collection is less biased and more objective. A "resources" researcher handles data and data collection in a similar way as a natural scientists would do and wouldn't place much authority on social phenomena that are difficult to measure statistically. (Saunders et. al. 2012: 132–134)

A "feelings" researcher is more concerned with and places more emphasis on the feelings and attitudes of employees. Data is presented in a narrative form rather than strict statistical form. A "feelings" researcher argues that the world of business and management is too complex to enable the formation of definite laws in the same way as natural sciences and adopts a interpretivist philosophy and important insights are lost if that complexity is generalized too heavily. Interpretivism advocates the necessity of understanding the role of humans as social actors who interpret their everyday social roles in accordance with the

meanings they give to those roles. This research adopts an interpretivist philosophy as it is highly appropriate in the case of business management research, especially in such fields as organizational behavior and human resources management. Situations faced in change processes are complex and unique and interpretivist philosophy is necessary to truly be able to understand them. (Saunders et. al. 2012: 137)

Although there aren't any rigid divisions between different research approaches and deductive, inductive and abductive approaches are often combined, this research utilizes a predominantly inductive research approach. A sample of employees is interviewed in order to understand the feelings of employees and possible problems that emerge during the change process. Inductive approach treats employees as humans whose behavior is a consequence of the way in which they perceive their work experience whereas deductive approach would view them in a more rigid statistic way as unthinking research objects. As every change process is unique, inductive approach that is particularly concerned with the context in which events take place is highly appropriate. Inductive approach also permits alternative explanations of situations and doesn't rely on specific predetermined hypotheses. After the interviews the researcher's task is to analyze and make sense of the data collected. Most often the findings are expressed a conceptual framework. (Saunders et. al. 2012: 143–147)

As the research problem and interview questions are focused on understanding employee reactions and emotions during change processes and the possible advantages gained through change resistance, an inductive approach is appropriate. Also this study doesn't test the validity of any clear existing theories which further supports the inductive approach. The aim of this study is to understand the employee perspective in change processes, identify the reasons behind change resistance and how it can be managed or even taken advantage of. Thirteen interviews were held in order to get an understanding of the emotions of employees during change processes, the interview data was analyzed and compared to existing research on change management and change resistance.

3.2 Research design

The objectives of the research are derived from the research questions. Research design is the general plan of how these research questions are answered, the sources of collected data and the methods of analyzing that data are specified and ethical issues and constrained are discussed. The interpretive research philosophy and inductive approach support the choice of qualitative research design. In qualitative research the researcher tries to make sense of subjective and socially constructed meanings expressed about the studied phenomenon. Qualitative research is also referred as naturalistic as the researcher has to operate within a natural research context in order to build trust and to gain in-depth understanding of the subject. The data collection is non-standardized and the questions and procedures can evolve during the research process. The success of the research is dependent on gaining access to participants and on the sensitivity to gain cognitive access to their data. Qualitative research is associated with a variety of different strategies. This research uses a case study as the research strategy. The strategy is described more specifically in the following chapter 3.3 (Saunders et. al. 2012: 159–163)

3.3 Research strategy

This study uses a case study research strategy. A case study explores the research topic within a real-life context and it is relevant when the researcher wishes to gain a rich understanding of the context of the research. It has a considerable ability answer questions like "why?" and "how?" and it is most often used explanatory studies. Both quantitative and qualitative or mix of both methods can be used to collect data. Methods may include for example interviews, observation and questionnaires. This study uses employee interviews as the main source of data. A case study can be consist of a single case or alternatively of multiple cases. A single case is often used when a critical or unique case is being studied. If the researcher wants to understand a real-life phenomenon that is encompassed with important contextual conditions in depth, a single case study is often the logical choice of research strategy (Yin 2009: 18). A case study can also incorporate

multiple cases. This strategy provides the possibility to find results that can be replicated across multiple cases and therefore it can produce strong support from theoretical models. As case studies are often resource intensive and demanding and the aim of this research is to provide answers in a unique context of a single company this study uses a single case study strategy. In a single case study the data is more manageable and it allows a more in-depth look in to a unique situation faced by the case study company (Saunders et. al. 2012: 173, 180–181).

3.4 Research reliability and validity

Reliability of the research depends on whether the data collection techniques and analytic procedures would produce similar and consistent results if they were repeated or replicated by another researcher. There are a number of threats to the reliability of a research. This is especially true in case studies. In order to avoid false assumptions and ensure the reliability of the study, measures have been taken to minimize these threats. All of the steps during the research were documented in detail so that the procedures could in theory be repeated with same results. (Yin 2009: 45) Participant error is avoided by letting the interviewees choose the time of the interview so that they have sufficient time for the interviews. All of the interviews were held in privacy where the interviewees could talk freely without the fear of being overheard and all of the interviewees were ensured complete confidentiality in order to avoid participant bias. This was important because of the nature of the research. Throughout the research process I was also aware of my own role a researcher and how researcher error and bias could threaten the results. I had no previous history with the company which helped me to maintain an objective view. During the interviews I was careful not to let my own views to affect tor lead the conversation. (Saunders et. al. 2012: 192–194)

Research reliability isn't sufficient by itself to ensure the quality of the research. The validity of the research refers to the ability of the research to measure what it was intended and the trustworthiness of the results. There are different aspects in ensuring the validity of case studies. Yin (2009) lists four aspects of validity; *construct validity, internal validity, external validity and reliability*. To ensure the

construct validity of the research the interview questions were constructed as clear as possible and specified during interviews if needed in order to avoid misinterpretations. Internal validity was ensured by semistructured questions that allowed the researcher to make follow up questions if there was doubt that the emotions of the interviewee were affected by an outside factor. The external validity was taken into account by designing the research and interview questions in a way that they didn't include case specific content and made the findings of the research as relevant as possible outside the case context in other cases with similar characteristics. Reliability was ensured by the measures mentioned earlier. (Yin 2009: 40–45) In order to allow the interviewees to express themselves freely and accurately without language barriers, all of the interviews were held in Finnish. The initial interview questions were planned carefully and the interviews were semistructured which allowed the researcher to adapt the questions according to the flow of the conversation and to ask clarifying questions if needed. This increased the validity of the research and made it possible to gain better insight of the subject matter. (Saunders et. al. 2012: 193, 384)

3.5 Research ethics

Every research is affected by ethical concerns. In the context of research, ethics refer to the standards that guide the researchers conduct in relation to the rights of the subjects of the research. The appropriateness of a researches conduct is influenced by broader social norms of behavior. As a student in university the conduct of my research is guided by the ethical guidelines of the university along with the key principles in research ethics. Key principles in research ethics are intended to avoid poor practice and harm. During this study I have been open about the research and committed to represent the findings in an objective way. Participation in the interviews was voluntary and anonymity and confidentiality was guaranteed. Interviews were recorded with an audio-recording device and interviewees were informed that I was the only one with access to those recordings and to the notes made during interviews. The recordings were also deleted after they had been analyzed. I have been honest and transparent in communicating about this research and avoided misleading reporting of research findings.

(Saunders et. al. 2012: 208, 226–232; Easterby-Smith, Thorpe & Jackson 2012: 95–96, 158)

3.6 Data collection

The research setting is a Finnish subsidiary of a multinational company that also operates in Croatia, Estonia, Latvia, Lithuania, Montenegro, Norway, Poland, Serbia, Slovenia and Sweden. In the beginning of the research the organizational situation was identified. The Finnish subsidiary had undergone major changes due to changes in legislation and declining profits. To improve profitability the company held statutory negotiations and separated its functions into two separate departments. Some employees had lost their jobs and others were faced with new challenges and assignments. Both events were challenging for employees and provided a good opportunity to study employee reactions when faced with difficult changes. The focus of the research was change management, employee emotions during change and resistance to change. After the research focus became clear the preliminary questions were presented to the company's HR-manager. The research questions were formed by analyzing literature from the field and the changes that the company had undergone. The goal was to form questions that would enable the researcher to identify the most important issues that arise during change processes.

Data was collected through interviews with employees and purposive sampling strategy was used. The interviewees were selected by the HR-manager as he knew the workforce, had better understanding of the situation in the company than the researcher and he could point out the employees that had the most to offer in regard of the research. To understand the differences in employee experience in different positions in the company the interviewees were chosen so that they represented varying levels of responsibilities. The interviewees also had varied levels of experience and working years in the company. In order to reach an objective view of the situation within the whole company, some of the employees that were chosen were directly impacted by the changes the company had undergone and some had been impacted more indirectly. Employees were

interviewed in all three geographic locations where the company operates in Finland.

The data collection was done through thirteen interviews. Four of the thirteen employees that were interviewed were in a lower management position in order to get a perspective from the lower management's point of view. Out of the subordinates two were in the IT-department and one in legislation. Due to the difficult changes the company had undergone and potentially sensitive nature of the answers, it was important that the researcher approached the interviews in an ethically accepted way. All of the interviews were voluntary and the interviewer asked for permission to tape the interviews. Interviewees were reminded of confidentiality and anonymity of the interviews. Interviews were held in Finnish in order to allow the interviewees express themselves naturally without restrictions caused by language.

All of the interviews were semi-structured face-to-face interviews. The base questions and their order were predetermined but the researcher could adjust the order of the questions and make additional follow-up questions according to the flow of the conversation. The data was captured by audio-recording device and all of the interviewees consented to it. The researcher also made additional notes. The semi-structured interviews allowed the researcher to establish better personal contact and allowed to adjust the questions according to the interviewee's position. All of the interviewees were informed of the objectives of the research in the beginning of the interviews. Interviews were held between December 2014 and January 2015 in company premises in three different locations. All except one the interviews took place in conference rooms in order to ensure privacy. Interviews lasted between 25 minutes and 50 minutes.

All of the interviewees were informed of the interviews beforehand by the company's HR-manager via email and again later when the researcher scheduled the interviews with the interviewees. Although the interviewees were aware of the research, the researcher hadn't met the interviewees before and all of the interviews started with introduction of the topic and also the researcher himself. The interview consisted of predetermined open questions that enabled the

collection of data, exploring of the topic and kept the flow of the conversation going. Open questions allowed the interviewees to openly describe their feelings and opinions without restrictions. The researcher aimed to maintain the objectivity of the interviews by refraining to express personal views and by not making leading follow-up questions. The thirteen conducted interviews were the main source of data in the research. Additional data was gathered from discussions with the HR-Manager and from the company website.

3.7 Data analysis

After the interviews were conducted, the audio-recordings were reproduced as written text in order to manage the collected data more efficiently. In addition to what is said, the audio-recorded interviews contain more subtle information. For example the tone of voice that was used. Clear changes in the tone of voice were included in the transcripts in order to preserve contextual information and to avoid misunderstandings when analyzing the transcripts. To avoid the build-up of recordings the interviews were transcribed in the following day of the interview. Each interview was saved as a separate file with a filename that maintained the confidentiality of the interviewee. (Saunders et. al. 2012: 550, 554, 557–558)

Emotions are important drivers of employee behavior. People organize and prioritize their behavioral actions through emotions and therefore emotions influence the behavior and readiness for action of employees (Beaudry & Pinsonneault 2010: 689–693). As this study focuses heavily on the effects of emotional reactions to change processes the interview data was analyzed using emotion coding. Emotion coding is a valid method of analyzing virtually any qualitative data, but particularly appropriate when studying intrapersonal and interpersonal experiences and actions of the participants. Emotions are part of the universal human experience and therefore acknowledging them in the research provides a deep insight in to the perspectives of the participants during the change processes (Saldana 2009: 86). "One can't separate emotion from action; they are part of the flow of events, one leading into the other" (Corbin & Strauss 2008: 7).

The analysis of the interviews began with the researcher reading the interviews multiple times in order to familiarize himself with the material. The next step was to identify and code all of the emotions that came up during the interviews. This included also the nonverbal cues such as the tone of voice, sighs, laughter and other clear gestures. Negative emotions were highlighted with red color and positive emotions were highlighted with green color in the transcripts.

"…it has been frustrating that when we have gone through one change the next one is already coming. ." - Frustration

"…there was doubt if…" - Doubt

Naturally not all of the emotional reactions were described as clearly as directly stating the emotion and in some cases the researcher had to use his own judgement in order to identify the emotional reactions. This was done by carefully evaluating the context of the statement and the tone of voice it was made.

"Things are being done without informing us and then we are left wondering what on earth has happened over there. The communication between different sides isn't working at all." - Frustration

To further increase understanding of the causality between emotions and employee actions, highlighted emotions were categorized in a way that enabled the researcher to discern which emotions occurred in during which events and experiences (Saldana 2009: 86–87). After the initial transcripts were coded and divided in to categories, the data was summarized in to key points in order to improve the data management efficiency.

 "…it has been frustrating that when we have gone through one change the next one is already coming. ." - Frustration

Constant changes - Frustration

"Of course I feel that employees would see it as a good thing that they could be a part of the decision making process, that they could throw ideas, thoughts and justify them. But it all becomes impossible if everything is decided beforehand and only after that discussed."	"Of course I feel that employees would see it as a good thing that they could be a part of the decision making process, that they could throw ideas, thoughts and justify them. But it all becomes impossible if everything is decided beforehand and only after that discussed." Powerlessness	"Of course I feel that employees would see it as a good thing that they could be a part of the decision making process, that they could throw ideas, thoughts and justify them. But it all becomes impossible if everything is decided beforehand and only after that discussed." Lack of empowerment - Powerlessness
"I don't know if it is really causing a schism between people, but we are on different sides of a fence in a sense. The unity between the departments that we set out to seek when splitting the departments apart hasn't been realized. We haven't stayed together and cooperation is difficult."	"I don't know if it is really causing a schism between people, but we are on different sides of a fence in a sense. The unity between the departments that we set out to seek when splitting the departments apart hasn't been realized. We haven't stayed together and cooperation is difficult." Frustration	"I don't know if it is really causing a schism between people, but we are on different sides of a fence in a sense. The unity between the departments that we set out to seek when splitting the departments apart hasn't been realized. We haven't stayed together and cooperation is difficult." Poorly managed restructuring - Frustration
"We have these morning meetings for employees in a regular bi-weekly basis and in we have always been informed where the company is heading. And in these difficult times that we are now going through, I feel that is has been really fruitful. There's nothing that really should have come as a surprise for anyone."	"We have these morning meetings for employees in a regular bi-weekly basis and in we have always been informed where the company is heading. And in these difficult times that we are now going through, I feel that is has been really fruitful. There's nothing that really should have come as a surprise for anyone." Contentment	"We have these morning meetings for employees in a regular bi-weekly basis and in we have always been informed where the company is heading. And in these difficult times that we are now going through, I feel that is has been really fruitful. There's nothing that really should have come as a surprise for anyone." Open communication - Contentment

Table 5. Examples of raw data analysis and categorizing

3.8 Description of the data

This chapter provides further information of the research data and additional information of the interviews. The information is also summarized in a table at the end of the chapter.

Thirteen interviews were conducted between December 2014 and January 2015 in company premises in three different locations. All of the interviews were one on one interviews and lasted between 25 and 50 minutes. All of the interviews were recorded with an audio-recording device and some additional notes were taken. Out of the thirteen interviewees seven were male and six female. The workforce in the company is relatively young and most of the interviewees were in the early stages of their careers with fewer than 15 years of work experience. Out of the thirteen interviews nine had less than 15 years work experience, three were in the middle of their careers and one was less than ten years away from retirement. Due to the young workforce also the duration of employment in the case company was relatively low. Only one had over 15 years of work experience in the company, nine had between 5 and 10 years and three under five years. Four of the thirteen employees that were interviewed had management responsibilities in the company.

Amount of interviews	13 individual face-to-face interviews
Duration of the interviews	25–50 minutes
Mode of recording the interview	13 interviews were audio recorded while additional notes were taken. All of the interviews were transcribed the day after the interview
Location	7 in Vaasa, 3 in Tampere and 3 in Helsinki
Gender	7 male and 6 female
Stage in work career	9 Early-career (less than 15 years of experience) 3 Middle career 1 Late-career (less than 10 years from retirement)
Duration of employment at the case company	3 under five years 9 between five and fifteen years 1 over fifteen years
Position	4 management, 9 employees

Table 6. Description of the interview data

4. FINDINGS

This section focuses on analyzing the data collected in the interviews and empirical results. In accordance with emotion coding the findings from the interviews are divided into themes that produced most emotional reactions and the most prevalent emotions are presented as sub-themes. The themes that produced negative emotions are presented first, following the themes that produced positive emotions. Quotations from the interviews are used to illustrate employee perceptions and reactions and to support the conclusions drawn from the interviews. No names, gender or exact positions of the interviewed employees are mentioned in order to protect the anonymity of the employees.

4.1 Background information

The main focus of this study was two difficult change projects from the perspective of a Finnish subsidiary of a Norwegian MNC. The case company offers its services in Finland and in Estonia and has operating locations in Helsinki, Tampere, Vaasa and Tallinn. The company was founded in 1991 and in 2014 the turnover of the company was 39,3 million euros. Currently the company employs 136 employees. In 2012 the case company was acquired by a Norwegian parent company. Through several other acquisitions the parent company has grown into a major player in the field in European markets with over 1100 employees in 10 countries and a face value of 3 billion euros. (Company website 13.1.2016)

The case company has grown in a steady pace since its founding. Regardless of the growth there was still clear evidence of the company roots as a smaller company and the company culture was still influenced by it. Because of the growth the culture was going through changes and the process had picked up pace especially after the company was acquired by a larger foreign company. Due to pressure from the parent company and increasing competition the company was required to streamline its processes in order to stay competitive. The transition in to corporate

culture of a larger company hadn't been without its problems. During a ten year period there had been several significant change projects in the company and more often than not the results left something to be desired. This had led to a situation where one change project was often quickly followed by another in order to correct the mistakes made in the last one and other smaller changes were constantly happening.

In 2013 there was a significant legislative change which directly affected the profitability of the company. Declining profits caused the need for major changes and in the spring of 2014 the company announced statutory negotiations and started planning the restructuring of the company into two separate departments. Competitors had already made similar changes and now the case company felt it was forced to follow suit in order to stay competitive. The goal was to get rid of wasteful redundancies, to lower costs, streamline processes and to utilize resources more efficiently. Although the company had been open about the declining profits to its employees, not everyone felt that it had been honestly open about the planned changes. On top of that, as the pressure to make these changes came suddenly from the outside, the company was now in a situation where the change projects had to be finished in a hurry. This complicated the process and made the process feel rushed to some employees. Because of the company was now under ownership of a foreign parent company, rumors were now also beginning to circulate among the employees that the real decisions were now made in Norway and that the parent company was only really interested in the other department. This led to speculation that there were plans to eventually shut down the other department completely.

4.2 Sources of negative emotional reactions

Many sources for negative emotions came up during the interviews. The main sources are presented in this chapter along with the emotions they caused most frequently. The main sources were lack of information and poor communication, conflicting and dishonest information, lack of proper training, lack of empowerment and repeating mistakes, constant changes and poorly managed

restructuring. These feelings were accentuated by experiences in previous change projects. Negative emotions that came up were for example frustration, doubt, powerlessness and envy.

4.2.1 Lack of information and poor communication

One of the most frequent trigger for negative emotions that came up during the interviews was lack of information. There were rumors that major changes were ahead, but no concrete information about them. Even after the statutory negotiations were announced, employees felt that they didn't have access to information and the future of the company was poorly communicated and left in the dark. The planned changes were significant and lack of sufficient information caused uncertainty and negative emotions such as doubt, frustration, powerlessness, worry and even anger. Employees were confused and unsure about their own future, and about the future of the company. Some employees even began to question the motives behind the planned changes.

DOUBT

It was clear that the lack of information made the employees feel uncertain. It led to rumors and people began doubting their future in the company. The uncertainty wasn't restricted to the subordinates as part of the management was also unsure about the future. Working under these uncertain conditions had a negative effect on the working atmosphere.

> *"At least I sensed that the uncertainty caused a lot of speculation about the future and what is going to happen next"*

> *"There's a lot of uncertainty about the layoffs. How many people will be laid off and from where?"*

"but as there wasn't enough information, it was all very uncertain"

"There was uncertainty also amongst the management, which in some cases affected the attitudes of the superiors. They felt uncertain and it may have reflected to the working atmosphere of their subordinates."

Because of the poor communication and vagueness of the available information, employees felt that they didn't completely understand the situation and were confused and unsure about the changes. Some even started to question the motives behind the actions as there had been rumors about shutting down parts of the business operations ever since the company was bought by the Norwegian parent company.

"I dare to doubt the fact that all of the employees really understood the situation. And what was the real motivation and the real goal behind the actions. It was left a bit vague. They could have tried to clarify the whole process a bit more."

"the changes that were made were so big, that they left me a bit confused. Maybe people couldn't really tell if the changes were good or bad, first they had to see where the changes are leading."

FRUSTRATION

It became clear very quickly during the interviews that the difficult changes in the company had led to a lot of frustration among the employees and lack of information was one major factor behind it. Employees were frustrated as no one seemed to know who was in charge in some issues and there was no information available. These weren't the first change projects in the company and some employees were disappointed that people were avoiding responsibilities in difficult situations and promises that were made were broken.

"none of that information was available from anywhere, which I feel should be quite important. No one really had or knew who had the responsibility of the practical

matters. I believe that some people who had the wages cut or something, they didn't have the strength to fight for themselves."

As information and communication was scarce some employees started doubting the necessity of the change processes. Because of the insufficient information flow and previous experiences of unfruitful change projects they weren't sure about worthwhileness of the planned changes or the motives behind them.

"the motivation behind the actions or the reasoning for these actions they were taking or even the communication of those actions, I don't feel that it was at all sufficient.

The distance between the employees and management became clear to the employees during the statutory negotiations. Employees felt that management should have been more supportive and available for communication. Some even suggested that the management purposefully avoided communication with them during the difficult changes. This led to frustration and increased speculation.

"that side is probably missing. It is left for the managers in lower levels and their groups to handle. I don't believe that employees feel that enough. The distance is quite long… ok, you might have your own superior near you, but sometimes not even that. The distance between the employee and the department management or the CEO is really long."

"and the manager in question didn't try to contact his employees at all, let alone that he would have visited and discussed with his employees. Well… there was some support from the health and safety representatives and the employees had the chance to discuss with them, but it… Statutory negotiations are always difficult and there was a lot of uncertainty during that whole six weeks and long after it. The whole thing really grew like Topsy and the air was full of all kinds of speculation."

The restructuring of the departments into separate units proved to be challenging. The vision for the planned direction was poorly communicated and employees didn't fully understand the situation. This caused frustration as the results weren't

what was promised. The communication between departments suffered and made day to day work more difficult. As there were already doubts about the motives behind the restructuring and about shutting down of the other department, these difficulties in communication felt especially alarming to some employees.

"that could have been communicated a lot better. Even though we are restructuring and splitting the departments apart, there should be talk about how we are continuing our work together, what is our vision and where are we heading."

"In my opinion the cooperation has been really difficult. Things are being done without informing us and then we are left wondering what on earth has happened over there. The communication between different sides isn't working at all."

"but then there's situations, mainly at the process side of things, that somebody does something and we are left wondering what has happened over there. In some cases the cooperation and information exchange is working all right, but in some parts it isn't working at all."

WORRY

Naturally in a situation where a company has held statutory negotiations and gone through major restructuring people start to worry about their future. This was accentuated further because of the lack of available information. As the possible benefits of the new company structure weren't communicated effectively to the employees, they were worried about their coping under the speculated increased workloads. They were also left wondering whether the changes were truly over or should they continue to be worried about their own future in the company. The rumors about the desire of the parent company to split the company into two separate companies increased as the future vision of the company wasn't clearly communicated. Due to the uncertainty about the future the working atmosphere suffered.

"people were maybe a bit more reserved and worried about whether they would get to keep their jobs."

There is already speculation when the next statutory negotiations are coming and if or when the departments will be split in to two separate companies. This naturally creates a lot of uncertainty."

"In statutory negotiations there is always the fear that half of the employees will be fired and the remaining half has to do all the work."

Employees felt that the fact that they had to be worried about their own job security, while trying to continue on normally had a negative effect on job performance. The fear about the uncertain future paralyzes people and can even lead to change resistance. They tried to continue working as normal, but as the negotiations went on and information was scarce, it became increasingly difficult to concentrate on the task at hand. Employees had many questions about the future that were left unanswered.

"as were talking about statutory negotiations where employees are on the line… and we went really long without any information on who is going to have to leave, it creates fear and fear really has a paralyzing effect on people."

"There were question marks in the air. I don't know if there was really any change resistance, but as people didn't know how it was going to affect them on a personal level they had a lot of questions."

Employees were surprisingly understanding about the process and understood that it isn't always so straight forward to give information about the statutory negotiations because of legal reasons, but they felt that the company didn't try to make an extra effort and only provided the bare minimum of information required. It was disappointing as they were faced with major changes or even layoffs and employees felt that if there ever was a time to put extra effort in to communication, this was it.

"Naturally during the negotiations many have been really worried if they will get to keep their jobs. There was a certain uncertainty about the results. How many people will lose their jobs, which departments will be affected? It's very understandable

that during statutory negotiations it is difficult to comment on those things. There was more or less only the mandatory amount of communication."

Even though the lower level management handled the situation well, some of them were also affected by the statutory negotiations and the lack of information created challenges for them to stay positive and keep leading by example.

"it was a time of mixed feelings and worry. If I have to think about my own performance as a superior, it was quite challenging to try to stay positive and cheer everybody up as I was also worried about my own job. But feel that we turned the situation around nicely. I felt that the best way to handle the situation was to do our own jobs as good as possible and then see what the end result really is."

POWERLESSNESS

As the amount of information was limited, employees started to feel powerless and the increased uncertainty left them often wondering if they truly understood what is being planned and why. The changes affected them directly but there wasn't any clear information about the consequences or if the employees could affect these changes. They were mostly just left wondering about their future without the possibility to be involved in the planning process. The company had gone through difficult changes and poor communication caused distress among the employees.

"people probably had many takes on the situation. Of course there's communication, but I don't know how well people who aren't involved in the planning process understand the situation. There could be more communication and in different ways."

"First we had the statutory negotiations and on top of that we are restructuring. Those are difficult changes and I understand that there aren't any ready-made solutions for these situations. But naturally the time slows down to a crawl when waiting and there's been many agonized faces wondering what is happening."

"we didn't now beforehand what kind of effect this is going to have on the job descriptions of individual employees and there's been a lot of uncertainty in the air. My own job description changed and is still changing, so there definitely was uncertainty amongst the employees."

ANGER

Although the initial reaction of employees calmed down as the change process went on, especially in the beginning the lack of information created uncertainty and rumors. This in turn gave rise to emotions as strong as anger and people were ready to obstruct the proposed changes passionately. The motives of the management were questioned and whether the future of the company was in the hands of the management or in the hands of the parent company.

Well, at first there is a lot of uncertainty as people have just received the news. Rumors start to spread, imaginations are running wild. People are rising to the barricades and all that, but eventually the situation will calm down."

4.2.2 Conflicting and dishonest information

Lack of openness and conflicting information from management caused a lot of mistrust among the employees. They started doubting the motives of management and employees' emotional reactions were negative. As the company was now a part of a larger multinational company, some employees wondered what the future plans of the parent company were. The most prevalent emotions caused by conflicting information were doubt, frustration, helplessness, irritation and anger.

DOUBT

Some employees felt that they were receiving conflicting information from the management. They suspected that the nearest superiors weren't openly given consistent information or that the superiors hadn't internalized the information

they had received properly. This led to speculation and negative surprises when the final results of the statutory negotiations were revealed.

"and if the superiors haven't been given a clear picture of situation and instructions how to deal with it, then everyone will tell their own version and it could lead to significant misunderstandings and speculation. One superior is saying one thing and the other something else."

"the information that the whole department in Turku is being shut down came from nowhere. It was really a radical decision. Somehow we all had the idea that there's going to be some layoffs and they would be divided between the departments, or layoffs would be targeted to the departments that weren't profitable. So maybe there wasn't enough information."

"but I feel like we are being prepared for something, I don't really trust what is being told anymore... yes there's openness and the figures that are shown are accurate, but I feel like words are leading people in to another direction than our eyes would believe according to those numbers. Certain truthfulness is missing although there's "openness". Matters shouldn't be twisted in to something else and people shouldn't be led and prepared in to some direction.

FRUSTRATION

Employees felt frustrated as the numbers they were presented were clearly alarming, but there was no talk of any actions. They suspected that something was being planned, but there was no open information about it.

"we were really losing money and we kept wondering why aren't we doing anything about it. How long can this situation continue? But in a way no one was really focusing on it."

Although most of the employees understood the need for major changes as the business environment had changed and their competitors had made similar changes, they were frustrated that the vision for the future wasn't presented

consistently. Employees had different takes on what to expect and what were the goals, which made it more difficult to cooperate.

"it could have been handled differently. Although there was restructuring and departments were being split up, we should have focused on keeping working together and the vision and direction where we were heading should have been clearer."

HELPLESSNESS

Employees were facing drastic changes and some felt that they had been given conflicting information. Before the change process began, some felt that they had received dishonest information about their own future and when they realized it, they were helpless to do anything about it.

"we were told that no one is going to get their salary cut and then that really wasn't true. One employee received a phone call on his summer vacation that informed him that we are cutting your salary and he probably is a different kind of person than me and didn't have the strength to fight against it."

Some felt that the promises made before dividing the departments in to their own units were broken. They felt helpless as their customers were transferred to the other department despite conflicting promises and there was no guarantee that their department would be safe from further cuts or even from complete shutdown. There were rumors that the Norwegian parent company was only interested in other department and that all of these changes were made just to split it into a separate company.

"some people took it really heavily; they were sure that now this department is going to be shut down completely. The idea was that both would departments handle their own businesses and now they realized that their customers are going to the other department."

IRRITATION

Some employees felt irritated because the outside appearances and overly positive attitudes of management were in conflict with the real situation at hand. At a time when the financial situation was difficult and people were worrying about their jobs, the excessive positivity had a negative effect on working morale.

> *"you can see through and interpret a person; it becomes clear that it isn't really genuine when there is this excessive positive hype. It went a bit too far in my opinion. There's all this talk about positivity and everything and in a theatrical way. It just goes over the top. Some people here have a somewhat overly positive attitude and it really doesn't seem genuine anymore and it almost has the opposite effect of turning people to negativity.*

ANGER

Employees were felt anger and some lost their trust on the management of the company. At the same time when the company was announcing layoffs they were talking about the great opportunities it could lead to. They didn't think that the company was open about the situation, it didn't provide support for employees and the message the company was communicating was conflicting with their actions.

> *"People took it like… it was all upside down. How could it be a great opportunity if you get laid off? They took it really heavily. I feel that this could have been handled a lot smarter and better. Our company could have better supported the people who lost their jobs and also the people who stayed. Yes they try to encourage employees, but that isn't enough. They offer coffee and buns, but that isn't enough. There should be more concrete actions. They should do something about it. And the shared coffee event… people are not going to open their mouths there. I'm not giving them any points for this."*

> *"People really lost their trust in management. They listen, but they don't believe anymore. Right after the statutory negotiations I gave really stern and direct*

feedback to our HR about the feeling of the employees. They felt that the management was lying and that these statutory negotiations came as a surprise to them."

4.2.3 Lack of proper training

Many employees felt that the major changes in the company were rushed and their individual tasks and assignments had changed a lot. There wasn't enough time to prepare. The necessary training in order to master these tasks wasn't provided and it caused a lot of frustration and resistance. Some employees were stressed and doubted their own ability to handle their jobs and other more experienced employees were frustrated as they had previous experiences of rushed changes and now their own job was once again disturbed by the constant questions due to the lack of proper training.

DOUBT

Employees faced a lot of new challenges and as they didn't receive proper training, they begun to doubt their own abilities and were unsure if they could perform the tasks. As there were continuing rumors about further layoffs, this doubt naturally had an increasingly negative effect on their motivation.

"there could have been more training. My job assignments are quite broad… or they are now after my job description changed. I would have wanted more training or maybe more support in my new job. I have felt about unsure about my own competency. I should now what I'm doing, but I'm not sure if I know. Support with that."

"They have a lot of things they don't know how to handle, they are unsure about themselves and they lack the courage to make decisions."

"some employees have really had their job assignments changed, but there's always profit responsibilities, everyone is on a hurry so it might be a bit challenging to get as much guidance as one would hope."

FRUSTRATION

Lack of training caused a lot of unnecessary work and redundancies. This was particularly frustrating for the employees who had to handle their own jobs while simultaneously guiding the less experienced employees. The increased workload had a negative effect on their motivation and job satisfaction. What was particularly frustrating was the fact that this wasn't the first change project that was rushed. While the more experienced employees tried to be as patient as possible with newer employees, constant questions was starting to put stress on to the relationships between employees.

"the same thing is being done and done again too many times. They don't listen, they don't believe the reasoning or they don't really care. They have very broad job assignments but lack the necessary experience and we don't really have the time to properly train them."

"At the moment there is quite a lot of change resistance, namely because people feel uncertainty. They feel that they don't know how to do their assignments. It all piles up on us coordinators, because our emails are flooded with questions. Today I really lost it when they asked something from me, I answered, got another question, answered again and so on."

STRESS

It was really stressful for some employees to continue working under constant pressure. There wasn't enough time to provide training and they were overwhelmed with the amount of new things they were required to learn in a short period of time. The fear of further layoffs and rumors about the future directions of the company increased the pressure and stress.

"There really isn't that much time to train anybody when at the same time we have to keep the train moving forward. That really is a shame for example if you think about some employees here whose job description got a lot broader. They had to start learning a lot of new things they hadn't done before.

4.2.4 Lack of empowerment and repeating mistakes

Employees felt that they weren't heard in the planning stages of the changes. Many of them had been a part of previous change processes and now they were frustrated as it seemed that the company was repeating the same mistakes as before. It had led to a situation where the employees were reluctant to share their ideas anymore, because they felt it was a waste of time. Other strong emotions caused by the lack of empowerment and repeated mistakes were helplessness, powerlessness and disappointment.

DOUBT

Employees weren't involved enough in the decision making process and that left some of them feeling like outsiders. As employees weren't represented in the planning stages of the changes, the process didn't seem open. Employees started doubting the motives behind the changes and rumors started spreading. They felt that the management perhaps knew a bit more than they were telling, or that the decisions were made somewhere else. This caused mistrust between the employees and management, made cooperation more difficult and had a negative effect on some employees' motivation to work.

"but then again, we weren't part of making the decisions. Could the process have been more open? To some extent there has been uncertainty which has lowered the motivation to work and so on."

"I have noticed that people have lost their trust. They believe what they hear in their own small groups, the people whom they are working with on a daily basis. The communication within groups is a lot more effective than for example the

communication from HR or from management. It might sound crazy, but that really is the case here."

FRUSTRATION

The more experienced employees were really frustrated, because to them it seemed that the company hadn't learned anything from the mistakes made during earlier change projects. They felt that they had valuable experience and resources that could have been useful when planning the changes, but the company neglected them completely. Now the company was repeating the same mistakes they had witnessed in previous change projects and on top of that, in their view the company was returning to ways of working that were already tried and proven unsuccessful. Despite this the experienced employees were trying their best to make the changes work which was really demanding for them.

"I feel like the employees haven't been listened to and actually we have tried operating the same way back then in late 90s that we are trying again now. I mean that now everybody is doing a little of everything. And now after the last change in our organization, was it in June… I can't even remember, but sometime around June. The statutory negotiations ended in June and in August the restructuring was finished. We have gone back to the situation what we had in the beginning of the century and to me that isn't going forward. That is going backwards and I can see clearly that there have been a lot of changes that haven't been discussed with us older employees. I'm not the only one who has been here for a longer time. Did the previous system work and if it didn't, why? We should take these things in to consideration and not just go ahead with these plans feeling good about them."

"I don't feel that we aren't handling these any better than before. One would hope that we could learn from our past, see the previous errors and improve accordingly. And that the next would be easier and we could avoid heading in to the same pitfalls again, but I can't see any improvement. We or I mean the management isn't learning anything.

"I feel really strongly that we are overcomplicating everything. But I have said to my superior and to the coach of our group that it won't be up to me that we won't succeed. After all I've been in the company for so long and I have other work experience that I won't show my feeling to others. I will tell it how it is directly to some people, but I can't to some employees, because then they would feel that if even he/she doesn't believe in this, why should I? No matter what I think privately, I will continue to encourage others, praise that this will all turn out great and that they will eventually learn and… It takes a pretty high toll mentally."

Some of the employees had lost their desire to present their ideas, because they didn't see how they could make any difference. This was unfortunate as employees felt that they had valuable knowledge and that they were often more in touch with the current situation than the management. But as they felt that there was no real dialogue between them and the management, trying to present development ideas was often pointless. It was clear that their negative experiences in previous change projects were now influencing their attitudes towards the change project at hand.

" If employees feel that they have no power over anything or the chance to make a difference why would they even try? And then nevertheless you will feel bummed when there's another change. You don't care because they won't listen to you anyways."

"I sometimes get the feeling that we knew all this way before; this is the way we should do things. But then our management is really falling behind in these issues and only slowly starts to see that these changes would actually be really beneficial and that we should try them."

"Mostly it has been really one-sided. Just a notice-type announcement that here's what we are going to do, end of story, and as quickly as possible. The timetable always seems to be that everything has to be ready in a week. The announcements are always made top-down."

HELPLESSNESS

Employees felt that they lacked the support they needed and everything was already decided before the statutory negotiations. They couldn't do anything about the decisions, they weren't involved in any way and the management felt really distant to them. Uncertainty and the inability to do anything about the changes made employees fear for their jobs and left some of the employees feeling helpless. Some of the changes were difficult and there was need for emotional support during the process. Employees felt that management tried to rationalize the actions only through financial numbers, which wasn't enough for some employees.

> *"it could be that, at the time the statutory negotiations are being announced… I'm not talking about our company, but when the statutory negotiations are announced, it might be that in reality everything has already been decided. It leaves little room to the employees to affect the change other than some possible opportunities within the company. For example you either go to another office or lose your job."*

> *"Employees should be taken in to consideration, superiors and the upper management should be present, their actions should be open and transparent and employees should be involved in the decision making. There is none of that anymore. There's only management by numbers. And it isn't really supportive towards the employees in these uncertain times. Employees would need a lot more mental support and presence."*

POWERLESSNESS

Employees felt that they were powerless in the decision making process. Even if some were included in the planning stages, there didn't seem to be any real intention to include them in the final decision making. It seemed that there was a feeling among employees that there was a superficial intention to include employees in the decision making process, but employees were disillusioned about their real ability to make a difference. These negative feelings were accentuated because some of the more experienced employees had had similar experiences in previous change projects.

"intentions are good and maybe it is implied that employees are being involved in these change processes, but maybe the implementation in reality is a quite weak. These changes that we went through with the statutory negotiations, well employees were interviewed and they were asked to give ideas and development areas. I think the intentions were good or at least we were led to believe they were good, but in reality I don't see that we had any say in the process. To me the involvement of the employees was really weak."

"I feel that even though I was authorized to plan the process from the beginning to the end, basically most of the time in the end the ground was always cut from under my feet."

"I was personally somewhat involved in the decision process, but I was left with a feeling that maybe they didn't take us enough in to consideration.

Employees felt that they should be made a part of the decision making process as they had better understanding of the groundwork and had valuable experience that could be useful in avoiding the same mistakes that were made in previous change projects. Now it seemed that many employees were sure that they really had no say about the future and that everything was already decided beforehand. This had caused a situation where the company was potentially missing out on valuable input form employees.

"Of course I feel that employees would see it as a good thing that they could be a part of the decision making process, that they could throw ideas, thoughts and justify them. But it all becomes impossible if everything is decided beforehand and only after that discussed."

"absolutely if employees would be listened to and the flow of information wouldn't just be from top-down. I feel that the communication should be interactive and it should flow both ways. The views of the employees should also be taken in to consideration. Because these changes affect specifically the employees. In my opinion employees should be listened to a lot more, because they can give ideas and information that the upper management just doesn't have. The management doesn't

necessarily really understand the realities, because they are not the ones who are really in the end doing the job. They can't see the picture from the viewpoint of the employee."

The lack of empowerment led to decreased motivation among the employees. Because they hadn't been included in the planning stages of the changes, they didn't really understand the reasoning behind them, they weren't committed, their resistance grew and the any possible excitement they had felt at the beginning was smothered. What made it even more disappointing was the fact that there was and had always been talk about including the employees in important decision making processes. Now they were facing major changes and realized that they were mostly just empty words.

"if the staff would have been involved in the process, their understanding about and commitment to the change would surely have been in a much higher level."

"well ordering mentality is absolutely too harsh as a choice of words, but it was a little bit like the change model was dropped from the top. And it really led to a situation where our motivation started cracking. I mean that once we got the model and felt that they didn't take us enough in to consideration, it was really hard to get started with it."

"somehow I feel, that they kind of smothered the need and excitement. I think that many employees just like me were excited about the change, but the way they executed the change were completely wrong. It really had a demoralizing effect."

"It's a bit hard to try to suddenly offer any alternative ideas because the decisions are coming quickly and from the top. We mostly just received information. I'm sure people have ideas but…

"there was really no organized involvement of employees. And with the restructuring, there was none. We didn't have any say in it when they decided to go forward with it.

DISSAPPOINTMENT

Employees wondered who they should contact with their development ideas and were disappointed that the ideas never seemed to get any traction. Or in some cases the ideas came up later as someone else's ideas. They were also disappointed as they felt that the ways they could present their ideas were being reduced.

> *"we have sometimes wondered who we should contact about new ideas. Of course the closest superior is the one who we usually talk about the ideas first, but the ideas stop at some point. Is it because the ideas aren't really that good? Sometimes the same ideas pop up from somewhere else. Should we go straight to the upper management with our own ideas?*
>
> *"previously there were more of these open questions and open areas where we could comment and give our own ideas about developing the company, but now they were almost all gone. We were really disappointed, because you can't really give any ideas if you just answer with ticking the boxes."*

4.2.5 Constant changes and shortsightedness

The shortsightedness of the company and constant changes were really frustrating and stressful for the employees. They didn't see that they could or should really commit to any changes as the next one was already in the planning and resistance to changes grew. They wanted more patience from the management and more commitment to long term strategies.

FRUSTRATION

It was clear that the constant changes were having a negative influence on employee morale. Employees felt frustrated and confused as the company couldn't commit to any changes. They were constantly waiting for the next one and that there was no time to get used to the new ways of working or to time evaluate the

results. Especially the more experienced employees who had seen many changes prior to the newer major ones were really skeptical about the longevity or positive results of the changes. This increased the resistance and employees kept following their old ways of working if possible. The skepticism wasn't as clear among the employees who hadn't been a part of the company for so long.

"I can say that people are in principle already pretty tired of all these changes. We have gone through five organization changes during the last ten years.

"There's never any time to try to get used to the changes and evaluate the results. We do one thing for a while and then it's off to something else."

"People feel really confused over here. First they are instructed to do something, but again without no planning and the next day the ways of working are changing again drastically. There's constant changes in the smaller things."

"I'll bet that in some situations it has been frustrating that when we have gone through one change the next one is already coming. There is no time to get the changes rooted before we are facing the next change."

"They are already waiting for the next change and that really is the problem."

The frustration about constant changes and previous unsuccessful change projects also led to obstructive resistance to change and especially the more experienced employees who had seen more change projects in the company started to question the rationale behind changes. They questioned whether the upper management was making the right decisions and really understood the realities in lower levels of the company. Negative experiences in previous change projects were now clearly influencing the attitudes towards current change projects.

"what the employees really are resisting is the fact that the speed is just too fast, they know they can't handle it, our customers can't handle it and our technology doesn't support it. The resistance is just growing and if I would insist that we

should just keep going forward and changing, then it would turn also against me as their closest superior."

"the employees are really starting to get frustrated, losing their nerves and it leads to change resistance. And it is specifically the obstructive kind. To me it really doesn't lead to any positive developments. Mostly it is just questions like; why this again? Why this way? Why that way? It's really obstructive."

"The employees who have been here a longer time, their change resistance is growing stronger all the time. They have gone through so many changes that they are starting to get fed up with the constant need to change."

"usually these trends come and go. At one point everyone is sure that small teams are the best way of working and then suddenly the next trend favor larger groups and then back to smaller groups. And when people have seen a lot of these back and forth changes, they get quite fed up with them. Younger employees who haven't worked here for so long are more receptive."

The employees didn't see that the management could commit to long term strategies and that their shortsightedness often led to disappointing results. Fixing up the undesired outcomes of the change projects was demanding for the employees and led to even more frustration and confusion. This had led to a situation where the employees were beginning to feel reserved also against future changes. They wanted to see more well thought out and better organized changes that were more concerned about the long term results than the latest trends.

"and then it always leads to a situation where we have to make different kinds of repairs really quickly. We should be looking more at the long term results when making decisions and changes. This kind of cycle where we are making changes every six months is really demanding for the employees. Maybe the upper management can't really see it, because they are in a way shielded from these kinds of changes. If we think for example about the statutory negotiations, they really don't have the personal experience what it is like in the employee level."

"I think our company is always losing the thread and there is no clear vision of the future. Maybe we don't consider and weigh up the changes carefully enough or the goal isn't clear enough before we start making changes. What our company is lacking is perseverance. And because of that at least my trust for the judgement of the management has been crumbling. We aren't heading to a clear direction, sometimes we are heading this way, sometimes that way and at the next moment we are already heading backwards again."

"I feel that the company has learned nothing from previous experiences. It is the same every time. The actions have always been so shortsighted. It is like after the orders are given, employees are given some information about the change process and there's a timetable when everything should be wrapped up nicely. And that's about it… Then after a month or so, it's realized that the changes weren't really that great. Then the patching up starts and the biggest fires that have been noticed are being extinguished. I would hope that before we start the next big change process we could sit down and think things through a bit better. We should be looking at the whole picture and making long term decisions instead of looking only at the next quarter or next six months."

Too often the motivation for the changes had come from outside factors without careful planning, which in turn made the change projects more rushed and more difficult to go execute successfully. Employees wanted to see more foresight from the management in order to avoid sudden changes.

"It's always like that we have to change because we have to adapt to changes happening outside our own company. And I feel that if the change is forced upon us, it's always… well of course it can be handled well, but it is always more difficult when you're adapting because you have to."

STRESS

The difficult financial situation combined with the constant changes in the company was stressful for the employees. They couldn't be sure if the next change project would already be around the corner. As there had been many changes in

the past, it was difficult for the employees to put in the effort to try to adapt to changes once again. Especially the more experienced were already speculating about future changes. The rumors about the plans of the parent company didn't help to ease the stressful situation.

> *"I was sure that something would happen already before Christmas, but it is so close now that I believe that the year will change without any major changes. I'm sure that by next spring at the least something is going to happen, which of course is really wearing for the employees."*

> *"I dare to doubt that the employees feel that this would be the way we are going to be operating in the future. There are still a lot of uncertainties floating in the air. Especially now when at the end of December we can see the results of this year, turnover and profit and so on. It will tell us a lot. From the numbers we can see if we are going to continue like this or are we heading towards another large restructuring of the organization again in the first quarter of the following year."*

Employees were beginning to be increasingly stressed because of the changes and it had had a negative effect on the working atmosphere, working motivation and it had increased change resistance. Their past experiences increased the negative emotions towards change which made it even more difficult to accept new changes.

> *"It has become clear that we just have to get used to this, keep changing and doing what we are told, but at some point it might lead to a situation where people are too tired and can't handle it anymore."*

> *"People get numb, that's for sure. So much has happened that nothing really surprises anyone anymore."*

> *"I would put it more in a way that people are just tired, they aren't resisting the changes just for the sake of resisting."*

4.2.6 Poorly managed restructuring

One of the main sources behind negative emotional reactions was clearly the poorly managed restructuring of the company, where the company was divided in to two separate departments. The restructuring had caused a situation where the employees didn't feel that they were part of the same company anymore. This wasn't helped by the rumors that the parent company was only interested in the other department. Cooperation between the departments was proving to be increasingly difficult and employees felt frustration, worry and even envy towards the other department.

FRUSTRATION

One unwanted result of dividing the company in to two different departments was that the communication and cooperation between the two newly formed departments had become harder and the unity that they had inside company before the division had suffered. The lack of communication and cooperation between the departments was frustrating for the employees. There had been a division between the two sides even before the restructuring as the other side was more profitable and now this division was made clearer. Employees from different departments weren't operating as a unified company anymore and employees who were positioned between the departments weren't sure how to prioritize their work between them.

> *"I don't know if it is really causing a schism between people, but we are on different sides of a fence in a sense. The unity between the departments that we set out to seek when splitting the departments apart hasn't been realized. We haven't stayed together and cooperation is difficult."*

> *"No! They still feel like… and for this the management can only blame itself. When the restructuring was done, it was made really clear that of our lawyers will handle only the matters of the department they are being assigned to. We can't ask them about the other department, they won't answer, it isn't their job. So the management has to blame itself for this feeling of distance between the departments.*

People feel that they are… often if you send email to the other department, you will not be answered and you are left with questions like; is this really the way we should be doing things?

"which department should we prioritize? And are the other departments' matters more urgent? The cooperation has been maybe a bit challenging and we aren't probably working together for a common goal like we used to."

One major reason for the negative effects of the restructuring seemed to be that the newly formed departments were now in an unhealthy competition between each other and according to some employees this competition was encouraged by their superiors. On the other hand even some of the managers felt that the division between the departments had gotten out of hand and that they struggled to fix it. This unhealthy division wasn't helped by the enduring rumors that the other department was the main priority of the parent company. This left the employees in the other department feeling as they weren't as valuable to the company. If the vision of the management had been to remain as a unified company and continue or even enhance cooperation between the departments, this vision had clearly not been achieved.

"There are some quite competitive people in charge. It is maybe a bit troublesome starting point. They encourage their employees with the profits of their own department and sometimes give the feeling that their department is doing a better job than others. I'm starting to wonder if everybody is playing a fair game inside our company."

"We are really divided at the moment and sometimes I get the feeling that the managers in both departments… I mean for example when we have meetings I get the sense that the managers are always trying to one up each other or something like that. There is this competition where everybody wants to be the rooster of the henhouse. That has become really obvious. And then I have heard rumors and information from my colleagues in our biggest office in Vaasa that there is clearly a division happening between employees and the departments. People stay more in their groups and the other department is seen to be a bit better than the other one."

"If we think about the restructuring and splitting the departments apart I can say it has been rooted extremely well, because we are in a bloody battle between ourselves. The whole thing went really bad. Between some managers we have often discussed that there is no way we can fix this. Before the restructuring we were company that shared profits and shared the work. Now the departments are totally divided."

Employees in the department whose profit margin wasn't as good as the other were frustrated as they felt that their department was under constant scrutiny even though they were making profit regularly. They were also adamant that their department was also an important driver for the other departments business. Rumors about future layoffs or about splitting the company apart were frustrating because the statutory negotiations had affected only their department and while the financial numbers were now clearly better, the rumors still persisted.

"There will always be companies who want to use the services of our department, always! And because of that it feels really mindless. Even if our profit margins aren't as good as the other department, we still make profit every month."

The idea of restructuring the company in to two separate departments wasn't new inside the company and employees understood the need for this kind of change. Unfortunately the execution of the restructuring failed and caused new problems. Now it seemed that the more profitable department was the main priority, which had caused a rift between the departments. The vision of a more streamlined company structure that could work more efficiently had not been achieved.

"There's been talk about these issues for a long time, that we should do something about the departments, maybe split them apart somehow. But when we started the process it got a bit out of hand and didn't really turn out the way we planned it."

ENVY

The restructuring of the company into two departments had started the process of the departments drifting away from each other and when the statutory negotiations only affected the other department it caused a clearer rift between

employees. Naturally the employees who were affected by the possible layoffs felt that as they were the only ones that had something to lose and that the other employees really shouldn't comment on the situation. This in turn didn't seem fair to the other employees which worsened the situation. It was clear that some employees felt some of them were seen as more valuable than others and that some received special treatment. The persistent rumors and speculation about the future of the company increased these feelings.

> *The statutory negotiations only affected the other department and that really was the last straw. Somehow there is this… well not with all employees, but there somehow is this pointless envy towards the other department. Why do they get to do something if we can't? Questions like that, it has gotten quite crazy here.*

> *There is this feeling in a way at the moment like… I mean between the departments that the employees in the other department are maybe seen a bit less valuable than the employees in the other department that is more profitable at the moment.*

> *There was this division between employees when only the other department was facing statutory negotiations. People questioned if the employees from the other department should have a right to take a stand or even talk about this and that at all. The people who were affected by the statutory negotiations didn't realize that the situation was really tough also on the people who weren't directly affected… it becomes clear that in a difficult situation like this people can be quite ruthless and only think about themselves.*

WORRY

Employees weren't satisfied how the changes were handled. There wasn't enough information available during the restructuring process and rumors and speculation were running wild. The uncertainty grew especially within the department that wasn't performing as well financially and employees were starting to worry if this whole process was only the first step on the road to complete shutdown and whether they should be afraid of losing their jobs. They had previous experiences of very sudden changes and they weren't at all convinced that this time wouldn't

be any different. The persistent rumors increased the rift and made cooperation more difficult between the two departments.

> *There's a lot of uncertainty… people have strong opinions and give strong critique about the way this has been handled. Employees felt that they weren't given enough information and that there was this division between them. Like some of them were more valuable than others and that the ones in the other department were now doing a better job and the other department didn't really matter at all anymore. And to some extent this is still going on. I don't know how public the information is, but there is still a lot of information flowing around that the other department will be completely shut down and that soon none of us will be working here anymore. People are still very worried about their jobs.*

4.3 Sources of positive emotional reactions

This chapter presents the main sources of positive emotions that were identified from the interviews. As well as negative it was clear that despite difficult changes there were also sources for positivity and that management behavior also had a potentially positive effect on the emotions of employees. The main sources of positive emotions were availability of information and open communication, positive results, empowerment and positive challenges and support and positivity of the superiors. The positive emotions included for example satisfaction, trust and excitement. It should be noted that employees in more senior positions had generally a bit more positive outlook of the situation.

4.3.1 Availability of information and open communication

Even though lack of openness was one of the most common trigger of negative emotional reactions in employees, there was also positive reactions in opposite cases. When employees received information and communication was open, they had a much more positive outlook about the situation. They were also much more

inclined to trust the management when they didn't feel that information was kept from them.

CONTENTMENT

There was an understanding within the company that effective and open communication is important to avoid unnecessary speculation during difficult times. Employees were briefed about the company's situation in regular meetings. Although there were varying opinions about the effectiveness of the information flow within the company, employees in lower levels as well as in management understood the importance of availability information.

> *"in the end it is really simple. When there is an effective dialogue and communication channels between employees, superiors and upper management, then there should be no room for speculation."*

> *"We have these morning meetings for employees in a regular bi-weekly basis and in we have always been informed where the company is heading. And in these difficult times that we are now going through, I feel that is has been really fruitful. There's nothing that really should have come as a surprise for anyone."*

> *"I've been satisfied with the communication in a sense that the briefings that we have received have been in a good level."*

Although not everybody was sure if the communication was as open as possible because of past negative experiences, they were still pleased that the company had added new communication channels in order to reach employees in a more effective way and considered improving information flow to be a priority.

> *"I believe that at least there is the intension to inform everybody as broadly as possible and there is commitment to further enhance the communication. New channels have been introduced so that employees get the message if something more significant comes up.*

SATISFACTION

There was a culture of openness regarding the financial numbers of the company and employees were satisfied that the company shared this information with them on a regular basis. They were really pleased that there was openness and it made them feel more as a part of a team.

> *"the communication has been really open. Even surprisingly open in my opinion. If we think about the financial numbers of the company, employees have always been kept really well informed. I mean where we are heading, what is our profit margins, turnover etc."*

TRUST

Open communication and availability of information made the employees more inclined to trust the judgement of the management and accept the proposed changes. It should be noted that as the statutory negotiations concerned mainly only one of the departments, employees in the department that wasn't effected were naturally more trusting towards the management.

> *"I think that everyone understood that the business environment has changed a lot. So I believe that everyone also understood why we are now facing these changes."*

> *"During the statutory negotiations our CEO visited us here in person and we had the chance to discuss with him in an open way. But then again the statutory negotiations really only affected our other department.*

4.3.2 Positive results

Some of the changes made in the company were quite radical and difficult. Despite the initial negative reactions of the employees, they started to be more trusting as they began to see some early positive results. The positive results encouraged excitement among the employees and they started to feel relief as the financial

numbers were turning around. The positive results also dampened the rumors about future layoffs.

TRUST

Other major competitors had already made similar changes successfully to their company structure and employees were aware of this. It was easier to trust the direction the company was taking as there was clear evidence showing positive results.

> *"Naturally we are aware that our large competitors have made similar changes. That increases our confidence. If they can do it, why not us?"*

Already in the first weeks during the change processes it was becoming clear that the changes made had a positive effect on the company's profit margins and efficiency. It made it easier for the employees to accept the changes, the vision of the company started to make more sense and the superiors found it easier to justify the changes to the employees. Positive signs increased the motivation of the employees after difficult times.

> *"It has become quite clear that we have already gotten some positive short term results. I you think about the fact already in September and even a bit earlier when we made the changes, new departments and all, we have been able to make profit. Our profit margins are better, our vision of what we are trying to achieve is clearer. People can see immediately that all this hasn't gone to waste and wasn't done for no reason."*

> *"particularly now when we have gotten through the first steps of the change process and people have seen that it has had a positive effect on our profits, they have started to understand that maybe the old ways of working really weren't that smart in terms of efficiency. It increases the motivation and people can through time accept the changes. Even though the process is still on going, but when there is light at the end of the tunnel, people are more inclined to accept the changes."*

EXCITEMENT

There was excitement about the potential results of the changes. Employees had already seen some positive results and were eagerly waiting for additional results that could be realized as the change process went on.

> *"I believe that the restructuring of the organization is only about 30% of this whole process. I'm expecting that there is still 70% waiting for us in a positive way and this process will keep giving. When we keep developing even further, people will come up with new ideas. We are creating an atmosphere where people can bring fourth their thoughts and ideas. There is still a lot of new development heading our way."*

Some employees who were resisting the changes in the beginning were now seeing the positive results and were excited that the new model allowed for more freedom in their work and had improved their workflow efficiency. There were also employees who struggled with the new tasks, but to the employees who viewed the challenges positively the broader assignments for exciting.

> *"the need for changes was clear and even if there was quite a lot of change resistance in the beginning, it has now… well I had the last development discussions with employees couple of months ago, and when we looked back at the previous year even the employees who had the most resistance have now changed their views. They now see that it was a good thing that we made the changes and the new model is working well. The workflow is more efficient now and they can handle it from the beginning to the end."*

RELIEF

As some of the employees were facing statutory negotiations it was naturally a positive result and a relief for them that they got to keep their jobs. The initial change resistance levels had decreased when they realized their jobs were now more secure. This effect can't really be attributed to the management behavior as the employees who were laid off naturally wouldn't share this feeling of relief.

"I have noticed that even the people who were really resisting the changes earlier have now been really happy that they got to keep their own jobs. It probably could make the change process a bit easier that people really didn't have any other choices."

Employees were starting to feel relieved and less uncertain as the financial results of the company had started to turn around after the changes. The future was looking brighter and the threat of another statutory negotiation was decreasing with every piece of positive news.

"Of course it would a lot harder to maintain working and do anything if we would be making a loss all the time. Naturally people are still uncertain and keep wondering when the next statutory negotiations are going to be announced. If we would continue to be unprofitable, it would be only a question of when, not if there is going to be another negotiations. But as things are looking up now I'm pretty confident about the future."

4.3.3 Empowerment and positive challenges

When employees felt that they could influence the outcome and execution of the change process they responded positively. Including employees in the decision making process increased their excitement and interest towards the change processes and decreased resistance to change. Especially the employees who hadn't been a part of many previous change projects were excited about the possibilities. The more experienced employees were a bit more reserved because of their past negative experiences. It was clear that in order to maintain the positive attitudes of the employees the company should genuinely try to include employees in the decision making and continue offering positive challenges.

INTEREST

Employees were interested in designing training programs that directly affected their work. The company had gone through major changes and allowing the

employees to take part in the planning of training methods had a positive effect on their working motivation and learning outcomes.

> *"There's been many inquiries about the feelings of employees and on which aspects they need more training. Employees have been allowed to decide about the training programs and how they would like to learn. For example if our group would like to learn by working in couples where the other employee is more experienced and can teach the other one, it has been made possible. And people have felt that this has been an enjoyable option because there's so much that they have to learn."*

At least in theory the company tried to involve the employees in the planning of the changes and deciding the direction of the company and employees were interested in presenting their development ideas. They were given several possibilities to voice their opinions, but what was negative was that not all the employees felt that the management was genuinely interested in their ideas and what they had to say. It was worrying as there was skepticism especially among the more experienced employees. Their past experiences were clearly influencing their emotions.

> *"really tried to get the whole personnel involved. We have these spring and autumn days, and there employees were able to present their ideas. There were also other separate events. I would say that employees were involved the process. But it is a different thing whether they felt that they could in reality make any difference. At least they were involved and got to present ideas. I don't know if anybody listened though. (laughter)"*

Employees who hadn't seen many changes in the company were more interested in influencing the change process. They resisted the changes, but in a constructive way. They tried to offer alternative solutions to the problems and were better able to adapt to the changes. The decline of interest among the more experienced employees was worrying and produced negative change resistance.

> *"employees who haven't been a part of many changes can also resist, but it is usually the constructive kind. When people are still interested in influencing the*

change process, they try to give constructive ideas or at least they adapt to it, but if they start to get disillusioned about their capability to make a difference the resistance becomes obstructive."

EXCITEMENT

The new more streamlined and nimbler company structure allowed quicker decisions and employees were now a lot more excited about the group meetings. They now felt that they can make a difference and decisions own their own without going through a heavy corporate structure. Meetings weren't seen as a waste of time anymore and it had a positive effect on their working motivation.

> *"I have gotten a lot of feedback from the gang that it is really nice to have group meetings now when we can actually decide somethings ourselves. We can decide together what the problem is, make a plan how to correct it. And after that we can go straight to fixing it. Earlier every decision had to go through different interest groups. Can we do it like this, can't we and how it then should be done. We are a lot more nimble now."*

After the statutory negotiations and restructuring employees had more responsibilities and had to learn a lot of new things. Some of them saw it as a positive challenge. Their work was now more demanding, but it was also more rewarding. Others would have liked to continue working as before and resisted the changes. It seemed that older more experienced employees were more critical about the changes. It was partly because they felt that these ways of working had already been tried unsuccessfully in the past.

> *"I guess there are two kinds of people here. Some take it straight away as a negative, start obstructing and asking why they have to change. I believe it has a lot to do on how long you have worked here, what position you have and on what organizational level you are."*

"yes the work is more demanding now, but people see it in different ways. Many have been overjoyed that this was exactly what they wanted and now their job isn't so monotonous."

"Some people are still longing for the old way, that their job description would be a bit more specific and the pace not so hectic. Others see it more enjoyable that they get to do different things every week instead of the same old routine over and over. I guess it has a lot to do with the age of the employee whether you like it or not.

4.3.4 Support and positivity of the superiors

One of the most positive themes that came up during the interviews was the supportive and positive attitude of the immediate superiors. Even though the upper management received a lot of critique, the employees trusted their immediate superiors and were satisfied and impressed about the way they handled difficult situations. It was clear that the employees considered their closest superiors as a part of the same team and not part of the upper management.

SATISFACTION

There was a culture of positivity between lower management and employees of the company. During difficult change processes and other demanding tasks, the superiors were able to create a positive working environment through encouragement and support to employees. They managed to present a positive example for the employees which helped to ease the change process. There was a striking difference between the attitudes towards closer superiors and upper management. This was possibly due to the organizations history as a smaller company where the employees were relatively close to each other. Now that the company had been bought by a foreign parent company the upper management seemed more distant and employees were questioning their motives.

"I feel that there has always been this kind of culture of positivity and leading by example in our company. People are never taken in to the "dark side", if someone is feeling down and negativity, they always try to give support and lift the spirits up."

*"He/she really is a champion of cheering everybody up and same goes to **** who just left our company. I can only marvel his ability to always look on the bright side and finding the positive side to everything, such a wonderful person. He/she and **** really created the good atmosphere that we have here even today. In my opinion our superiors have succeeded brilliantly in leading with positive example.*

"People have a good feeling about working here because of all the encouraging, cheering and praising."

TRUST

Even though the company was undergoing difficult changes, the good relationship between the employees and their superiors ensured that employees trusted their immediate superiors. This trust had a positive effect on employee's motivation during difficult times and employees were more willing to follow the positive example of their superiors instead of obstructing the changes. As the employees views about the upper management were less favorable, the change project would have been a lot more difficult if the employees didn't regard their immediate superiors as highly.

"In my opinion we have pretty good managers here. I would put it like this; they understand the necessity of change and even though the changes aren't always nice, sometimes they are inevitable. And when the changes have to be done, it is a lot more sensible to try to approach them with positivity and try to see the best in them. If they would just wallow in misery and complain about every step, nothing would get done. I think that here people are leading with positivity."

4.4 Summary

This section focused on presenting the themes that created the strongest emotional reactions among employees during the studied change projects. The emotional reactions were firstly divided into negative and positive emotions and then linked to a specific theme. It was clear that major changes made (statutory negotiations, restructuring) in the company were emotional processes for the employees. Due to the difficult nature of these changes, negative emotions were naturally more common, especially with employees without managerial responsibilities, but there were also clearly positive emotional reactions. The employees experienced the changes differently due to their varying past experiences and varying position within the company. This study set out to find out whether management behavior could affect the emotional reactions of employees and whether management behavior can affect the type of change resistance of employees. The main themes that affected emotional reactions were clearly aspects that management behavior and actions could affect. The main themes have been summarized in the following table.

Lack of information and poor communication	- Doubt - Frustration - Worry - Powerlessness - Anger
Conflicting and dishonest information	- Doubt - Frustration - Helplessness - Irritation - Anger
Lack of proper training	- Doubt - Frustration - Stress
Lack of empowerment and repeated mistakes	- Doubt - Frustration - Helplessness - Powerlessness - Disappointment
Constant changes and shortsightedness	- Frustration - Stress
Poorly managed restructuring	- Frustration - Envy - Worry

Table 7. Main sources of negative emotions

Availability of information	- Contentment - Satisfaction - Trust
Positive results	- Trust - Excitement - Relief
Empowerment and positive challenges	- Interest - Excitement
Positive example of the superiors	- Satisfaction - Trust

Table 8. Main sources of positive emotions

5. DISCUSSION AND CONCLUSIONS

This chapter compares the results of the study to the existing research on the topic. The research questions are revisited and the main findings of this research are presented. The implications of the research for management behavior and practices during difficult change projects will be addressed by analyzing the main sources of emotional reactions and most prevalent emotions they lead to.

Downsizing and restructuring have become increasingly common due to the economic downturn and increasing competition. What became apparent right from the beginning was the fact that the case company had gone through changes that were clearly emotional for the employees. They had faced the potential loss of their jobs and the many challenges that followed the restructuring process. This study contributes to the research of change management and to the research of emotions as a part of change projects. Although there has been increasing interest in studying employee emotions in the context of organizational change (Agote et al. 2015, Sinkovics et. al 2011, Klarner et. al. 2011), but majority of the research has focused on change management from a theoretical point of view that hasn't taken emotions into account as a driver of employee behavior and as an important part of any change project. The main contribution of this research is identifying whether managerial behavior can affect the emotions of employees during difficult change projects and whether management behavior can influence the type of change resistance of employees. Additionally this research contributes to the need to study the effects of past experiences to future change projects. (Bordia et. al. 2010)

The range of emotions varied based on the extent to which the changes impacted the employee, what was the organizational position of the employee and how much experience the employee had in the company. In their research Stensaker and Meyer (2012) found that the employees with more experience are more likely to comply with changes and not resist it actively. This was often due to cynicism and these employees laid low and didn't offer their own constructive input. There

was evidence that supported their findings as employees with more experience reacted in a cynical way and didn't share their input, but also evidence against their findings as they were also very vocal to the management about their emotions and opinions. Employees with more experience generally had a more negative view of the change projects, showed more negative emotions. This research clearly found evidence to the claims support Bordia et. al (2010) as it was obvious that negative experiences in previous change projects affected the emotions of employees in the change projects that were studied. Contrary to the findings of Stensaker & Mayer (2012) employees who had less experience in the company and of organizational change in general resisted the changes less and showed generally more positive emotions. This was also the case with employees who had a more senior position in the company. Regardless of these differences employees could not clearly be divided into employees with negative and positive emotions as all employees had emotions ranging from negative to positive, which supported the findings of Klarner et. al (2011) that emotions are a result of several complex events, can evolve during change processes and that different emotions can be triggered during change projects.

During the interviews it became apparent that several mistakes were made during the change projects that caused the employees to have negative emotions. There was lack of information regarding the future vision and direction of the company and the vision was communicated poorly to the employees. Kotter (2007) identified the eight most common mistakes during change projects and it was clear that the case company was also guilty of some of them. Poorly communicated vision led to a situation where some of the employees didn't understand or share the future vision of the company. This caused the spreading rumors about the real motives behind the changes and whether the decisions came directly from the parent company. While employees were clearly aware of the difficult financial situation, the case company also failed to establish a sense of urgency in the months leading to the statutory negotiations and then suddenly announced the possible layoffs and restructuring plans to the surprise of employees. This caused some employees to lose trust in the management.

Looking at the management of the change projects in the case company from the perspective of the three theoretical models presented in the literature review, it is clear that the case company made mistakes in several stages. All of the models (Lewin 1946, Kotter 1996, Hiatt 2006) stressed the importance of making the employees aware of and ready for the changes and the importance of creating sense of urgency. Lack of information and poor communication caused a situation where the employees weren't ready for the drastic changes when they were announced. The company tried to communicate the sense of urgency after the plans were announced, but this came so late and suddenly that it caused a negative reaction in employees. Mistakes were also made in the steps that fall within Lewin's second stage; *change.* Employees didn't feel that the vision of the company was clearly communicated which led to confusion especially about the restructuring. This made cooperation between the two newly formed departments difficult. The company also failed to include the employees in the planning stages of the changes (*empowerment*), and failed to provide the necessary training (*knowledge*). The last stage of Lewin's model; *freezing* also had problems. While the company was successful in providing short-term wins that helped to convince the employees about the need for change, it had problems in reinforcing the change and anchoring the changes to the corporate culture. This was mainly due to employees negative experiences in previous change projects and the history of constant changes in the company.

One of the biggest sources of negative emotions that came up during the interviews was the lack of information and open communication. Some employees also felt that they had received if not straight up lies, but at least conflicting information about the future plans of the management. Management communication didn't always seem to be in line with their actions. Due to this when the actual changes were announced, employees experienced varying negative emotions. These emotions included doubt, frustration, worry, helplessness, powerlessness, irritation and anger. All of these negative emotions were to be expected and supported the findings of Sinkovics et. al. (2011) and Beaudry et. al (2010). Existing literature about managing change emphasizes the importance of timely and open communication about the anticipated changes in order to avoid uncertainty and speculation. Poor communication led to confusion

about the future vision and rumors started to spread. Employees began to question the motives behind the planned changes and there were strong speculation whether the layoffs and restructuring process were only the first steps in a bigger plan by the Norwegian parent company to completely shut down the less profitable department. Employees were clearly showing signs of change resistance described by Gilley et. al. (2009) and Judson (1991).

Another reoccurring theme in the interviews was the lack of proper training. Many of the interviewed employees felt that the changes were rushed and that while their individual tasks had changed a lot and were getting more demanding, there wasn't enough time and resources allocated into training the employees. This was frustrating for the employees and also caused helplessness and made some of the employees doubt their own abilities. It also led to a situation where the workloads of the more experienced employees increased as they constantly had to guide the inexperienced employees. These negative emotions were to be expected as the theoretical models for successful change management (Kotter 1996, Hiatt 2006) emphasize the importance of allocating the necessary resources to training and the findings support the research of Huy et. al (2014) that found that if employees will have negative emotions towards change if there aren't adequate resources.

The interviews revealed that employees in the case company didn't feel empowered and that partly because of it the company kept repeating the same mistakes. This led to feelings of powerlessness and helplessness as they felt that even though the upcoming changes were drastic and directly affected them; they had no way of influencing the changes. This was frustrating and disappointing especially for the more experienced employees as they had seen this over and over again. While they felt they had valuable knowledge that could help to develop the company; they weren't included in the planning processes. Negative experiences in the past were clearly affecting their emotions and they were reluctant to share their ideas anymore as it was seen as waste of time. These feelings were in line with the findings of Bordia et. al. (2010) and Nodeson et. al. (2012) and show that change projects can't be studied as single events, without taking the past experiences of the employees into account. Employees also had started to doubt the motives behind the changes. They weren't included in the planning stages and

the process didn't seem open to them. This made them feel distant to management and caused mistrust as predicted by Huy et. al (2014). These negative emotions and reactions weren't surprising as empowering employees is an important part of successful change management. (Kotter 1996)

Employees were also frustrated and stressed as they felt that the constant changes and going back and forth between decisions clearly demonstrated the shortsightedness of the management. It was difficult for them to truly commit to any changes or get excited about them as there were no guarantees that they would last. There seemed to be no commitment to long time strategies from the management, so why should they act any differently. These findings support Kotter's (1996) model as it mentions consolidating gains and anchoring the changes in to corporate culture as important parts of change management. There was never any time in the case company to anchor changes as the next one was already in the planning and proper time wasn't given to consolidate and realize the positive results. They also support the research of Bordia et. al (2010) as it was apparent that mistakes made in past change projects were affecting the emotions and attitudes of employees towards the change projects that were the main focus of this study.

The final major source of negative emotions that was identified from the interviews was the poorly managed restructuring process. While employees mentioned this more than almost any other aspect, analyzing it isn't as straight forward as for example lack of communication. It could be seen more as the sum of the other mistakes and it was those mistakes that led to the poor results of the restructuring. Firstly the case company failed to communicate its vision and the desired goals of the restructuring. This made the employees feel that they weren't part of the same company anymore and caused a rift and envy between the two departments. On the other hand the company tried to communicate and improve the unity, but at the same time the employees received conflicting competitive messages from the management. There wasn't enough information about the future plans of the company and this void was filled by rumors and speculation about further layoffs and that the parent company was allegedly planning to shut down the other department completely.

Despite the difficult nature of the change projects in the case company the employees also experienced positive emotions. While lack of information was one of the main sources of negative emotions, there were also employees who felt that sufficient information was available to them and they had a much more positive outlook of the situation. They were also much more inclined to trust the management as they didn't feel that information was kept from them. As they had taken part in regular meetings where the financial numbers were openly discussed, they were aware of the declining financial situation, it was much easier for them to accept the difficult changes when they were announced. These findings support the findings of Sinkovics et. al. (2011), as it was clear that availability of information and frequent and open communication resulted in positive emotions even during unpleasant changes. Employees with positive emotions were also more inclined to adapt to the changes which support the findings of Klarner et. al (2011). Employees in a more senior position had generally a more positive view of the communication, which was to be expected as they usually have access to more information, but it was interesting to find out was that also employees who had the least experience with the company showed generally more positive emotions. This clearly supports the findings of Bordia et. al. (2010) and shows that negative experiences in the past affect the emotions in changes projects in the future.

Employees also started showing more positive emotions as they could see some early positive results. This made it easier to accept changes as it was becoming clear that they hadn't gone completely to waste. It was also much easier to trust the judgement of and communication from the management as there was concrete evidence of improved financial situation. This also made it easier for the management to communicate the vision. The effect of positive results on employee emotions isn't surprising as generating short term wins was identified as an important part of successful change management by Kotter (1996). It also supports the findings of Beaudry & Pinsonneault (2010) as their research showed that when change is seen by employees as an event that will generate positive outcomes; they are likely to experience positive emotions.

Employees who felt that they could influence the change projects responded more positively to the announced changes. Including employees in the decision making

process increased their excitement and interest towards the change processes and decreased resistance to change. This was to be expected as theoretical models for managing change emphasize the importance of empowering employees and including them in the change process (Kotter 1996, Hiatt 2006). It was clear that past experiences influenced the emotions of employees which supported the research of Bordia et. al. (2011). Employees who hadn't been a part of many previous change projects were excited about the possibilities and were interested in presenting their own development ideas. Employees with more experience were generally more reserved towards the changes. Positive challenges were also a source of positive emotions. Some of the employees had now more responsibilities, but felt that their work was now more interesting and rewarding. They felt interest and excitement about the changes, which supports the findings of Beaudry & Pinsonneault (2010).

Probably the main source of positive emotions during the difficult change projects was the support from immediate superiors and their positivity. Even though the upper management received a lot of critique, the employees clearly trusted their immediate superiors and were satisfied and impressed about the way they handled the difficult situation. It was clear that the employees considered their closest superiors as a part of the same team and not part of the upper management whose motives they were questioning. Sinkovics et al. (2011) found that management can have an active role in shaping employee emotions. It was clear that the lower management in the case company had formed good relationships with employees and their positive example and support generated positive emotional reactions. Employees felt that their immediate superiors were in the same situation as them and their positivity created trust, improved motivation during difficult times and reduced resistance to change. The lower management can also be seen as the guiding coalition of Kotters (1996) model for successful change. These findings also support the findings of Huy et. al (2014) who found that the quality of interpersonal manager-employee relationships influences whether employees judge the information given by their manager as supportive and credible or as manipulative and selfish. The emotional reactions of employees toward their bosses have an impact on their behavior toward proposed changes whether or not these changes are intrinsically beneficial or harmful. This also

explains why employees trusted their immediate superiors, but felt suspicious about the motives of the upper management and owners of the company.

The first research question of this study set out to find how management behavior affects the emotions of employees during difficult change processes. The findings of this study clearly show that management behavior and actions have a substantial effect on the emotions of employees. Employees responded negatively when they felt that the management wasn't open and honest towards them. If employees were kept in the dark or received conflicting information their emotions were negative which led to rumors, speculation and lowered their working motivation and willingness to accept changes. When employees felt that the management was open, provided enough information and was truthful about the changes even if they were difficult, they had a more positive outlook and were more likely to accept even unpleasant changes. It also became clear that the emotions from past experiences affected the emotions of employees in the future change projects and the behavior of the management can potentially have long lasting effect. The changes increased the workloads and demands for several employees. If the employees didn't feel that they received support from the management, employees with less experience started to doubt their own abilities and this in turn stressed the experienced employees. Frustration and other negative emotions lowered the working motivation and willingness adapt to changes. On the other hand if the management was able to provide enough support, the employees viewed the challenges as positive challenges and their motivation and interest towards their work rose. It also became clear that good interpersonal relationships between the management and employees were important source of positive emotions. Employees felt that they had a good relationship with their immediate superiors and were more likely to trust their word than the word of the upper management which felt distant to them.

Change resistance is a natural part of any change process and the focus of the second research question was to find out whether management behavior can affect the type of change resistance of employees and more specifically whether the resistance is constructive or obstructive. The findings of this study show that the behavior of management clearly has an effect on the type of change resistance of

employees. If employees felt that they could affect the planned changes they were interested in the change process and willing to give their own constructive development ideas. Employees were also a lot more willing to accept changes when they were included in the planning process. It was also clear that negative experiences in the past had an effect on the type of change resistance of employees. Employees with less experience with the company were more interested in sharing their ideas and their resistance was more often the constructive kind, whereas the resistance of the more experienced employees was often obstructive. This was due to their negative experiences in the past. They were disillusioned about their ability to affect the changes and felt that in reality they had no say in the planning process so why would they waste their time. These negative emotions were amplified because of the constant changes shortsightedness of felt that the company lacked perseverance and the changes were always scrapped before the results could be properly evaluated.

The findings of this research support the existing literature and have clear implications for management behavior during change projects. It is clear that management behavior has an effect on the emotions of employees and as emotions drive the behavior of employees these effects have to be taken in to account if companies want to be successful in change management. Management has to be open and honest in their communication to employees and provide enough information even if the news aren't always pleasant. Sugar coating the news and giving conflicting information only increases the confusion and mistrust between management and employees. The changes should not be rushed and forced without proper resources. If management fails to provide enough support and training, employees will resist the changes. When proper support and resources are in place, employees view the challenges as positive and get excited about their work. Management should strive towards good interpersonal relationships between the employees. When the relationship between them is healthy, employees are more likely to trust the management and follow their lead. Employees should be included in the planning stages of change projects. When they feel that they can affect the changes, they are more willing to provide their own development ideas and accept the changes even if they were unpleasant. This study also found clear evidence that change projects can't be treated as separate

events that happen one at a time without influencing future change projects. Therefore it becomes increasingly important that management behavior tries to minimize the negative and maximize the positive emotions during change projects. Without extra effort it might be too late to follow good management practices during a change project if the previous projects were filled with mistakes. In the case company the employees who had been a part of several change projects showed more negative emotions than the less experienced employees and were less willing to contribute to the change. This is potentially very harmful for companies as major change projects are becoming more and more common and the input and knowledge of the experienced employees will become increasingly important. Their opinions will also shape the opinions of other employees, which can worsen the situation even further. Bad experiences in the past can make it very difficult to manage change in the future even if the proper actions were taken and proper resources were in place.

5.1 Limitations and suggestions for further research

This research is a single in-depth case study of a Finnish subsidiary of a larger MNC, and is focused on analyzing the effects of management behavior on the emotions of employees. As this was a single case, the results can't be directly generalized reliably to other companies. The results may also be affected by country specific factors, as the focus of the study was emotions and experience of emotions can be very culture specific. Future research could study the emotions in a larger scale and test the findings of this research in other countries.

This study also focused on analyzing the emotions during difficult change projects from the employee perspective and the views of upper management weren't taken into account. As the changes in the case company were difficult changes that aren't started lightheartedly, it would have been interesting to include the perspective of upper management and their reasoning for the changes. Future research could include analysis of the emotions of the upper management and compare them to the emotions of the employees.

As the difficult changes had already mostly taken place when the interviews began the opinions of the interviewees could be affected by events after the change projects. It should also be noted that as the changes included layoffs, the employees who were laid off might have a different view of the process and the emotions of the employees who "survived" the statutory negotiations could be affected by their survival of the process. Future research could study the emotions of employees during different times of the change process and also include the emotions of employees who were laid off. Also as this study clearly found evidence that past experiences have an effect on the emotions of employees in future change projects, more research in this topic would be valuable. Future research could focus on finding ways to alleviate the problems caused by negative experiences in the past.

This study provided an overlook of the effect of management behavior on the emotions of employees during difficult change projects. It presented evidence of the effect of management behavior and provided guidelines for management how to reduce the negative emotions among employees. This research contributes to existing literature and research on change management and employee emotions during change projects, but it has its limitations. Future research targets were presented to improve knowledge in these fields.

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APPENDICES

Appendix 1.

Interview questions (translated into English)

Could you give a short description of yourself, of your position here and of your background?

Do you have previous experiences of change projects?

Do you feel that you were informed of the reasons behind the change projects?

Do you feel that the goals of the change projects were clear?

How do you feel about the communication of the change vision?

Were the desired goals of the change projects realized and what tools were used to root the planned changes?

How do you feel about the level of support from management during the change projects?

How do you feel about the involvement level of employees during the planning stages of the change projects?

Did you experience or witness change resistance during the change projects?

Was there enough training available if the changes required new skills?

How do you feel about the leadership of the management during the change projects?

How do you feel about the readiness of the company for changes in the future?

Do you have any open development suggestions how to improve the management of change processes in the company?