THE ANALYSIS OF AN ORGANIZATIONAL CHANGE:
A CASE OF DOWNSIZING A COMPANY IN THAILAND

CHOTIROSE RATTANAMAYOON

**A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOL UNIVERSITY
2014**

Thematic paper
entitled
**THE ANALYSIS OF AN ORGANIZATIONAL CHANGE:
A CASE OF DOWNSIZING A COMPANY IN THAILAND**

was submitted to the College of Management, Mahidol University
for the degree of Master of Management
on
December 21, 2014

……………………………..………
Miss Chotirose Rattanamayoon
Candidate

…………………………..………
Asst. Prof. Pornkasem Kantamara,
Ed.D.
Advisor

………………………….………
Assoc. Prof. Nathasit Gerdsri,
Ph.D.
Chairperson

……………………………..………
Assoc. Prof. Annop Tanlamai,
Ph.D.
Dean
College of Management
Mahidol University

……………………………..………
Asst. Prof. Peter De Maeyer,
Ph.D.
Committee member

ACKNOWLEDGEMENTS

I would like to express my gratitude and sincere appreciation to my Advisor, Asst. Prof. Pornkasem Kantamara, Ed.D. for her inspiration, motivation, strong support and valuable advice which is very meaningful for my research and especially for my own benefits being as a practitioner of the subject in career.

Special thanks to my former and current supervisors for all their supports and being a role model in my profession. I am also grateful to my colleagues and fellow students of the College of Management, Mahidol University for their motivation and limitless friendship which is one of the most important sources in driving for the achievement of this research.

Lastly and most importantly, I would like to thank my family who has provided endless encouragement, support and belief in me.

Chotirose Rattanamayoon

THE ANALYSIS OF AN ORGANIZATIONAL CHANGE: A CASE OF DOWNSIZING A COMPANY IN THAILAND

CHOTIROSE RATTANAMAYOON   5649100

M.M. (LEADERSHIP AND HUMAN RESOURCES MANAGEMENT)

THEMATIC PAPER ADVISORY COMMITTEE: ASST. PROF. PORNKASEM KANTAMARA, Ed.D., ASSOC. PROF. NATHASIT GERDSRI, Ph.D., ASST. PROF. PETER DE MAEYER, Ph.D.

ABSTRACT

In today's uncertain economic climate, many organizations are forced to make changes in order to survive. They need to react quickly to the global revolution if they want to stay ahead of the game. As a result, it is very challenging for an organization to deal with constant fluctuation proactively and successfully.

The purposes of this paper are: to identify key factors (both that support and hinder change), to understand how the concept of Kotter's eight steps of change process applies, and to understand how employees feel and deal with change by applying the concept of Bridges' Managing Transitions. In this research, according to the framework, a case study of a global leading company is used to be discussed and examined where the real situation of organizational downsizing change occurred. It is to explore how it successfully implemented the change. The qualitative approach; semi-structured interview with open-ended questions, is applied.

The research has found that the key factors which support the change implementation are leader, communication, empathy, knowledge, personal attitudes and background. However, personal adopter type is considered as the factor that both support and hinder change.

KEY WORDS: Organizational Change/ Factors influencing Change Implementation/
                    Kotter's Eight Steps of Change Process/ Bridges' Managing Transitions

37 pages

CONTENTS

CONTENTS (cont.)

LIST OF FIGURES

CHAPTER I
INTRODUCTION

Changes are all around. It varies depending on several factors or forces at macro or micro level. It can be either minor or major, positive or negative, expected or unexpected, controllable or uncontrollable. Change can happen any time, all the time, and even in our personal life or in organization. "The rate of change is not going to slow down anytime soon. If anything, competition in most industries will probably up even more in the next few decades" (Kotter, 1996). In most scenarios when organizational change is required, it leads to a requirement of a personal change as well. In broader view, external forces are something which always challenges organizations to cope with.

In today's uncertain economic climate, many organizations are forced to make changes in order to survive. If they want to stay ahead of the game, they require responding promptly to the global revolution while keeping up with new technology and competition at a local and national level (Edmonds, 2011). Given the social, economic, political and technological drivers for change, it is recognized by businesses that 'doing what we have always done' is not sustainable (Holbeche, 2006). As a result, it is very challenging for an organization to deal with constant fluctuation proactively and successfully.

One of the business management consulting firms (Javitch Associates) gave its view about organizational change that, regardless of the type of change; its risk and impact on those directly and indirectly affected can range from the subtle to the obvious. At the minimal level of impact, change is simple and problem-free. Nevertheless, positive or negative, change can affect profit, productivity, and people in both short and long term. When a major change occurs, the impact of transformation on organizations can be powerful and may often create complex challenges, especially in mergers, acquisitions, downsizing, or closings.

Significant organizational change, especially the negative one, creates even more complexity and sensitivity to deal with. Organizational downsizing is the classic example of change to look at. Physical change is obviously noticeable and manageable while psychological impact is hidden as waves under the sea. Therefore, it requires the art of change management and careful walking steps. Scientific and logical process of thoughts is never sufficient for handling such changes. A big bang change in terms of decision making is definitely hard; however, it is even much harder to overcome soft side of people's feelings and resistance. The art and time is required in leading to desired stage. There is a fine line between success and failure of implementing an organizational change due to many factors. Failure in many downsizing cases may not be about leadership issue in terms of decision making but it may be about ignoring or under-estimating of people's sickness of feeling as a consequence of physical negative change. Lack of awareness of consequences could create failure.

1.1 Company Background

For this research, the author uses a case study of a leading company which had faced with organizational downsizing during 2009 when its direction was to move its regional hub from Thailand to China. The company name is reserved to maintain confidentiality. Therefore, the company is named as Company A for the case study.

Company A is one of the global leading companies which manufactures or distributes its products across six continents. It operates 90 plants with over a hundred-year footprint and offers job to over 200,000 employees worldwide. In Thailand, Bangkok office operates as ASEAN hub, but as for Asia Pacific and South Africa regional office in the past.

The background of change occurred in Year 2009. Given the China's spectacular economic growth over the past 20 years, especially the industry which the company operates, proactive strategic plan of top management was necessary to create its competitiveness and sustainable status. The strategic direction was to maximize opportunity, fully leverage its global resources and provide significant cost-savings across the Company. After its hard study and research, top management realized the fact that the company's bright future in the long run was obvious and could never be

refused. It implied a positive sign for its business in China and the mother company while negative sign occurred on another end of the world.

As a result, the decision of organizational downsizing in Thailand had been made even though a shrink of profits and huge investment might be foreseen in the short run. The decision of workforce layoff was announced and 50% of the employees were determined in the separation plan. No surprises how this major change delivered negative impact and painful consequences to its employees. People's resistance to change was definitely unavoidable at all.

1.2 Research Question

How can we effectively/successfully implement organizational change i.e. downsizing a company?

1.3 Research Purpose

- To identify key factors i.e. leader, communication, knowledge, personal background that support and hinder change
- To understand how the concept of Kotter's eight steps of change process applies
- To understand how employees felt and dealt with the change by applying the concept of Bridges' Managing Transitions

1.4 Research Scope and Framework

This case study focuses on the Thailand context. The company's organizational change of downsizing during 2009 is to be discussed and analyzed in this research by applying change concepts including Kotter's Eight Steps of Change Process and Bridges' Managing Transitions Theory. Also, factors which influence the implementation of change are to be identified.

CHAPTER II
LITERATURE REVIEW

Literature review in this chapter is conducted by focusing a review on the concept of Negative Change, Resistance to Change, Factors influencing the implementation of organizational change, John P. Kotter's Eight Steps of Change Process, and William Bridges' Managing Transitions Concept. The review also looks at existing researches in two dimensions; organizational and personal, which are relevant to organizational change management.

2.1 Definition of Negative Change

Change creates direct impact and side effect at different degrees (High-Low) and different kinds (Positive-Negative). Many researchers have studied a change in positive scenario e.g. process improvement, new technology launch, business expansion, etc. which states clearly in itself a hope for bright future. Even though risks are there, the beauty of positive aim creates encouragement and driver for leaders and followers to make changes happen.

However, "It's hard some days to stay positive, especially when having a 'bad' day. It is hard to stay positive when things seem tough, whether financially, emotionally or physically" (Captain Cynic, 2008). It is even more interesting to understand the reversed side of change – negative. Negative change can simply be explained as any initiatives or activities which create unpleasant impact to organizations and to their people e.g. restructuring, downsizing, and business closing. Avoiding change in organizations is hard. Bad news is always painful. If practitioners fail to handle such situations, disaster is always ready to come over in place for encounter.

2.2 Resistance to Change

Resistance is anything that slows or stops movement or keeps movement from happening. In an extreme case of an organization facing with a scenario of negative and significant change, resistance to change is strong and critical. It is hard to avoid or even unavoidable. It challenges company's ability in change management to cope with such circumstance. Resistance to change is expected at big scale however there must be some ways to handle it effectively in order to minimize resistance and make it under control. Remember that human resources are one of the key drivers of every business. When change happens in organization, the interpretation is straight forward that employees get direct impact from the change. The effects of human reactions to change occur not only at individual level, but also at the group and organizational level (Holbeche, 2006). He also suggests that resistance may take some different forms such as denial, anger, blame, and confusion.

Resistance to change has been recognized as one of the important factors that can influence the success of organizational changes, including new technology innovation, new policies, and new organizational structure. Maurer (1996) indicates the fact that one-half to two-thirds of all major corporate change efforts fail according to many studies. Resistance is the little-recognized but critically important contributor to the failure.

2.3 Factors Influencing the Implementation of Organizational Change

Refer to several research papers, from the observation, there are two aspects of factors influencing the implementation of organizational change. Some studied about organizational factors while some focused their interest on personal factors.

2.3.1 Organizational Factors

2.3.1.1 Leader

Appelbaum et al. (1999) state about leadership challenge that organizations must undertake when attempting to improve efficiency through

downsizing. To achieve successful downsizing, the change must not be merely managed by head but a leader. Everyone knows that one of most important roles of leader is to lead change; however, too few people realize that that job goes nowhere if the leader cannot play a transition leadership role (Bridges, 2003).

2.3.1.2 Communication

A result in resistance and exaggerating negative aspects of the change could happen when change communication is poorly managed, therefore, to reduce employees' uncertainty effective communication is a must. High level of uncertainty has negative impact to the readiness for change, especially when the organization is undergoing changes with loss of jobs (Elving, 2005). Vuuren and Elving (2008) also suggest the fact that changes often fail to meet the expected goals can be partly attributed to the misbalance between information and communication.

2.3.1.3 Empathy

According to Caudron (1996)'s study, he examined several cases in which downsizing had been handled correctly including the cases of the Compaq Computer downsizing of 1991, the State of Oregon downsizing of 1993, and the Patagonia downsizing of 1992. One of the key ingredients which made the survivors accept the layoffs is Empathy. Empathy was present in there three cases. The strategic direction and actions of their change management activities had been conducted under a consciousness of empathy given to employees. Unspoken expression or actions are necessary to be done in parallel with other tactics to ensure that organizations take care of employees regarding both physical and psychological concerns.

2.3.1.4 Knowledge

Washington and Hacker (2004) examined the relationship between managers' understanding of a specific organizational change process and their attitudes towards implementing the change using the regression models. Their findings suggest that "Managers who understand the change effort are more likely to be less resistant to change. The more a manager or leader understood the change, the more likely they were to be excited about the change, the less likely that they would think the change effort would fail, and the less likely they were to state that they wished their organization had never implemented the change."

2.3.2 Personal Factors

Employee reactions to change are influenced by several factors and each individual also reacts to change differently. When implementing change, it is needful that management is aware of human processes that may influence an individual's behavior towards that change (Bovey and Hede, 2001).

2.3.2.1 Personal Attitude

Attitude toward an organizational change; a psychological tendency, derives from how individuals evaluate the change with some degree of favor or disfavor (Lines, 2005). Vakola, Tsaousis, and Nikolaou (2004) identified multiple studies in which employees' positive attitudes toward change are vital in achieving successful organizational change initiatives. It can be said that employee attitudes toward change have correlation with their morale, productivity and turnover intentions (Eby et al., 2000).

2.3.2.2 Personal Background

In an organization, people come from different backgrounds such as their past experiences of work and life in either positive or negative way, family background, educational background or culture. Those collective sources of experiences and backgrounds firmly form a certain view and attitude of individuals. Therefore, when change occurs, people view such change in different ways and a degree of reaction is vary as well. As it is vary and dynamic, this factor influences change implementation in organizations and usually form a complexity for change agents to handle with.

2.3.2.3 Adopter Types

Rogers (1962) proposes that adopters of any new innovation or idea can be categorized as innovators (2.5%), early adopters (13.5%), early majority (34%), late majority (34%) and laggards (16%). It is suggested that people can be grouped according to their tendencies towards change. Applying Roger's Adopter Types, in change situation, each person will tend to respond to change in a consistent way, whatever the change might be. However, there may be some variation in response based upon the nature of the change and their prior experience with it.

2.4 John P. Kotter's Eight Steps of Change Process

Kotter (1996) introduces the eight steps of change process. Kotter and Cohen (2002) suggest that to understand why some organizations are leaping into future more successfully than others, the flow of effective large-scale change efforts are required. In almost cases from his studies, there is a flow, a set of eight steps that few people handle well.

Step 1: Establishing a Sense of Urgency. It is suggested by Kotter and Cohen (2002) that any types of business which are most successful at significant change begin their work by creating a sense of urgency among relevant people. When raising a feeling of urgency, it create a sense to people that "we must do something" about the problems and opportunities. At this step, it reduces the complacency, fear and anger that prevent change from starting.

Step 2: Creating the Guiding Coalition. With urgency turned up, the more successful change agents pull together a guiding team with the credibility, skills, connections, reputations, and formal authority required to provide change leadership. To create successful change implementation, it is to pull together the right group of people with the right characteristics and sufficient power to drive the change effort.

Step 3: Developing a Vision and Strategy. Kotter points out that in the best cases, the guiding team creates sensible, clear, simple, uplifting visions and sets of strategies.

Step 4: Communicating the Change Vision. This stage is about how to communicate effectively for buy-in. The communication is about sending clear, credible and heartfelt message about direction of change. Kotter suggests that both understanding and gut-level buy-in of change direction is proceeded at this step.

Step 5: Empowering Broad-Based Action. The change is successful when more people feel that they are able to act, and do act on the vision. At this step, it is stated that a heavy dose of empowerment is found in the best situations. Key obstacles that stop people from action on the vision are got rid of.

Step 6: Generating Short-Term Wins. "Generating sufficient wins fast enough to diffuse cynicism, pessimism, and skepticism. Build momentum. Making sure successes are visible, unambiguous, and speak to what people deeply care about", Kotter and Cohen (2002) describe.

Step 7: **Consolidating Gains and Producing More Change.** It is suggested at this step that change leaders do not let up after the first wins. Momentum is required continuously built.

Step 8: **Anchoring New Approaches in the Culture.** Kotter and Cohen (2002) describe the new behavior at the step that new and winning behavior continues despites the full of tradition, turnover of change, leaders, and so on.

The Eight-Stage Process of Creating Major Change

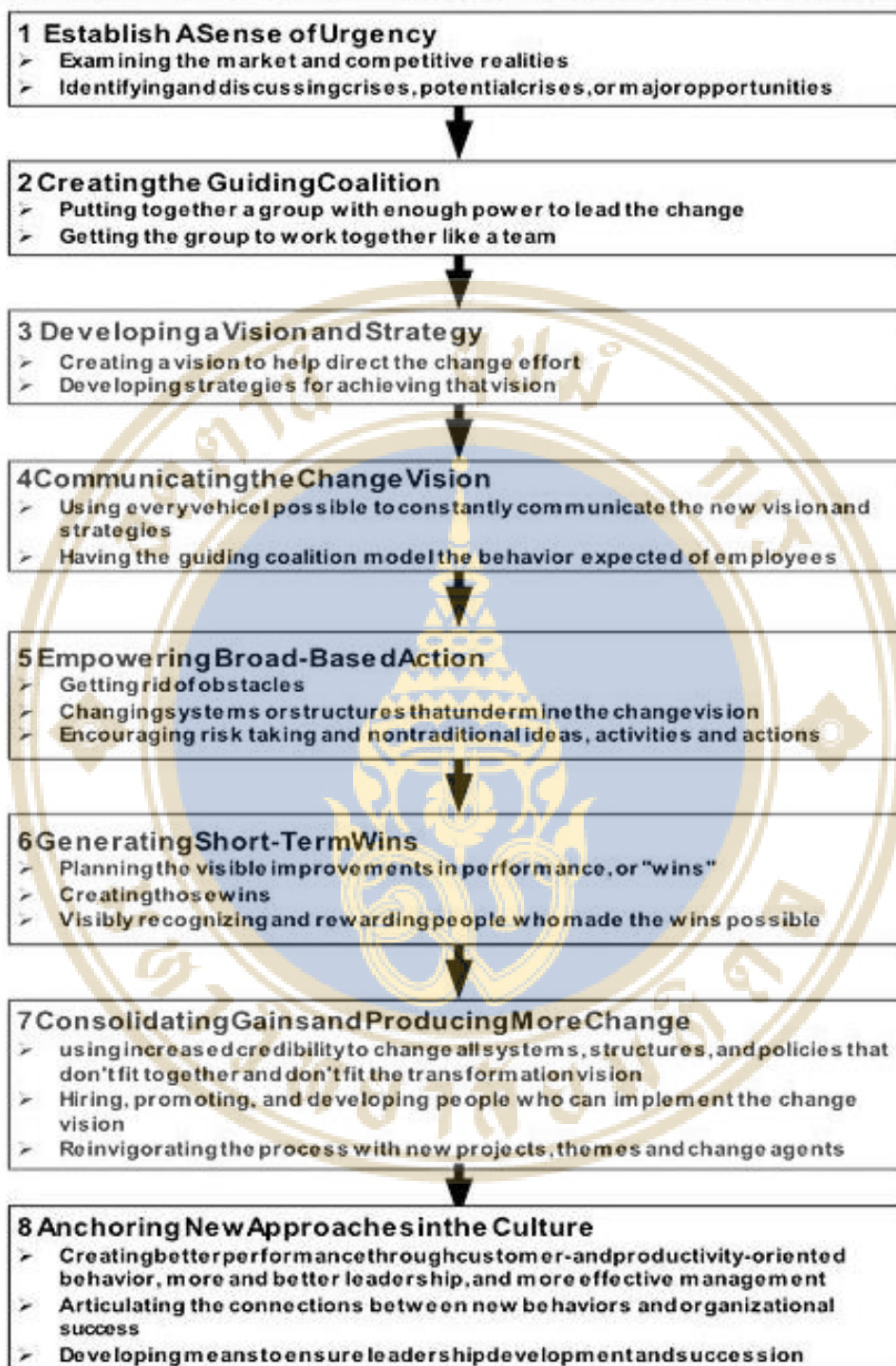Source: Kotter, J. (1996). *Leading Change*. Boston, Harvard Business School Press. p. 21.

1 Establish A Sense of Urgency
- Examining the market and competitive realities
- Identifying and discussing crises, potential crises, or major opportunities

2 Creating the Guiding Coalition
- Putting together a group with enough power to lead the change
- Getting the group to work together like a team

3 Developing a Vision and Strategy
- Creating a vision to help direct the change effort
- Developing strategies for achieving that vision

4 Communicating the Change Vision
- Using every vehicel possible to constantly communicate the new vision and strategies
- Having the guiding coalition model the behavior expected of employees

5 Empowering Broad-Based Action
- Getting rid of obstacles
- Changing systems or structures that undermine the change vision
- Encouraging risk taking and nontraditional ideas, activities and actions

6 Generating Short-Term Wins
- Planning the visible improvements in performance, or "wins"
- Creating those wins
- Visibly recognizing and rewarding people who made the wins possible

7 Consolidating Gains and Producing More Change
- using increased credibility to change all systems, structures, and policies that don't fit together and don't fit the transformation vision
- Hiring, promoting, and developing people who can implement the change vision
- Reinvigorating the process with new projects, themes and change agents

8 Anchoring New Approaches in the Culture
- Creating better performance through customer-and productivity-oriented behavior, more and better leadership, and more effective management
- Articulating the connections between new behaviors and organizational success
- Developing means to ensure leadership development and succession

Figure 2.1 Kotter's Eight-Stage Process of Creating Major Change (1996)

2.5 William Bridges' Managing Transitions Concept

Bridges (2003) introduces a model that focus on people's difficulties with transitions. Kotter's model emphasizes on the change process in an organization's perspective which is relevant to the steps for effective change implementation. Bridges states that "It is not the changes that do you in, it is the transition. They are not the same thing." Change is situational but transition, on the other hand, is psychological. Transition is a three-phase process that people go through as they internalize and come to terms with the details of the new situation that the change brings about. The following are what Bridges describes about each phase.

Phase 1: Letting go of the old ways and the old identity people had. This first phase of transition is an ending, and the time when you need to help people to deal with their losses.

Phase 2: Going through an in-between time when the old is gone but the new is not fully operational. This time is called the "neutral zone". It is the state that the critical psychological realignments and repatternings take place.

Phase 3: Coming out of the transition and making a new beginning. This happens when people develop the new identity, experience the new energy, and discover the new sense of purpose that makes the change begin to work.

Bridges also advises that as transition is a process by which people unplug from an old world and plug into a new world, we can say that transition starts with an ending and finishes with a beginning.
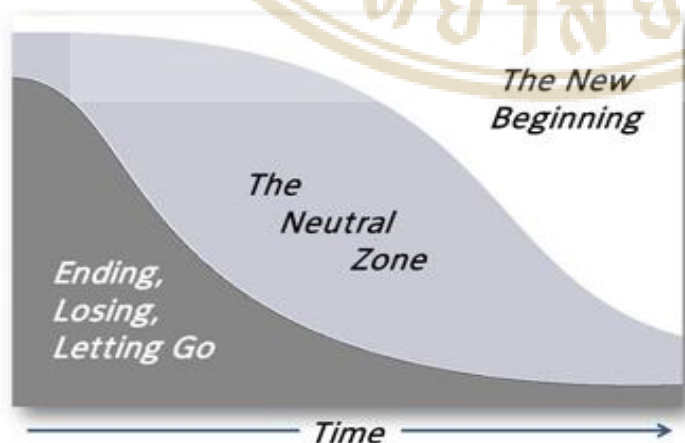

Figure 2.2 Bridges' Model of the Three Phases of Transition (2003)

Company A as a case study in this research will help you explore and understand the real situation of negative organizational change and to be discussed in detail in Chapter 4 according to the findings and academic theories of researchers mentioned earlier as well as the findings which is obtained from interviewees of Company A.

CHAPTER III
RESEACH METHODOLOGY

3.1 Case Study

In this research, a single case study is used to be discussed and examined where the real situation of organizational change occurred. However, as mentioned earlier in Chapter 2, the company name is reserved to maintain confidentiality. Therefore, the company is named as Company A for the case study.

Whether or not the change was handled successfully in this case study, the company which is referred to is a good example for researchers to learn change management and implementation in detail through the analysis according to Kotter's eight steps of change process (Kotter, 1996), Bridges' Managing Transition theory (Bridges, 2003), and to understand factors that influence organizational change which will be found out later when an interview is conducted. Chrusciel and Field (2006) state that the single subject case study allows for a more narrowly focused investigation rather than a broad overview of multiple subjects. This approach is supported by Davenport et al. (2004) who recommend researchers to spend considerable time within a single organization.

3.2 Qualitative Research Interview

The primary objective is to gain insight perspectives from the people who involved with the change: the change agents who experienced organization's change management and implementation, and the employees who experienced personal transition towards the change. To explore insight experiences and views on the specific matters of those people, the qualitative research interview is selected by applying semi-structured approach. Semi-structured interviews center on a mixed framework of general themes and pre-established questions. It allows adaptation in the context of individual sessions. Therefore, the interviewers have flexibility to leave

certain questions out, mix the order of questions, or ask certain standard questions in different ways depending on context (Better Evaluation, 2014).

3.3 Sample Selection

In-depth findings are impossible to be extracted from irrelevant and general people. The application of the case study methodology requires the key representatives for this research's findings, who were involved in the circumstance whether they were in role of change agent or those affected by the change. The sample is a mixed group of related people in different roles.

3.3.1 Organizational Perspective as Change Agent

Two persons represent the company's perspectives toward organizational change implementation who involved as the changing team.

- Change Agent (Leader): Head of Human Resources Department
- Change Agent (Leader/Implementer): Human Resources Manager

3.3.2 Individual Perspective as Employee

Five persons represent the perspectives toward organizational change implementation of those people who got impact from the change. To be able to explore and understand more how employees, who had continued and who ended their employment with the company, felt, reacted and dealt with the situation differently; interview is designed to engage two groups of employees who were in the same situation but faced with different impact from this change. The results of interview may help explore more between these two groups whether the findings are in alignment in terms of feelings, reactions and the way they handled with the situation toward this change experience.

- Three persons who continued their employment with the company after the change – recognized as survivors
- The other two persons who left the company during the crisis – recognized as affected people

3.4 Interview Questions Framework

According to the literature review in Chapter 2, the frameworks covered in this research consist of factors influencing the implementation of organizational change, Kotter's eight steps of change process and Bridges' managing transitions concept. Therefore, a sequence of interview questions and session is set based on these three topics. However, as the semi-structured approach is applied with open discussion, free flow of conversation and probing technique are used in the interview rather than framing interviewees' mind with a set of fixed questions. This will allow interviewees to share the insights of their direct experience toward the change during the time. The guideline of question is grouped according to each change concept as follows.

3.4.1 Factors Influencing the Implementation of Organizational Change: organizational and personal

In the situation when the company faced with downsizing, you as a leader or change agent;

- Can you please describe the circumstance? What happened?
- How did you feel?
- If you think back to the time, what do you think about the way the company handled with change?
- Why do you think so?
- What were the factors that you think influenced change implementation and contributed to the success (or) failure?

3.4.2 Kotter's Eight Steps of Change Process: to get organizational perspective towards planning and managing the change

Interviewees, especially leader/change agent, will be asked for more detail about activities or initiatives which the company took an action on which helped the company overcame the difficult time successfully/effectively.

- Establishing a Sense of Urgency; Do you think employees had realized the sense of urgency of the situation and change? How did the company do to reinforce the sense of urgency? What did the company do? What was the rationale of doing that action?

- Creating the Guiding Team: Did the company form team to be in charge and implement the change? Who were they? Why were they selected? What were their roles?

- Developing a Vision and Strategy: What was the change objective or direction? How had it been developed?

- Communicating the Change Vision: How did you communicate the direction? What was the scope? Which methodology and means of communication did you use? Were you satisfied with the result?

- Empowering Board-Based Action: Did HR and the guiding team take care of all activities? Did the company involve or empower anyone else to act in change implementation?

- Generating Short-Term Wins: What was the planning for and creating short-term wins? What were the tactics which the company used to handle for short-term wins to make employees understand and accept the change?

- Consolidating Gains and Producing More Change: What were the next steps that the company had done to ensure that this change would happen successfully along the way?

- Anchoring New Approaches in the Culture: Were there any other actions that the company took to make the change stick?

3.4.3 Bridges' Managing Transitions Theory: to get personal perspective towards change

This is to focus more on employees' perspective towards the change. However, we ask both leaders and employees in order to examine if they have had alignment in terms of company/leader's expectation and employees' real feeling.

- When dealing with the change at the beginning of your change process, how did you feel about it as a change agent?

- How do you think employees felt?

- You as a leader or change agent, how did you handle with your employees' feelings?

- What were employees' reactions during the time?

- When the company announced the change, what happened? How did the employees react? How did they feel?

- When they received the package and were communicated to stay in the company, can you please share what was their reaction/ how they coped with the situation/ how the company handled with such situation?

- When the employees passed over the difficult time and seemed better, what was the company's action to reinforce the new beginning? How was the situation? How they felt about the change? How long does it take from the first to the last phase?

Questions which are used with employees apply as similar as the above but it is a turnaround to employee's point of view. The results from interview under these frameworks will be discussed later in Chapter 4.
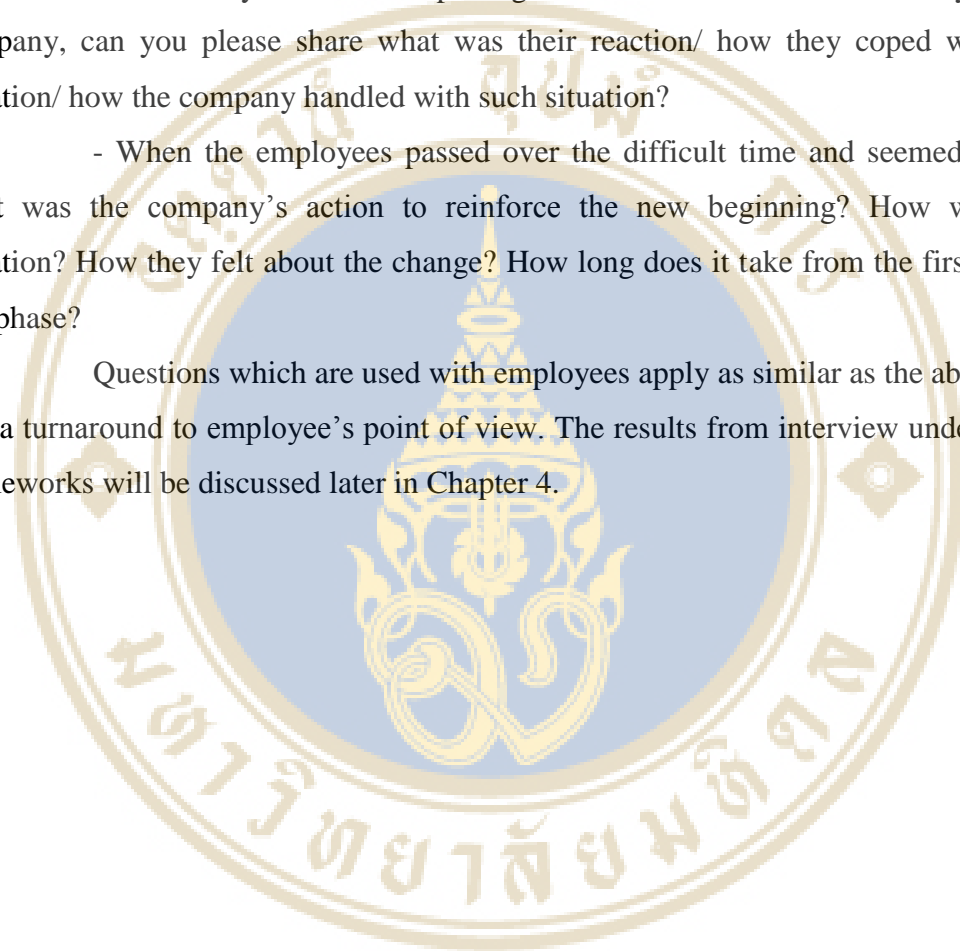
CHAPTER IV
FINDINGS AND DISCUSSION

According to the concepts which frame for analysis of this research, the inputs of experience sharing and findings from those who involved in the change circumstance are to be discussed so that you can understand in descriptive way of what actual actions had been done by the business and what kind of reactions could be expected from employees. Furthermore, you will be able to see if the company implemented the change effectively.

4.1 Factors influencing the implementation of organizational change

Having interviews with two leaders and five employees, all respondents raised up multiple factors which influence organizational change implementation. Factors which they identified represent two dimensions; organizational and personal factors.

4.1.1 Organizational Factors

Top four factors which have been heard frequently and significantly in contributing this change implementation toward success during data gathering process are Leader, Communication, Empathy, and Knowledge.

4.1.1.1 Leader

Refer to the interviews conducted with HR leaders who were change agents as well as employees, it reveals that senior leadership team and managers demonstrated their strong leadership well to overcome the difficult moment. Maginn (2005) states that "When change affects an organization, the leaders of the organization – from the top executive to line supervisors – need to demonstrate leadership skills as never before." Strong leadership actions of how leader role support effective change implementation described by respondents are identified as following:

- Involving for planning & decision making and in the approval of financial settlement for employees
- Involving personally in communication and making sure that it was handled as professionally as possible
- Explaining well, clearly and sincerely about the situation and communicating well ahead.
- Seeking for mutual agreement with affected employees on effective date
- Ensuring that the company put the plan in place in terms of welfare for employees, offering job opportunity in overseas for key talents, and supporting for outplacement
- Being open-minded to listen and accept flexibility as required
- Showing appreciation for employee's contribution and loyalty
- Expressing sincerity and sharing facts

4.1.1.2 Communication

It is fully agreed by all respondents, whether from leader or employee's perspective that communication is one of the most significant factors which influence the implementation of change. The leaders mentioned during the interview that clear explanation of the change direction was essential. Maginn (2005) stresses about when people get lost in the fog of change, an action of painting a picture of what is happening is required. The tactic in handling the circumstance was about ensuring that communication was well prepared and executed at all levels in organization. DiFonzo and Bordia (1998) also suggest that effective change communication can be viewed as a means to manage uncertainty properly.

However, a respondent who was a prior supervisor revealed that communication was not as sufficient as it should be. The flow of information was limited at a certain level for the purpose of change management preparation. The respondent felt that keeping confidentiality was the constraint toward operational management effectiveness. Lacking of necessary information at some levels created a feeling of frustration in working and supporting for change implementation. "More effectiveness of business operations would have been possible if the company

direction was shared openly to those who needed to work on that information." the respondent said.

4.1.1.3 Empathy

Another finding is about several actions which could be considered as a demonstration of empathy that the company had for its employees, which created big appreciation for those who got impact from this change. Leaders and employees described that a sense of empathy was delivered by the company in different forms: unspoken expression and actions. According to Caudron (1996)'s study, he examined several cases in which downsizing had been handled correctly. The three real cases on his study show that one of the key ingredients which made the survivors accept the layoffs is Empathy. The demonstration of empathy sets as tone for the climate at workplace confronting with change. Let people know they have been heard and cared for their experience with change (Maginn, 2005). The strategic direction of actions had been conducted under a consciousness of empathy given to employees.

- Amount of time: Advanced notice was provided so they had enough time to prepare themselves to adapt to change and look for a new job.

- Sense of care from management team and their managers.

- Flexibility and Support: The Company supported and respected individuals. When anyone found any difficulty with the change plan, the management and change team listened to them and considered for flexibility as appropriate.

4.1.1.4 Knowledge

For leaders who were change agent, the understanding of a specific organizational change process and the more they understand the change, the less likely they would think the change effort would fail (Washington and Hacker, 2004). The knowledge includes the understanding of company direction which brings for change, change management process in communication, welfare package design, labor laws and competitor benchmarking. These built up confidence in leading change for leaders. Furthermore, to ensure that the company would have free risk of labor laws or union issue, they involved external consulting firm to support in some areas as needed. It is also crucial when the guiding team involved Department Heads and

managers in change process. "Managers who understand the change effort are more likely to be less resistant to change." Washington and Hacker (2004) suggest. When necessary information was shared to them, they understood their role and provided full support in managing their own team to ensure the change was executed and handled well as they were at front line to interact directly with employees.

The interview result from all respondents indicates that these four organizational factors including leader, communication, empathy, and knowledge supported the implementation of change in this circumstance. Therefore, a good planning with thoughtful consideration of these key factors should not be overlooked. They are necessary ingredients that contribute to the success.

4.1.2 Personal Factors

For whatever the trigger for change, different types of organizational change impact employees at different levels and provoke different psychological reactions according to their experience of the change which can lead to important breakdowns of communication and understanding (Holbeche, 2006).

4.1.2.1 Personal Attitude

Having learned from many studies, individuals may have different attitude toward change. Attitude is a psychological tendency that is expressed by evaluating the change with some degree of favor or disfavor (Lines, 2005). Attitude and degree of reactions are relevant. Different reactions toward change may reflect individual's different attitude. Vakola et al. (2004) also refer to multiple studies in which employees' positive attitudes toward change are vital in achieving successful organizational change initiatives. All five respondents, including those who were asked to stay or leave, shared their various positive perspectives as employee and accepted the change even though this brought them negative side of change.

"I was confident in myself that I could find a new job. I had the future waiting for me outside."

"It's okay."

"I stayed in reality, kept moving and did my best for the remaining of my time in the company."

"I encouraged people around me. We shall pass together."

"Any change creates new opportunity for us."

Also, leaders did not see any negative expression from employees. The concern for change implementation that they raised was more about the feeling of uncertainty, fear and nervousness. However, they agreed that personal attitude is a factor that influences change implementation which the company needs to pay attention on and prepare well to manage any resistance.

4.1.2.2 Personal Background

In an organization, people come from different backgrounds such as their past experience of work and life either in positive or negative way, family background, educational background, and culture. Those collective sources of experiences and backgrounds firmly form a certain view and attitude of individuals. Therefore, when change occurs, people view change in different ways and or the degree of reaction is vary as well.

Cultural Perspective: A respondent who is foreign leader gave his view point from his observation regarding cultural perspective that culture could be another factor which influence change implementation. In this change, he did not see any obvious resistance as he observed that Thai people tend to reserve emotion which in fact their feeling might be strong but they reserved it. Another view regarding cultural factor is about attitude toward relocation. He shared his personal view that expatriates and local people may consider relocation to China in different way. Expatriates, who were taking work assignment in Thailand, were more willing to relocate as Thailand was their temporary location. Local people had more worries about relocation as they live with family and parents. However, the respondent stresses that it cannot be generalized.

Past Experience: Experience can be described in broad view including personal, study and work life experience. The first respondent stated that she had no any bad experience about change, therefore, she felt neutral. Another interesting point of view was raised by the second respondent who experienced negative change in an organization. At the time she was the one who gave encouragement to colleagues who got affected. When facing similar circumstance, she cheered up herself to overcome the change. The third respondent mentioned that she

studied in psychology field and had worked for consulting firm; therefore, she looked at change as normal thing.

Family Background: Another respondent was influenced by family. When the respondent was facing with change, the family supported for new change. With recommendation and support from family, she could easily make a decision to move forward for new career opportunity. Furthermore, the family's financial status supported her relief.

4.1.2.3 Adopter Types

Roger (1962)'s Adopter Type Theory suggests that people can be grouped according to their tendencies toward change. Each person tends to respond to change in a consistent way. A respondent described oneself as the type of open to change while another two said that they love to try new challenges. Their reactions which were told towards the circumstance do not show any resistance to change. It seems that they could overcome the change in a short period of time. However, another one who had taken quite long time for change has caution about change. It was recalled that she was uncomfortable and stuck with the change for quite some time comparing to others. These show different possibilities which can influence change implementation and challenge how the company plans to handle with such change effectively and turn around to healthy environment as quick as possible.

Apart from the four organizational factors mentioned earlier, the interview result shows that personal factors are very important as well. Personal attitudes and background support the change in this case study. However, another factor which is personal adopter type could be viewed as both support and hinder factor since individuals have different degree of reaction toward change. Some adapt themselves quickly and are not afraid of change but not for someone else. Therefore, practitioners should keep in mind of this and plan effectively to cope with.

4.2 Kotter's Eight Steps of Change Process

The following discussion focuses on how well Company A planned and executed its change effectively according to Kotter's eight steps of change process.

Step 1: **Establishing a Sense of Urgency**

The opportunity in Asia that potentially the company was needed to focus on China rather in Thailand for its sustainable business, the company required to accelerate that by moving the Asia Pacific headquarter there to serve the business needs. "Catching people's attention during good times is far from easy, but it is possible" (Kotter, 1996: 45).

Instead of calling this as a sense of urgency with rush, the leader advised that what the company was trying to do was to explain to the Thai employees, which was less on a rush or a sense of urgency, it was more about a "sense of understanding". The best way to describe what the company was trying to do was to "explain why". Clearly, some people were the key for the company and were needed to stay in the Thai or the ASEAN organization. One of the messages for those employees was "We want you to stay with us and have the future with the company." That was the message to reassure. Another message to others was "We need you and help this move." Or "We need you to come and help us by relocating to China." It is more about the understanding and explaining the facts to them.

Step 2: **Creating the Guiding Coalition**

To implement the change, the company involved two groups of people; senior leaders and HR professionals, which formed good fit of key and essential characteristics for effective guiding team. As per Kotter (1996)'s suggestion, putting together the guiding coalition, team possesses position power, expertise, credibility, and leadership for effective change management and process implementation.

Senior Leadership Team included President, Vice Presidents, and Department Heads. The senior leadership team was decision maker for all matters of re-organization, manpower management, welfare, and policies. Their leadership played significant role in making people to accept the change, respondents claimed. HR professionals included HR Leader, Directors and Managers in all functions.

Step 3: **Developing a Vision and Strategy**

As external forces showed a strong sense of action, thoughtful decision was needed. With that decision and direction, the guiding team had led the change by

developing a clear strategic plan in order to achieve the smooth transition of the Asia Pacific regional office relocation from Thailand to China – without labor laws and union issues.

Step 4: Communicating the Change Vision

To ensure that the sensitive issue had been handled professionally and effectively, the team designed the communication in steps through multiple channels on an on-going basis. The flow of communication started at large scaled meeting and followed by the smaller scale.

Town Hall: The President took lead in big Town hall meeting and made an announcement of the company direction to all employees. He demonstrated his leadership, explained the necessity of change decision and showed empathy regarding the way the leadership team was handling toward the situation. In the meeting, some people observed his tears as well. A little bit of emotion from employees could be observed. At the end of the session, the President and the Senior Leadership team ensured that people had chances to ask question. This allowed two-way communication to make sure that employees were clear with the message and eliminated rumors within the company.

Department Meeting: After the Town Hall, the follow-up meeting was held by Department Heads in each department. Everybody was invited to attend their own department meeting to ensure people's feelings were fine and whether the message from President was clear to them. Talking sheet and necessary detail had been prepared for the management so they could explain further in detail to their team effectively.

One-on-One Discussion: One-on-One Discussion was reinforced as a session for individuals and managers. It was the bottom line of communication to ensure the best delivery of message and quality discussion for the employees.

Step 5: Empowering Broad-Based Action

There might be some resistance reserved. Connecting with Step 4, what the guiding team prepared for in order to create comfortable environment for them to

speak in smaller group was to empower people who were in the same line of command and had close relationship with employees to act.

All Department Heads were asked to handle tough assignment to tell good and bad news to employees under their reporting line. It was great that they gave appreciation for employee's contribution, explained rationale of change necessity and listened to their feeling and concerns. One-on-one meeting was then conducted to follow up after. It enabled direct and close-relationship Department Heads and managers in the same line of command to talk with individuals and team privately in their own comfortable group to reinforce motivation and understanding. Lower or no gap in conversation could manage their feeling and concerns more effectively. Managers collected all concerns to discuss further with the guiding team and reverted to employees promptly. Furthermore, the company empowered external consulting firm and recruitment agency to meet with affected ones. The purpose was to educate and advise them regarding job application techniques and to create network for career opportunity.

The leaders identified the actions of planning for and creating immediate wins as following;

• Creating people's "understanding" that the company needed to relocate to make sure that the new business could start. The consequence of understanding, "People were willing to relocate." – That was the business and leader's personal perspective.

• Communicating with people who were asked to leave and stay through proper communication process.

• Reassuring that people who needed to continue the Thailand and ASEAN market had their job which they were happy to stay with the company.

• Ensuring attractive welfare to those who were offered separation package and managing healthy environment and free risk of labor laws and union issues, resistance to change and business disruption.

Step 6: Generating Short-Term Wins

The change had been handled phase by phase according to the business needs. It had taken place around a year. According to what the company had handled

at the first five steps in planning and implementing the change, the first proof of win was when the guiding team could deliver and achieve the goal of the first separation batch without any labor issue. Further actions taken on the following phases became much easier when affected employees, who turned next, felt relieved and trust after their observation of the quick win. Even the change was negative but when the company managed it professionally, good perception toward the company could be there last long. The positive word of mouth was widely communicated among the groups. At this step, it created a 'growing sense of optimism, of energy, and of belief in change' for both groups of survivors and affected ones. It is important at the step because too many employees give up or actively join the resistance without short-term wins (Kotter, 1996).

Step 7: Consolidating Gains and Producing More Change

It is about explaining to survivors about the business they were going to be a part of the future. One big positive action that was starting to do at the time of the relocation was to announce the investment in Thailand with the new factory which was huge. In terms of money, people could clearly see that even though the company was relocated the Asia Pacific headquarter to China, they were fully committed to continuing operations as well as expanding operations in Thailand with big investment. That was a good signal sent people. The guiding team strongly reinforced communication at this stage to ensure people were motivated and worked productively to support the company.

Step 8: Anchoring New Approaches in the Culture

Implementing from Step 1 to Step 7, here at this stage the company marked its success of change management through Town Hall meeting, team meeting, email and intranet by proving employees with evidences that they overcame the change together. Senior leadership team passed their appreciation to everyone in the organization and motivated them to keep working for the brighter future together – made a sense of pride and success to them that everyone played key role for company success. Keep communicating of good news to employees such as new plant opening, and sense of ownership in ASEAN role.

4.3 Bridges' Managing Transitions Concept

Bridges (2003) lays out a three-stage model for managing transition in a complex change endeavor. The analysis in this part is to understand the experience and feeling of employees who countered the change and had gone from the ending to the new beginning phase according to the theory and the way that the company coped with.

1) The Ending Phase

The ending phase started at the time when people had been communicated regarding the change announced by the President in Town Hall meeting. Employees felt a sense of loss and subsequent resistance. After the announcement, some employees denied or refused the fact. They did not believe that it was real. Some felt shocked, uncertain and anxious about the layoff. In this case, it generated a sense of loss in many ways. Hart (2003) describes further regarding a sense of loss at this phase.

Loss of Attachments: They lost both business relationship with the company and personal relationship with colleagues. Especially to those who had been working for a long time in the company, their feelings were stronger than those who newly joined during the time. A long service year respondent expressed her touched feeling about this when recalling the time that her close relationship colleagues left the company.

Loss of Structure; Due to the downsizing, the organization structure had changed and it affected the feeling of losses of other types.

Loss of a Future: All respondents who are employees expressed the same about the feeling of uncertainty about their job security. Even those who stayed, they also felt uncertain.

Loss of Meaning: "I am meaningless." or "The Company does not see me as important person." These feelings may arise in mind of those who were asked to leave.

Loss of Control: When the direction of change had been made, employees felt nervous and panic about layoff; who would be asked to stay or leave. "Is it going

to be me?" is the question which was running in their head. Respondents shared the sense and mentioned that whatever the decision was on them, they needed to accept.

False hope was there. They hoped unrealistically sometimes that their colleagues would be back to work together. As per Bridges' suggestion, Transition is a gradual psychological process. At that time, the company handled the situation by taking the following actions.

Actions to manage the Ending Phase:

- Communicate the company direction to all employees and what would affect them. In this situation, we could not communicate positively like other cases by saying and encouraging about a greater future if people supported changes. Instead, telling the facts of necessity was the best way at that time and made them understand and accept.

- Ensure attractive welfare to those who were offered separation package and manage healthy environment and free risk of labor laws and union issues, resistance to change and business disruption.

- Mark the ending by President's announcement in Town Hall meeting according to what was stated earlier.

- Involve Department Heads to get employee's feedback with HR support.

- Assign HR to take care of affected employees to make sure they understand well after Department Head's communication.

2) The Neutral Zone

Passing through the ending phase, the most painful time was during the neutral zone. Employees who stayed got a hard time here because they felt a sense of loss even stronger comparing to the ending phase. All respondents felt lost when the ones who they loved were gone. They had to say goodbye again and again to colleagues. One of the respondents who were survivors felt guilty because all in team needed to leave. At the same time, the respondents were confused and worried about what change needed to confront. In the interviews, they mentioned about the feeling of overwhelming, no direction, confusion, and frustration. They often missed the previous work environment and colleagues. Big organizational change has serious side

effects; therefore, it is an urge for a company to get it over quickly – a race to stability (Forbes, 2013).

Actions to manage the Neutral Zone:

- Communication: The Company put hard efforts throughout this stage because the change was sensitive and big issue for them. Clear, Ongoing, empathy, and highly motivated communications took the key part here in the neutral zone. It was for the purpose of monitoring their feelings and concerns as well. As said, the communication had been reinforced through the multiple means as an ongoing basis; Town Hall, Department Meeting and one-on-one discussion with employees.

- Restructuring of Work Processes, Procedures and Policies: According to the downsizing, the company looked for an opportunity to restructure, reorganize or improve internal processes, procedures and policies to eliminate redundancy and create working flexibility for pleasant environment because they felt stressful and were assigned for incremental works. The leader stated that when a role was repurposed, manager and job holder revisited how they managed process for that role and looked at how much work they needed to do on the transition basis. Managers relied on the people who were doing those jobs. They were able to propose a new way of working and management supported them to do so. It was realized that this action naturally created positive aspects for all; for their own and company's benefits.

- Empowerment and Empathy: Not only empowering internal partners, the company invited external consulting firm to provide career transition session for the departing employees on how to develop their own resume, tips and techniques of job application. To build a solid confidence, after the career transition training, a recruitment agency was invited to meet and receive resumes from affected employees as career network.

3) The New Beginning Phase (Real Change)

The feelings of loss and confusion during the first two stages had been resolved. People moved forward and experienced the new reality. They were open-minded to the new reality and stretched themselves for better contribution. "For many people beginning can mean new commitments, a new 'me' " (Holbeche, 2006). Survivors expressed their feeling of pride of the company success momentum. One of

the respondents felt glad when she knew that some of those who left have been rehired to the company. Both respondents who left said that they felt thankful for the change since it created new opportunity for them. They got a new job and have career advancement.

Actions to manage the New Beginning Phase

- Communication: referring to Kotter's Step 8 'Making Change Stick', senior leaders kept informing a momentum of company success and passing their appreciation to everyone for best efforts. The company showed the commitment to existing employees through huge investment of the new plant in Thailand which fully owned by the company and fully equipped with the highest technology.

- Career Opportunity and Growth: Provide career opportunity to employees at the new plant as well as short-term and long-term assignment in the new Regional Office.

- Recognition: Once the transition of office relocation has been completed, there was a recognition event to thank people for their hard efforts.

CHAPTER V
CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The change had been raised up due to the necessity of action required by external forces at highly competitive market place. Having analyzed the implementation of organizational change of Company A according to the change concepts and the research of factors that influence change implementation, the senior leadership team showed their ability in handling such change effectively. The listed factors which influence change implementation under this research framework; Organizational – leader, communication, empathy, and knowledge as well as Personal – attitude, experience and adopter type, are valid to all respondents and are viewed as the top factors that are significant to take into consideration when implementing any change. From organization's perspective, the guiding team had done a great job in preparing and implementing those steps of the process according to Kotter's eight steps of change process. Furthermore, the company's proactive actions could manage reactions and resistance of employees who had gone through the three phases of transition quite well.

Importantly, the evidences which prove its success are solid. Firstly, the interview result showed satisfactory outcomes and positive expression from leaders and employees even though there are some areas for improvement. Secondly, there was none of labor issues. Thirdly, the number of affected employees was less than expected plan due to outplacement action which the company offered its support to some employees whether by short-term assignment and outplacement at the new plant. Lastly, the number of affected people who expressed their interest to return to the company and rehired represents and reflects positive signal.

5.2 Recommendations

From the interview results, there are some points which are considered as areas for improvement for the better success to recommend to the company. Firstly, referring to the communication factor in Chapter 4, a survivor pointed out that she felt frustrated with the limitation of communication flow about the company direction which affected the change of work process preparation. The insight input might not appear obviously and been spoken out but raised the very good and important point. The reason is that the respondent's role was supervisor which is considered as non-management role by its name in the organization. This could be recognized as the gap as people who perform in those jobs, they have team to supervise and take lead at operational level. The limitation of communication flow for change preparation purpose which was delivered among those who were at management level is an obstacle for them to support change effectively. At this point, it is recommended to keep in mind that this group of people also plays a key role for change implementation. With respect that the company needed to maintain confidentiality; however, some certain degree of communication should reach them as well.

Another area is about recognition. Even though the appreciation and recognition had been done properly but it was only at high level. However, during the Neutral Zone, it is critical in terms of a sensitivity of people's feelings in transition process. The company should reinforce recognition for individuals. Just a basic word – 'good job' can boost up their encouragement and motivation amazingly.

In conclusion, the recommendation is around what the company could have done to drive the survivors in overcoming the transition as quickly as possible. All respondents mentioned that to step up to the New Beginning phase, it took over a year. In general for downsizing case, not only to focus on those who a company asks to leave, but it is also very important that the guiding team pays attention to those who are survivors in helping them cope with change and get through the transition effectively.

5.3 Limitations

The research has some limitations. With time constraint in conducting this research, it has to limit the number of interviewees. The consequence is that when the number of interviewees is limited, the data received from interviews does not represent a wide range of perspectives from employees in the organization for analysis. Furthermore, one organization is selected as a case study, the discussion and analysis is based on the context of Company A specifically which represents a single dimension of view. Therefore, the findings on this research cannot be generalized.

However, as a guideline for practitioner, it is considered as a good case study of how a global leading company implemented its significant and negative change and overcame the circumstance effectively. The discussions and analysis according to the experts' change concepts are fruitful to look at. When any changes occur in your organization, adaptation of strategic plan in handling with change is required. Remember, as change is situational, you must bear in mind that adaptation of change process and implementation may require for consideration according to individual organizational context, time and people.

REFERENCES

Appelbaum, S., Close, T., Klasa, S. (1999). Downsizing: an examination of some successes and more failures. Management Decision. Vol. 37 Iss 5, 424-437

BetterEvalution (2014) Retrieved October 20, 2014, from http://betterevaluation.org/evaluation-options/interviews

Bovey, W., Hede, A., (2001). Resistance to organizational change: the role of cognitive and affective processes, Leadership & Organization Development Journal, Vol. 22 Iss: 7/8, 372 – 382.

Bridges, W. (2003). Managing transitions. Making the most of change. (2nd Ed). Nicholas Brealey Publishing.

Captain Cynic (2008). Positive change vs negative change. Retrieved October 20, 2014, from http://www.captaincynic.com/thread/77708/positive-change-vs-negative-change.htm

Caudron, S. (1996). Teach downsizing survivors how to thrive. Personnel Journal, 38-48

Chrusciel, D., Field, D. (2006). Success factors in dealing with significant change in an organization. Business Process Management Journal, Vol. 12 Iss 4, 503-516.

Davenport, T., Harris, J. and Cantrell, S. (2004). Enterprise systems and ongoing process change, Business Process Management, Vol. 10 No. 1, 16-26.

DiFonzo, N., Bordia, P. (1998). A tale of two corporations: managing uncertainty during organizational change, Human Resource Management, Vol. 37, 295-303.

Eby, L., Adams, D., Russell, J., and Gaby, S. (2000). Perceptions of organizational readiness for change: factors related to employees' reactions to the implementation of team-based selling. Human Relations, 419-442.

Edmonds, J. (2011). Managing successful change, Industrial and Commercial Training, Vol. 43 Iss 6, 349 – 353.

Elving, W. (2005). The role of communication in organization change. Corporate Communications, 10(2), 129-138.

Forbes (2013). A hidden risk of big organizational change. Retrieved August 11, 2014, from http://www.forbes.com/sites/kevinready/2013/07/24/a-hidden-risk-of-big-organizational-change/

Hart, M. (2003). Managing transitions in complex change efforts. A summary article of William Bridges' book, Surviving Corporate Transition.

Holbeche, L. (2006). Understanding change: Theory, implementation and success. Oxford: Elsevier Butterworth-Heinemann.

Javitch Associates. Leading organizational change. Retrieved October 22, 2014, from www.javitch.com.

Kotter, J. (1996). Leading change. Boston, Mass.: Harvard Business School Press.

Kotter, J., Cohen, D. (2002). The heart of change: Real-life stories of how people change their organizations. Boston, Mass.: Harvard Business School Press.

Lines, R. (2005). The structure and function of attitudes toward organizational change. Human Resources Department Review, 4, 8-32.

Maginn, M. (2005). Managing in times of change 24 lessons for leading individuals and teams through change. New York: McGraw-Hill.

Maurer, R. (1996). Using resistance to build support for change. Journal of Quality and Participation, 56-63.

Rogers, E. (1962). Diffusion of innovations. New York: Free Press.

Vakola, M., Tsaousis, I., Nikolaou, I. (2004). The role of emotional intelligence and personality variables on attitudes toward organizational change. Journal of Managerial Psychology, 19(2), 88-110.

Vuuren, M., Elving, W. (2008), Communication, sense making and change as a chord of three strands, Corporate Communications: An International Journal, Vol. 13 Iss 3, 349 – 359.

Washington, M., Hacker, M. (2004). Why change fails: knowledge counts.