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**How do managers view change, creation of change, anchoring of change
and factors that influence employee's view of change in medium sized
energy companies in Sweden?**



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Abstract

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Keywords: Change, resistance, inertia, manager & organization.

Thesis purpose: To understand how managers in medium sized energy companies look upon change, how they create change, how they implement change and how they influence employees to accept change. The purpose is also to find hints of new information or sub dimensions within the field of organizational change.

Methodology: semi-structured interviewing with key managers within the case company Öresundskraft.

Theoretical perspectives: The pace of market change has increased during the last decade which is forcing companies to adapt faster in order to sustain long term survival. However, to successfully implement changes requires that the people within the organization change, which in some can be hard due to different forms of organizational resistance. In addition, creativity within an organization is source of change that might enable a company to sustain long term survival. However, lack of incentive, inertia or the way the company is organized can undermine employees and managers ability to be creative.

Conclusions: Managers within the energy sector have noticed an increased market pace which forces them to change more often in order to sustain long term survival. Smaller changes are easier to implement. However, bigger changes are due to company structure and employee resistance harder to implement. In Öresundskraft case, communication is the favored method to gain employee support for changes. Longer stability within the energy market has created a form of inertia that makes managers less able to spot new opportunities to utilize.

Table of Content

Chapter 1, Introduction.....	4
1.1 Background.....	4
1.2 Problem discussion.....	5
1.3 Research question.....	6
1.4 Purpose	6
Chapter 2, Theoretical frame of reference	6
2.1 Change in general.....	6
2.2 Factors influencing change	9
2.3 Methods for anchoring or creating change	12
2.4 Summary	18
Chapter 3, Method.....	20
3.1 Overall research design.....	20
3.2 Data collection	20
3.3 The survey questions	21
Chapter 4, Presentation of result.....	23
4.1 Introduction to the case company.....	23
4.2 Perception of change in general	23
4.3 Perception of factors that influence change.....	25
4.4 Perception of methods for anchoring or creating change	27
Chapter 5, Analysis and discussion.....	29
5.1 Change in general.....	29
5.2 Factors influencing change.....	29
5.3 Methods for anchoring or creating change	30
Chapter 6, Conclusions and implications.....	32
6.1 Conclusions.....	32
6.2 Implications for future research.....	33
6.3 Practical implications	33
Interview guide.....	35
Appendix.....	36

Chapter 1, Introduction

1.1 Background

Through the history of man, organizations have always been forced to adapt to changing environments. Those who are unable to cope with new situations will sooner or later disappear. The globalization and deregulations has brought opportunities for businesses. However, it has also increased the pace (Weber & Weber, 2001). Many branches embrace change and see it as something natural while others prefer more stability. Some markets have seen a radical transformation. From stable to unstable and vice versa (Kotter & Schlesinger, 2008). So, what does this new environment mean for the companies? What do they have to do to cope with it? In industries which are transforming more rapidly, organizations need to adapt their organizations more frequently to it. If they don't adapt they expose themselves for attacks by competitors (Hannan & Freeman, 1984). There are many examples of companies that could not adapt to changing environments and thus failed.

When it comes to failure to adapt to changing situations, the perhaps most famous example in Sweden might be Facit. Facit manufactured and sold mainly mechanical calculators. During the height of the company's existence in the beginning of 1970, they had around 14000 employees worldwide and their revenue was around 1 billion SEK. However, the need for mechanical calculators suddenly dropped as digital calculators from Japanese companies became smaller and more affordable. Facit had an internal structure that was inefficient, which combined with other factors lead to the decision to form a partnership with Hayakawa (Sharp) instead of developing digital calculators by themselves. However, the cooperation was not too successful, the quality of the delivered goods from Hayakawa did not match the expectations and Facit was also unfamiliar with the business methods used by Hayakawa. The cooperation was later canceled, which left Facit without digital calculators. A panicked situation erupted among the leaders of the company as they could not provide what the market required. Sales dropped even further and in 1972, Facit was bankrupt. The town where Facit was mainly located lost a lot of job opportunities while parts of the company were sold (Torekull, 1982).

Facit is an example from the Swedish manufacturing industry. However, the focus of this thesis will be on the Swedish energy sector, which is experiencing increased and faster change since the deregulation of the market in 1996 (From, 2012), this points towards a climate in the sector where companies needs to adapt faster to changes in order not to face the same destiny as Facit or other similar companies.

1.2 Problem discussion

The environment for companies is constantly changing and the speed has increased during the last decades. It is becoming more essential for companies to adapt to the changing environment in order to survive (Weber et al., 2001). Companies who do not adapt to the changing environment expose themselves for attacks not just by existing competitors, but from new start-ups as well (Dean, Meyer & Decastro, 1993; Hannan et al., 1984). According to research made by the American Management Association, 84 percent of the companies in the United States of America were conducting at least one major change and 46 percent reported more than three changes currently in progress (Vakola & Nikolaou, 2005). However, studies have shown that around 70 percent of all intentions to change something ultimately end up with failure (Beer & Nohria, 2000). Managers expect support for new implementations like total quality management, rightsizing, supply chain management etc. However, the commitment and positive attitude towards the change might not be there (Strebel, 1996). Change is for some individuals easier to embrace than others. Negative emotions might be created due to changes, for some it feels like wandering from what is known to the unknown, which leads to uncertainty (Bovey & Hede, 2001). Some might think more strategically, if they see themselves benefitting from the change it is easier for them to support it. However, if the change threatens their position or some other benefits, it might result in fighting or undermining the change (Vakola et al., 2005). Whatever it is from, emotions or strategic factors, resistance to new ideas and changes happened very often. It is the most common reason why changes fail today (Vakola et al., 2005). Failing to implement changes can even worsen the situation within the organization. It might negatively affect the moral, productivity, turnover etc. (Weber et al., 2001).

Despite that a lot of changes fails, there is still a great number of changes that ultimately succeed. However, changes do in most cases require the employees support in order to be implemented successfully. Today, managers tends to not view employee support for changes as the most important issue when implementing new changes, instead, managers tends to focus mostly on how the change can technically be implemented (Bovey et al., 2001). There are several methods that could be used by managers to increase employee support for changes. The most effective method might be to involve the employees in the change. If employees are well informed about the effects of the change, uncertainty related to the change can be reduced. Furthermore, if the employees get the opportunity to participate in the formulation of the change, they will be less reluctant to resist the change (Kotter et al., 2008).

Organizations sooner or later have to adapt to the changing environment. However, the need for change is not always recognized internally, which could be organizational inertia. Inertia can simplified be explained as the inability for an organization to adapt to changes

in the environment (Dean et al., 1993; Larsen & Lomi, 1999). Inertia usually originates from bureaucracy, people's mindset are steered towards performing their jobs in a repeated manner, which might lead to a funneled vision when solving problems (Liao, 2002). This funneled vision might also lead to missing opportunities, which might give competitors a chance to gain an advantage against the organization. In most industries however, it is vital to have stable procedures in order to lower the cost of production, which is vital for surviving as well (Larsen et al., 1999). In most cases, an optimal organization for entrepreneurship and low production cost has a balance between loose and tight control (Kuratko, Morris & Covin, 2011).

1.3 Research question

As elaborated above, organizational changes are becoming increasingly important in order to ensure long term survival. However, to implement changes are in some cases rather hard. People might due to emotional or strategic reasons become negative towards change, which in some cases leads to resistance. Resistance might not only be the threat organizations face when changes need to be made in order to cope with the environment. The organization's structure might become too stable which makes the people within it less able to recognize changes that need to be done.

The research question in this master thesis is: How do managers view change, creation of change, anchoring of change and factors that influence employee's view of change in medium sized energy companies in Sweden?

Change in the research question is defined as organizational change that is required in order to sustain long term survival or increasing the competitiveness. Managers are usually the ones who implement change. Hence the research will be looked from a managerial perspective. In addition, since not every manager is expected to not have hands on experience of change, their perception of change and what kind of methods they use to anchor change will be looked upon. Finally, since the organization can only successfully change when the people within it have changed, it is essential to gain the support of the employees and not to face resistance. This research will also investigate how managers view factors that might influence employee's view of change.

1.4 Purpose

The purpose of this master thesis is to do a research within Öresundskraft to answer the research question. Öresundskraft is a local energy provider located in Helsingborg in the northwestern part of Scania, Sweden. Öresundskraft offer their customers electricity, heat, fuel, broadband and also some services related to these products. It is owned by the municipality of Helsingborg and has today around 450 employees (Öresundskraft, 2012).

This company was selected since it is on some key factors is able to represent many other medium sized energy companies in Sweden. According to Nils-Gunnar From (2012), the CEO of Storuman Energi, the companies acting on the Swedish energy market can in general be divided into three kinds, the first kind are the “big companies” Eon, Vattenfall and Forum. The second kind is the “medium sized energy grid owners”. These companies own their own energy grid and have their own energy production. They are in general owned by the municipality where they act and medium sized in terms of number of staffs. The third kind is the “small free actors”, who does not own their own grid or energy production. Instead they buy the energy that they need. Öresundskraft fits to the second category “medium sized energy grid owners” since they are owned by the municipality, are medium sized in terms of number of staff, have their own energy production and own the grid in the Helsingborg region.

The purpose of this thesis is to understand the research company and hence understand how similar companies in the Swedish energy market view organizational change. In addition, the purpose is also to find new information or sub dimensions within the field of organizational change. Due to lack of resources, the aim is not to empirically prove new findings within the field of organizational change. Instead, new findings will only be used as an implication for future research.

Chapter 2, Theoretical frame of reference

2.1 Change in general

There are many factors why organizations sometimes find it difficult to implement new ideas. To begin with, implementing new ideas means that something has to change, which can sometimes be frightening to the affected people. The outcome of that might ultimately be resistance, which is something that most organizations strive to avoid. So, we ask ourselves first why organizations need to change. Industry dynamics are the source of market opportunities (Mises, 1949). Changes in existing markets create possibilities for both existing companies and new start-ups. Change alters the market structure on which companies has adapted its organization to. The outcome of it is that the activities performed by the company might not correspond correctly to what the market requires (Dean et al., 1993).

The origin of positive market change depends on five factors: (1) demand increase, (2) demand modification, (3) development in technology, (4) new supply sources, and (5) political/regulatory change.

The first one might be the most obvious factor. It stands for **increased demand** without any requirements for modification of the current product.

The second factor can be explained as **change in the demand itself**. The values that customers aim to get might get slightly modified. It can be changed customer taste or preferences, which alter the core of the demand.

The third factor is **development in technology**. New technical processes or products might alter the business entirely. New processes might lead to lowered production cost while new products might create wholly new niches.

The fourth factor is the new **supply sources**. New sources of supply might give companies the ability to reduce their cost of production.

The last factor is **political/regulatory change**. Changes in this factor might swift the market into a new direction fast. It can for example be lowered taxes, deregulations etc. (Dean et al., 1993).

As stated before, change creates opportunities, opportunities on the other hand creates economic incentives for entrepreneurship, which might lead entrepreneurial activities (Mises, 1949). When an opportunity arises it might end up in three possible results. The first is that **nobody utilizes the opportunity**, which ends up being unexploited. The second possible result is that a **business already within the market utilizes the opportunity**. The last possible result is when a **new firm is established to utilize the opportunity**. Constraints will determine in most cases if an existing or a new company will exploit the opportunity created by the change. More constrains on existing firms usually leads to more new companies and vice versa. Constrains for new companies are entry barriers, which can for example be economics of scale, product

differentiation/proliferation, plant location, pricing, government regulation etc. While organizational inertia is the constraint in existing firms. Organizational inertia can sometimes occur when a company becomes too bureaucratized. The organization becomes too structured and stable, which makes it less proactive in search for opportunities. As mentioned earlier, this enables new companies to establish themselves in the same market (Dean et al., 1993).

More entrepreneurial acts within a market makes the market itself moves toward a state of equilibrium, which might make it harder for existing businesses to survive. This leads us back to the initial question, why organizations have to change. If the organization does not adept according to the changing environment, it might create room for new and existing firms to see the opportunity that the change brings and exploit it. More competition might lead to lower revenue and even the possibility of being out-competed. So, to avoid this kind of situation to occur, organizations needs to change according to the changes in the environment (Dean et al., 1993).

The pace of changes has increased during the last decades. This increased pace origins from intensified competition mostly due to deregulations and the opening of new markets, which makes it more essential for organizations to change faster according to the environment (Weber et al., 2001).

2.2 Factors influencing change

As discussed above, it's vital for organizations to change according to the altering environment. But how does the individual within an organization react to change? Individuals experience organizational change in different ways. Change creates emotions, how these emotions will look like is formed by previous experience of change. In addition, emotions are linked with learning. What is seen or heard are interpreted with help from emotions, in the same time, emotions are the result of things previously learned (Eriksson, 2004).

For some it's easier to embrace organizational change than others. To resist organizational change is common since it in many cases takes one emotionally from the "known" into "unknown territory" (Bovey et al., 2001). If the way work is performed completely changes it might create uncertainty and fear among the employees because they feel like they will not be able to handle the new situation (Vakola et al., 2005). However, if the employees feel able to do what it takes to transform the idea into reality, the reasons to resist usually gets lower (Eriksson, 2004). In addition, if the individual sees the change as a clear opportunity, the change might be viewed as something positive and might therefore favor the idea instead of resisting it (Westen, 1985).

A number of researches claim that organizational change can create stress among the employees. If stress is a side-effect of change for an individual, it might create negative

attitudes towards new ideas, which might lead to some form of resistance when changes are implemented. The impact of stress depends on the individual and can in some cases have a huge impact on the wellbeing of that person (Vakola et al., 2005). Perlman and Takacs (1990) argue that organizational change can make individuals experience equilibrium, openness, readiness, re-emergence, depression, anger, denial, chaos and bargaining. Negative emotions created by change might create consequences for the organization. Employees might for example experience lower job satisfaction, decreased motivation and increased intentions to leave the organization (Vakola et al., 2005).

Many changes that are implemented ultimately fail (Beer et al., 2000). Or the change might differ from what was first announced when the implementation is finished. This might affect the perspective on changes within the organization. Employees who have worked a long time within an organization and experienced this might become less enthusiastic when new changes are announced (Eriksson, 2004). However, in innovative organizations that have many new ideas, employees are usually more adaptable and open to change. This since these kinds of organization changes more often which makes the employees more adaptable to change (Weber, 2001).

Organizational resistance has been touched upon previously. However, a definition what resistance really is has not been elaborated upon. Resistance could be explained as “anything and everything that workers do which managers do not want them to do, and that workers do not do that managers wish them to do” (Piderit, 2000). In most cases, people resist changes in order to move the situation towards status quo (Strebel, 1996). For example, organizations might have some core values that employees are more or less emotionally attached to. These values influence the way business is preceded and usually is for the benefit of the organization. However, when implementing change that might affect these core values, emotions might create resistance towards this new change (Eriksson, 2004).

A research by Bovey et al. (2001) was conducted to measure how peoples within organizations reacted to changes. The survey was conducted on nine different organizations within different sectors that were significantly reorganizing their structure. As a result, about 90% believed that the change within their respective company had at least a moderate effect on them.

As the pace of change has increased, it is vital for organizations to acquire employee support for announced changes, rather than to encounter resistance (Piderit, 2000). Often when implementing new changes in the organization. Managers lack the ability to see ahead who might resist the change and for what reasons. If the change leads to resistance when the responsible manager is unprepared, the outcome often leads to an unsuccessful implementation (Kotter et al., 2008). The four most frequent reasons for employees to resisting change is: a desire to not lose something that’s valuable,

misunderstanding of the change and its implications, belief that the change does not make sense for the organization, and low tolerance to change (Kotter et al., 2008; Eriksson, 2004).

A desire to not lose something is related to the self-interest of the person. The focus is placed on what's best for oneself rather than what's best for the organization.

Misunderstanding of the change and its implications can be described as uncertainty for the employee combined with lack of trust to the management. The responsible managers often do not explain the reasons behind the change and how it is going to be implemented, which can create a lack of communication. If the employees don't trust the management, then the employees might believe that the change might cost them more than what they will get in return, which might lead to resistance.

A belief that the change does not make sense for the organization can occur when employees have a different perspective on the effects of the change compared to the managers. From the employees perspective the change might not only be unbeneficial to them, it might be unbeneficial to the organization as well.

Low tolerance for change can be explained as fear of not being able to adapt to the new situation that the change requires. All humans are limited more or less to what they can adapt to. Changes can sometimes require too much too quickly for a person. An employee can also in some cases resist change in order to save face. The announced change can contradict some core values or something previously stated by the employee. Sometimes peer group pressure or simply the attitude of the managers can also lead to resistance (Kotter et al., 2008).

In addition to organizational resistance, there are other factors influencing organizational change as well. Inertia might make an organization blind to new changes, even though changes might be highly necessary in order to sustain long or short term survival.

Organizational inertia can simply be explained as the inability for an organization to adapt to environmental changes (Larsen et al., 1999). Inertia can emerge from the way business is conducted by an organization, this since interaction with outside stakeholders involves the organization in various commitments etc., which might reduce flexibility and hinder the organization from doing radical changes (Romanelli & Tushman, 1986). From an internal perspective, Inertia is normally a result of bureaucracy (Larsen et al., 1999). In most industries, reliable and predictable procedures are vital for lowering the costs of producing goods or services and to acquire a satisfying level of quality, which in turn is essential for the survival of the organization. Creating systematically working procedures is one method that could be used to solve this (Larsen et al., 1999). However, it has been found out that when the working environment for the people within an organization is too stable with little or no change. Routines become embedded within the organization and learned patterns are used to solve issues, which discourages new solutions to problems (Dean et al., 1993). Hence the system used to create stability also makes the organization less able to adapt to changes (Kelly & Amburgey, 1992). In a simplified

manner, the effects of bureaucracy on people can be explained like this, humans tend to be either right- or left-handed. This is the outcome from years of practice and experience from the early stages of life. It is hard to switch hand and the habit of favoring one hand results in solving problems in a certain way. This can be used to explain other human behaviors. For example, when employees have worked and solved problems in a certain way for a long time, when facing a new problem or situation, they still might use their old methods to solve it, since it might be hard to approach the problem from another perspective. If an organization ends up in this situation it might be hard to move forward and come up with new solutions (Liao, 2002). Managers who suffer from inertia might be unable to spot opportunities since their mindset makes it difficult to recognize them, which might lead to not taking advantage of the opportunities at all. In these kinds of situations, competitors are given the chance to take advantage of the opportunities, which can in the long run threaten the existence of the organization (Dean et al., 1993). Inertia can also be created if an organization is successful over a longer period of time, the lack of pressure and criticism within the company might make the organization blind for new changes. The organization might believe that its business is doing well and therefore cannot see the need for change. This might result in a low degree of changes which might give competitors the opportunity to out-manuever the organization (Eriksson, 2004).

There are some benefits of inertia as well. Companies with a high degree of inertia might increase the reliability of the organization. When conducting the same kind of work under a longer period of time, the ability to replicate the past experiences will increase. Implementing changes into an organization might negatively disrupt the way the organization acquires knowledge and experience. Since inertia might reduce the number of changes within the organization. The performance experience of the employees might steadily increase with fewer interruptions. (Larsen et al., 1999). However, in any case, if inertia is considered as a problem for an organization, it is not something that can be removed easily. Inertia usually is embedded into the structure of the company, which makes it difficult to change or influence (Hannan et al., 1984).

2.3 Methods for anchoring or creating change

In most organizations managers have the responsibility to make sure that the organization is working towards its goals. However, implementing change is very hard and can lead to resistance if the managers handle it in the wrong way, which might direct the organization away from its goal. That leads us to the question, what can managers do to avoid organizational resistance? To begin with, managers might in some cases have the wrong approach towards the employees when implementing changes. This since many managers tends to focus on technical issues instead of human elements when planning for change. It is vital to consider potential employee reactions because change can only be successfully implemented when the people within the organization change. If

organizational resistance occurs, it can become more intensified if handled in the wrong way by managers (Bovey et al., 2001). For some managers it's harder than for others to handle this kind of situation. Some sees resistance as a negative thing because they believe it's more linked to employee disobedience rather than emotions etc. This could lead to a view of seeing employees as obstacles instead of a source of opportunity. This kind of attitude could itself lead to failure in organizational change (Piderit, 2000). The key to success is for managers when implementing change is to balance both human and organizational needs (Bovey et al., 2001).

It has been researched that individuals who are more committed to the organization tends to have a better attitude towards changes. Furthermore, they usually have a higher motivation to contribute to the change rather than to work against it. Employees who receives training from the organization tends to be less negative towards change, this since the training might make them more confident about handling the change (Vakola et al., 2005). Support from both colleagues and management during the change process might also contribute to a more positive attitude towards change (Weber et al., 2001). In addition, support might also lead to increased creativity, since doing what is valued by the organization tends to motivate people (Leonard-Barton & Deschamps, 1988). New employees arriving to an organization have certain needs, skill and expectations. Usually they wish to have a work environment where their abilities are useful and at the same time able to satisfy their individual needs. If the organization is able to provide this to the individual, that individual's commitment towards the organization tends to increase (Vakola et al., 2005).

As touched upon earlier, managers also tend to underestimate potential employee support to change. In order to get more support or to avoid resistance when implementing a change, six different methods can be used. Some of which have been elaborated upon earlier. The first method is **education and communication**. If the employees are informed about the changes at an early stage, employees will get the time to think about the changes and will perhaps see the logic it brings. The education process can be conducted through one-on-one discussions, campaigns etc. However, this method requires a good relationship between both parts. Or else the employees might not believe what the managers are saying. In addition, this method is time consuming and requires a lot of people.

The next method is **participation and involvement**. To integrate employees in the development might create a sense of commitment which can lead to avoiding resistance. But this method is time consuming and can sometimes lead to a poor outcome if the process is not managed properly.

Facilitation and support is the third method which encourage managers to be supportive to employees. It can be in form of providing training, education, giving time off or simply to listen and give emotional support. This approach is useful when fear and anxiety is the

reason behind the resistance. But it's time consuming, requires patients and still might have failure as an outcome.

The forth method is **negotiation and agreement**. Active or potential resisters might be given different incentives. It can be higher salaries for the union to compensate for a new work rule. This method is usually used to avoid resistance when the situation for a part with significant power is downgraded due to the change. However choosing to do this is costly. Furthermore, giving away the signal that negotiations will be used to avoid resistance might create opportunities for employees to use blackmailing.

Manipulation and co-optation is the fifth method. This is when manager's covert attempts to influence people by providing only selected information etc. Another way of manipulating is co-optation. By giving a leader of a group a key role in forming and implementing the change, it might create a sense of participation for the whole group and thus avoiding resistance. But the role is just for show and advises that are lifted up will not be taken into account. These kinds of methods are cheap and fast compared to other methods. However, if the employees find out that they have been manipulated then it might backfire. This in form of distrust, disloyalty etc., which eventually might lead to resistance.

And finally, the last method is **explicit and implicit coercion**. This is when forcing change upon the employees. It can for instance be when threatening employees with reduced salary, remove promotion possibilities, firing, repositioning etc. This method has similarities with manipulation since it can be risky. Employees might sooner or later resist forced change. But in situation where fast implementation of an unwanted change is necessary then using this method might be the best solution (Kotter et al., 2008)

In order to choose the best strategy for implementing a change managers need to evaluate some factors, for example how fast the change needs to be implemented? How much planning is required? Does anyone else within the organization need to be involved? Etc. The key to successful organizational change lies in choosing a method that fits with certain situational variables. A model that explains this is presented below.

Fast

Clearly planned.

Little involvement of others.

Attempt to overcome any resistance.

Slower

Not clearly planned at the beginning.

Lots of involvements of others.

Attempts to minimize any resistance.

Key situational variables

The expected type and amount of resistance.

The position of the initiator vis-à-vis the resisters (in terms of power, trust etc.)

The locus of relevant data for designing the change and of needed energy for implementing it.

The stakes involved (for example, the presence or lack of presence of a crisis, the consequences of resistance and lack of change.)

According to the model, the left side represents a faster implementation of the change. The change is well planned and its implementation doesn't require much involvement of others. This strategy aims at overcoming potential resistance. But by doing so could instead result in intensified resistance. The right side represents a slower implementation of the change. The change is not well planned and involves other peoples than the change initiators. This kind of strategy compared with the previous one lowers the risk for organizational resistance (Kotter et al., 2008).

When choosing strategy, attention needs to be paid on different situational factors. There are four common factors and the first one is the expected kind and amount of resistance. The higher the expected resistance is the harder it gets to just overwhelm it. This might force managers to move more to the right side of the model to avoid resistance. The second factor is the position of the initiator vis-à-vis the resisters, especially with regards to power. When the power of the manager is weak compared to the rest then it might be necessary to move more to the right in the model and vice versa. The third factor is the person who has the relevant data for designing the change and the energy for implementing it. The more this vital person needs information and commitment from others to design and implement the change, the more right one has to move in the model. The last factor that needs to be considered is the stakes involved. If speed is essential for gaining an opportunity or for the survival of the organization, then one has to move left in the model. Managers who don't adapt to this model sooner or later encounter trouble when implementing changes. But in some cases managers have to overlook the factors to solve emergent issues, this when the effects of not acting is worse than the effects of potential resistance (Kotter et al., 2008).

It can be difficult to manage the implementation and creation of new ideas. Creativity, one of the "ingredients" needed to innovate, is considered vital for the economic development, both for the separate organization and for the society as a whole (Schumpeter, 1942). However, there are many managerial factors that exist that might negatively influence idea creation and implementation. According to Van De Ven (1986), there are four factors.

The first one is the **human problem of managing attention**. Humans have a limited

capacity to receive and understand information. Higher complexity increases the limitation. To cope more efficiently with new information, humans need to have something to refer it to, which can be pre-existing knowledge in the area. When doing something repeatedly, individuals acquire more experience in the specific field. However, routine tasks might be hard to unlearn, which might lead to focusing on protecting the current way of doing things, rather than spending time on the development of new ideas. It might be harder to motivate employees within a successful organization to focus on innovation and opportunities due to lack of urgency, which is also argued by Kuratko et al. (2011).

The second factor, **the process problem is managing ideas into good currency**. It is related to the implementation of ideas. Ideas can be generated and developed by one single employee. However, to implement that idea into an organization requires the work and support of other employees. If the other people needed for the implementation does not have the required motivation or even opposes it, then the implementation of the idea might be in peril.

The third factor is the **structural problem of managing part-whole relationships**. It can be described as the confusion created when spreading an idea across different departments within an organization. In some situations it might be vital to acquire knowledge that exists within different departments to further develop the idea. But by doing this, it might get harder for the people involved to get a clear overview of the development of the idea.

Finally, the last factor is **the strategic problem of institutional leadership**. Since new innovations need to adapt to the current structure and environment of an organization, managers need to make sure that these are supportive to new ideas.

It has been researched that creativity is more likely to get killed rather than supported. In most cases, managers do this unintentionally. Most believe that new ideas are important for the development of the company. But by organizing a company in a certain way to increase efficiency, coordination or control, the ability for employees to be creative might be undermined (Kuratko, 2011; Amabile, 1998).

Amabile (1998) has developed a model that could describe the cornerstones of business creativity. The model consists of three components that could all be more or less influenced by managers, both in positive and negative terms. The components are expertise, creative-thinking skills and motivation. **Expertise** could be described as knowledge in the specific area of business. **Creative-thinking skills** can be describes as the level of innovative approach an employee has when solving a problem. And finally, **motivation** is simply the reasons and incentives an employee has towards solving a problem. Amabile states that there are two kinds of motivations, namely extrinsic and intrinsic motivation. The extrinsic motivation is influences coming from outside an employee. It can be both positive and negative influences for the employee in terms of

rewards, threats etc. Money is in many situations a good motivational factor for creativity. But it usually does not make employees passionate about what they are doing. Intrinsic motivation, the second kind of motivation can be described as an employee's inner drive to accomplish something. It can for example be a sense of challenge, or a drive to complete something that no one has succeeded with previously. The employee will feel motivated by inner satisfaction rather than external pressures, which makes this kind of motivation better for creativity than extrinsic motivation.

The three components expertise, creative-thinking skills and motivation could all be influenced by managers. Motivation is in most cases the easiest one to influence and it gives the quickest result. However, managers need to balance influencing the different components to a certain degree. According to Amabile (1998), these components could be influenced by six general categories of managerial practices: Challenge, freedom, resources, work-group features, supervisory encouragement, and organizational support. **Challenge** is to involve employees with matching tasks. Matching an employee's expertise, creative-thinking skills and motivation to a task balanced not to overwhelm nor bore the employee could foster creativity. In order to make the right match, managers needs to pay attention to their employees and understand them. **Freedom** to perform a job however the employee wants to can increase their intrinsic motivation and sense of ownership. It also allows them to use their expertise and creative-thinking skills in the most productive way. **Resources** consist in most cases of time and money. It is vital to provide the right balance of resources, since too much does not necessarily create more creativity. By providing too less resources, employees might not have enough time to actually finish the job, or they might spend valuable time on resource gathering rather than developing the new product or service. **Work-group features** is an important factor that needs to be considered when assembling employees to form a group. Forming a group that is diverse and where the members can easily cooperate with each other might increase creativity. Furthermore, it is also important for the creativity that the members share the target goal, aid each other and are open for each other's ideas. **Supervisory encouragement** is when managers values creative work done by employees, which might foster creativity. **Rewards** or **recognition** are two methods that could be used to do this, while skepticism and criticism might have the opposite effect. Organizational support involves not just the supervisors, it involves the whole organization. If the organization could be fostered to encourage entrepreneurship, it might have a positive effect on creativity.

Knowledge is becoming more important when developing new products or services. The level of knowledge previously acquired is important when solving problems. The outcome of the work to solve a problem could be seen as a reflection of the knowledge and experience previously acquired by the employee. This since previously learnt knowledge has been bent to fit the new situation. However, if the knowledge level is not adequate or

low, then the employee might be unable to come up with a solution. In addition, if the employee manages to come up with a solution it might not be the most optimal one. By getting more knowledge the perspectives can be broadened, which might lead to a more optimal solution. By focusing on knowledge management, knowledge within the organization could be increased. The aim is to enable knowledge to continually flow into and within the organization, which enriches the employee's ability to solve problems and innovate. However, for knowledge management to work, it is essential that the organization has a supportive culture towards it. Or else the employees within might not be willing to share what they know with others (Liao, 2002).

2.4 Summary

The speed of change in the environment is increasing. The demand for an organizations product might decrease, or rising opportunities can encourage others to act within the market, which might move the market into a state of equilibrium (Dean et al., 1993). This in turn can lead to decreases sales for the organization. These are examples of some of the factors that make it vital for organizations to change accordingly in order to sustain long term survivability (Hannan et al., 1984).

Some people have a positive attitude towards change. If the individuals can see themselves benefitting from the change, the likelihood of embracing it will increase (Vakola et al., 2005). However, most people have a negative attitude toward change. Around 90 percent in one research replied that the change in their organization affected them negatively to at least a moderate degree (Bovey et al., 2001).

Implementing change is hard since people within the organization might not be open to change and hence might resist it. One of the most common reasons for resisting new changes is due to emotional feelings, which is mostly created by uncertainty about the outcome of the change (Bovey et al., 2001). Resistance can also occur if the change negatively impact employee benefits or way of working (Eriksson, 2004). In most cases, the goal of the resistance is to move the situation towards status quo (Strebel, 1996). People working in fast changing markets tend to be more open to change than people in stable markets (Eriksson, 2004).

Inertia might hinder the creation of change. It makes an organization less able to adapt to environmental changes, even thou changes might be required in order to sustain long term survivability (Larsen et al., 1999). Inertia usually origins from structure and bureaucracy, if the people within an organization continually works the same way for a long period of time, it might take away their focus from changes in the environment and old patterns are used to solve problems, which do not encourage new changes (Dean et al., 1993). Managers who suffer from inertia also tend to be less able to spot new opportunities that are rising in the market (Dean et al., 1993). In addition, inertia can be

embedded into the structure of the company making it difficult to remove (Hannan et al., 1984)

Organizational resistance is the most common reason why implementation of new change ultimately fails (Beer et al., 2000). However, managers can do something to reduce the level of potential resistance. In many cases, more managerial focus can be placed on human reactions from changes in the planning stage. To gain the support of the employee is better than facing resistance. If resistance occurs without preparation, it often results in unsuccessful implementations (Kotter et al., 2008). One key factor managers have to think about when implementing change is to balance both human and organizational needs (Bovey et al., 2001).

Managers can also through education, participation, support, negotiation etc. increase employee support for change. However, each method has its separate drawbacks that need to be evaluated to the current situation (Kotter et al., 2008).

Creativity is one source for organizational change. New ideas can lead to reshaping the organization to produce more value. However, managers tend to unintentionally kill creativity instead of supporting it (Amabile, 1998). Managers most often do this through how the organization is formed. How the company is organized might undermine employee's ability to be creative. In order to increase creativity, one method that could be used is to positively affect employee's motivation, which could be influenced by incentives to be creative from the company (Amabile, 1998).

Chapter 3, Method

3.1 Overall research design

Following the approach of collecting information from research articles and literature, a survey within Öresundskraft will be conducted to answer the research question. As stated earlier, the research question for this thesis is: How do managers view change, creation of change, anchoring of change and factors that influence employee's view of change in medium sized energy companies in Sweden? To get the needed information from Öresundskraft, people in managerial positions at various departments will be interviewed. By targeting managers from different departments, broader perspectives regarding the research question could be acquired, which is vital since the aim of this research is to acquire an outcome that is as representative as possible, so it could be able to fit other companies as well rather than just Öresundskraft.

3.2 Data collection

The method chosen for the survey is semi-structured interviewing. Semi-structured interviewing can be described as a mixture of unstructured interviewing and structured interviewing. Structured interviewing has some similarities with self-completion questionnaire. The interviewer asks the participants questions according to a pre-made schedule. Much focus is placed on reading the questions in the same way to all participants, this to influence the answer from the participants as little as possible. During unstructured interviewing, the interviewer asks questions regarding a certain topic without a certain pattern. The interviewees are given much freedom to answer the question as he or she wants to. As mentioned earlier, semi-structured interviewing is a combination of both these methods. When conducting a survey using this method, the interviewer follows a schedule of questions. However, if the interviewee is providing vital information, the interviewer can temporary leave the schedule and ask follow-up questions to gain further information. Semi-structured interviewing uses some of the strength provided by both methods. However, it can only do that to a certain extent. For example, a well performed structured interview can provide results with a high validity. Semi-structured interviewing is in most cases unable to reach such high levels. In addition, semi-structured interviewing is compared to unstructured interviewing less able to catch unexpected responses from the interviewees. But nevertheless, when looking at

the whole situation semi-structured interviewing is still the most suited method to use in this survey. Some flexibility when it comes to the questions asked is needed since some participants might provide valuable information, which might require the use of follow-up questions to gain more knowledge in the area. In addition, since some participants are not expected to be familiar with the subject of the survey, some exploitation might be required to make it clearer (Bryman et al., 2011).

Semi-structured interviewing is classified as qualitative research. Occasionally, qualitative research has faced criticism for being too subjective. The critics argue that the way the researcher sees the world and the values he or she has might impact the outcome of the study. It is also harder to replicate the outcome of a survey, this since the research is more unstructured compared to quantitative research. In addition, it might be harder to support generalization. For example, by conducting unstructured interviews on a small number of people from a group, how can it be said that their words or thoughts are representative for the rest? Furthermore, the way qualitative research is performed and how the final conclusion is reached is sometimes unclear. In these situations the research lacks transparency (Bryman et al., 2011). When conducting the survey, this criticism will be taken into account to reduce subjective questions and to increase transparency to the greatest extent as possible.

When conducting the interviews, the questions will be read by the interviewer in Swedish. Attention will be focused on asking the questions in a neutral manner, this to avoid biased questions that might influence the answer provided by the interviewees (Bryman et al., 2011). During the interviews, if the body language or answer of the interviewee shows a degree of misunderstanding, if the interviewer believes that this might have an impact on the answers, the interviewee will temporarily stop the interviewing and ask if the interviewee understood the question. If needed, then a clearer description will be provided to avoid misunderstandings to the highest possible rate.

3.3 The survey questions

When constructing the questions for the survey, to reduce potential misunderstandings, the questions were formed using a simple language. The survey contains both closed and open questions. Each respondent is encouraged to freely elaborate around each question in order to broaden the findings. This is especially encouraged when the question is closed.

The questions used follow the same pattern of the theoretical frame of reference in chapter two and are hence divided into three subheadings, namely change in general, factors influencing change and methods for anchoring and creating change.

The questions in the change in general subheading are aimed at capturing Öresundskrafts view of change. The first question is aimed at looking upon how Öresundskraft believes that they are reacting to market changes. As the speed of change has increased, it is becoming more essential to adapt faster according to the environment (Weber, 2001). The second question is aimed at measuring if there are any constraints that might hinder Öresundskraft from exploiting new opportunities (Dean et al., 1993). The third question investigates if Öresundskraft believes that changes make them less vulnerable to become out-competed by competitors (Dean et al., 1993). And the final question in this subheading measures if inertia exists within Öresundskraft that might hinder them from adapting to market changes (Dean et al., 1993).

The second subheading, factors influencing change is aimed at capturing what factors within Öresundskraft that affects change. The fifth question aims at capturing how employees in general perceive change. Elaboration regarding forms of resistance and the reasons behind potential resistance will also be encouraged (Eriksson, 2004; Kotter et al., 2008). The sixth question aims at capturing how employees would emotionally feel when faced with major change (Vakola et al., 2005). The seventh question aims at capturing how important a desire to not lose something is for the employees (Kotter et al., 2008). The eighth question measures if potential inertia hinders the organization from spotting new opportunities (Larsen et al., 1999). The last question in this subheading aims at exploring if structural inertia hinders both employees and managers from being creative (Dean et al., 1999).

The last subheading, methods for anchoring and creating change, aims at measuring how the circumstances for creating and implementing changes looks like and how Öresundskraft proceed when implementing change. The tenth question measures what kind of relationship the employees and the managers have, which is an essential factor for some methods when implementing change (Kotter et al., 2008). The eleventh question targets the climate for creativity within Öresundskraft and aims at finding out if managers are unintentionally through control, coordination etc. negatively influence the ability to be creative (Amabile, 1998). The twelfth question investigates what method Öresundskraft use to motivate their employees to be more creative (Amabile, 1998). The thirteenth question measures if Öresundskraft mostly pay attention how to get employee support or technical issues when implementing change (Bovey et al., 2001). The last question asks what kind of strategy Öresundskraft uses in order to gain more support for organizational changes (Kotter et al., 2008).

Chapter 4, Presentation of result

4.1 Introduction to the case company

Öresundskraft, a local energy provider located in Helsingborg in the northwestern part of Scania, Sweden. It is owned by the municipality of Helsingborg and has today around 450 employees. Öresundskraft offer their customers electricity, heat, fuel, broadband and also some services related to these products. They have a long history that stretches back to 1859 when Helsingborgs first gas plant was constructed. However, as the demand for energy steadily increased more needed to be constructed. The municipality constructed these since they were concerned that a private owned power plant might out-compete already existing gas plants owned by the municipality. Later on more focus was placed on electric power plants as more and more switched from using gas as their main energy source to electricity. In 1996, the market for electricity was deregulated, which meant that other companies could start to sell electricity in Helsingborg. However, this also gave Öresundskraft the opportunity to start to sell electricity in other cities as well. In the beginning of 2000, Öresundskraft started to build their broadband grid as well as expanding their district heating grid. Ängelholms energi, a competitor north of Helsingborg was also acquired. During the last couple of years as the climate debate has intensified, Öresundskraft has started to focus more on the environment. Efforts have been made to make the energy more green and efficient. For example, Öresundskraft is today constructing Europe's most modern heat and electricity power plant, which is expected to be finished during the second half of 2012. The current motto of the company is "Energy for a better world, power for the region" (Öresundskraft, 2012).

For the survey, several managers within Öresundskraft were selected. As previously mentioned, managers from different departments were selected since it can raise the broadness of the survey. The names and positions of the participants are as follows:

Norberg, Hans. Vice President

Thell, Victoria. Head of sales (gas and electricity)

Klintberg, Charlotta. Head of strategy

Ottermo, Mikael. Responsible for the campaign "continuous improvements"

Wennerberg-Norvenius, Ulrika. Head of communication

4.2 Perceptions of change in general

When it comes to how the interviewees believe Öresundskraft is reacting to changes in the environment. **Hans Norberg**, the vice president at Öresundskraft and **Charlotta Klintberg**, who is responsible for Öresundskrafts overall strategy, explained that the company responds reactively to environmental changes. They usually act as a late-mover to change. As an example Charlotta referred to new laws were Öresundskraft adapts when the laws are implemented, not in advance. They also appeal when they believe new laws as unjust. Hans explained that they have changed tactics, ago they were focused on expansion through buy-ups. Today they focus on their profitable segments and sell the not so profitable ones. He mentioned that more and more energy companies are switching to this tactic. **Mikael Ottermo**, who is responsible for the campaign “continuous improvements”, believes that Öresundskraft is reacting moderately to changes in the environment. He mentioned that the lack of resources compared with larger actors limits their ability to monitor the whole market. However, Mikael believes that Öresundskraft is quick to change when it comes to environmental issues, for example investing in more environmentally friendly energy etc. **Victoria Thell** who is the responsible manager for sales in electricity and gas states that the top managers at Öresundskraft have meetings where they discuss how the market will look like after four and eight years. According to what they find they try to adapt to that into their business plan. Victoria believes that Öresundskraft is acting proactive in these issues. **Ulrika Wennerberg-Norvenius** who is chief of communication at Öresundskraft believes that Öresundskraft is observant to the market changes and to what their competitors do. However, even thou they are monitoring these variables. They can still act slowly sometimes. The speed of reaction also varies within different departments since they have different structures.

The interviewees had similar answers when faced with the question if they believe Öresundskraft is taking market space from competitors through exploiting opportunities or vice versa. **Hans** argued that they are not taking market space from their competitors. As mentioned in the previous questions, they are now focusing on their profitable segments and try to reduce their unprofitable segments, which have reduced sales slightly. **Charlotta** explained that Öresundskraft is aiming to expand in the region and they are trying to find new products that can create value for customers. However, she believed that Öresundskraft could improve their communication to their customers so they could see how far Öresundskraft are with their work for the environment. If this was more widely known then they could attract more customers. She also mentioned that bigger companies have more resources to maneuver in this field. The last statement was also shared by **Mikael** who also gave an example that Öresundskraft is behind many companies in terms of wind power. **Victoria** states that Öresundskraft at the moment are losing customers and needs to find new ones to replace the lost ones. There are many actors on the market that are competing for the customers. She believes that

Öresundskraft needs to be more proactive and competitive. **Ulrika's** response to this question was that it varies a lot from situation to situation.

All interviewees agree that Öresundskraft needs more change in order to sustain long term survivability. All interviewees were asked a follow up question if they believe there is something that specifically needs to change. **Hans** answered that they need to become better. Öresundskraft is on the right track and improving. However, they still have not made the step from “good” to “great”. **Charlotta** responded that Öresundskraft needs to be more customer focused and think more about what they really value, which was also argued by **Ulrika**. Charlotta also believed that customers in the future will request more comfort, like a package that solves a specific problem from all aspects. **Mikael** also believed that the organization needs to focus more on customer value. In addition, they also have to work smarter and become more efficient internally to reduce time from idea to complete implementation which was also partly argued by Charlotta. In addition to this Mikael explained that their campaign “continuous improvements” aims at raising the level of suggestions among the employees, which will ultimately increase the level of customer satisfaction. Since the campaign was launched the level of handed in suggestions have increased according to their own statistic. However, it is mostly incremental improvements that have been handed in.

The interviewees all agreed that Öresundskraft could improve itself in order to become more adaptable to market changes. **Hans** and **Charlotta** explained that Öresundskraft needs to change its way of seeing opportunities and risks. The organization needs to act faster on the information that is available. Charlotta also mentioned that Öresundskraft is currently developing a new strategic direction, which will be aimed at sustainable development and new energy solutions. However, to change the course of the organization takes a long time which was argued by both **Charlotta** and **Mikael**. In addition, Mikael mentioned that the company has high ambitions for the future and marketwise they are going in the right direction. **Victoria** believed that through more resources to the sales organization, more customers could be acquired. As it is right now people from the sales department do not have enough time to visit fairs, customers etc. **Ulrika** explained that the organization must always have their eyes open in order to see threats far ahead.

4.3 Perception of factors that influence change

When asking the interviewees if they believe the employees within the company are open to change, the answers are quite different. **Charlotta** explains that the market for energy have been quite stable the last couple of years, which have created a “safe” working environment. If something suddenly is to change, then the employees might question that. They might not understand the purpose of the change, which in order to avoid resistance needs to be communicated to the affected people. **Victoria** had the

same opinion and further stated that since Öresundskraft is owned by the municipality, changes can sometimes require a long time. For example, major changes needs to be approved by the municipality before it can be implemented. This makes the jobs more “safe”. In contrast, **Hans, Mikael** and **Ulrika** believe that people within Öresundskraft are in general positive to smaller changes. Mikael concludes this after his work with the campaign.

A similar pattern could be seen among the interviewees when asked how the employees would feel emotionally if Öresundskraft would reconstruct their organization to a great extent. **Hans** argued that their organization is no different than any other, so people would definitely react emotionally depending on how big the change was. However, he believed that the organizations mentality would make it easier to “go through” such things compared with others. **Charlotta** once again emphasized that the market have been stable, which have created “safe” jobs. Many would probably see the change as something bad. **Victoria** had a similar view and explained that the employees would probably use the union to negotiate. If the change would impact the employees on a great extent, the union would probably resist the change. **Mikael** and **Ulrika** had a different view and responded that people are quite open to change. However, communications is essential when implementing changes since it reduces employee’s uncertainty about the announced change.

When asking how the employees within Öresundskraft would react to a change that would negatively impact their benefits or way of working, all interviewees agreed that the employees would probably react negatively. **Hans** explained that since they are owned by the municipality, people do not have many benefits or extremely high bonuses etc. Hence downsizing would make a bigger impact on the employees rather than removing benefits. However, since Öresundskraft is owned by the municipality, people have certain expectations on job safety etc. If this would be threatened then they might react powerfully through the union. **Charlotta** argued that people would probably resist the change if they cannot see the logic behind it. **Victoria** replied that the change would certainly create sadness and change the employee’s perception of Öresundskraft as a good employer. If the change would be too great then they might not accept it. **Mikael** and **Ulrika** agreed that they probably would be negative towards the change. However, Mikael also argued that if the change would be necessary then the acceptance level would be higher. Mikael further stated that some benefits were removed previously to reduce cost. In general people accepted it since they understood why the cutback had to be implemented.

When asked how Öresundskraft is at spotting new opportunities in the market. All interviewees replied that Öresundskraft is not good or can improve their ability to spot new opportunities. According to the replies, this is a major issue for Öresundskraft. **Hans** explained that they have a process within the company right now to find new

opportunities. In addition, Hans once again emphasized that they need to improve their time to market. In contrast, Öresundskraft is not unique in this market. Many other companies could also improve their ability to spot new opportunities. **Victoria** stated that the organization generates a lot of ideas. Smaller ideas can be implemented quickly. However, bigger ideas require support from the top in order to be implemented.

The interviewees were asked if they believe the structure within Öresundskraft might hinder people from being creative. All of the interviewees agreed that it does not hinder people from being creative. However, **Hans** stated that some departments within Öresundskraft might have this problem. In addition, **Charlotta** stated that more could be done in order to encourage creativity. **Mikael** replied that the system they use to hand in ideas is not hard, but requires some minutes to learn. This is a small threshold. However, it is not considered as an obstacle for creativity. Both **Victoria** and **Ulrika** argued that the structure within Öresundskraft is not hindering employees from being creative. It is rather their mindset and culture that might hinder them from being creative

4.4 Perceptions of methods for anchoring or creating change

According to all interviewees, employees within Öresundskraft generally trust their manager when it comes to change. This since managers and employees usually has a good relationship. **Hans** and **Charlotta** explained that people generally have a good relation with the board of directors, who usually initiate larger changes. However, Hans pointed out that some middle managers do not have the full support of their employees, which can make it hard for them to implement changes. **Ulrika** mentioned that managers often develop their leadership skills through different courses offered within the organization, which increases their ability to handle employees in a better way. However, **Victoria** mentioned that even thou employees generally trust their managers, some can still lack respect towards their manager.

When it comes to how Öresundskraft do to gain more employee support for new changes. **Hans, Charlotta, Victoria and Ulrika** responded that Öresundskraft to a great extent communicate with their employees when implementing change to build a sense of trust. They also make sure that managers get the education that they might require in order to enable them to implement the change in a good manner. Victoria also mentioned that major changes usually comes from the board of directors, which is usually more acceptable to the employees than if it would come from someone lower in the hierarchy. **Mikael** argued that it is essential to involve the employees in the change. By doing that suggestions can be acquired and the employees do not feel run over by the managers.

The interviewees had similar approach when it comes to what they think is most important when implementing change. **Charlotta** answered that she would balance the

focus on both technical and human aspects. She further argued that it is very important to gain employee support when implementing change. Trust helps them to get the support, which can be achieved through communication and information. **Hans, Mikael, Ulrika** and **Victoria** all stated that he would place most focus on how to get employee support for the change. Victoria emphasized that technical difficulties could be solved together and that avoiding employee resistance is the top priority.

When asked how Öresundskraft gives incentives to its employees to be creative, all interviewees responded that employees within the organization are expected to contribute with two ideas each year. In order to survive against their competitors, ideas are required. All interviewees also responded that Öresundskraft does not directly reward employees with money for a good idea. Instead people are rewarded with fame through display of the idea and its creator in common areas where everybody can see it. However, **Charlotta** mentioned that many ideas could lead to raised salary in the long run. **Hans** believed that the employees within Öresundskraft are given enough incentives to be creative. However, the outcome of new ideas could be better. **Mikael** argued that their project “continuous improvements” have been implemented several years now. However, not everyone has cared about it or fully understood how important new ideas are. He believes that more examples of idea “heroism” might be required to inspire other to be more creative. **Victoria** had similar arguments as Mikael. However, she believed that competition could increase incentives to be creative. It is also important to value employees work.

The final question asked the interviewees how they believed the climate for creativity is within Öresundskraft. **Hans** replied that the climate is “ok” when comparing to other companies in the same sector. Öresundskraft uses the campaign “continuous improvements” and other different exercises to make people more creative. However, to change the culture within the company requires time. **Charlotta** responded that as they work now, major changes comes from the top and is implemented downwards. This system might have a negative effect on the stimulation for creativity among employees within Öresundskraft. However, she also believes that “continuous improvements” might have a positive effect on the creativity among the employees. **Victoria** argued that the climate for creativity is mostly affected by managers. Öresundskraft put a lot of attention to their managers so they in turn can manage the employees in a good matter. **Ulrika** considers the climate to be good but also states that there are some rooms for improvements.

Chapter 5, Analysis and discussion

5.1 Change in general

As the findings indicate, the energy market in Sweden is changing. Market changes create industry dynamics, which can be a source of opportunities for existing companies and new start-ups. By not acting on these potential opportunities, other competitors or new start-ups might take the advantage to act, which can lead to lowered market share for Öresundskraft (Dean et al., 1993). As the findings indicate, Öresundskraft is aware that they need to change in order to survive in the long run. They also believe that the organization can improve in order to become more adaptable to market changes. They consider themselves as acting moderately fast to new opportunities. They do not aim to act first. Instead they act as a late-mover in most cases. It seems like the biggest change in Öresundskraft's case is political/regulatory change. This since Öresundskraft's main business is to sell electricity, district heating and gas. These products rarely changes, instead it is how it is sold that changes (Dean et al., 1993). New laws and deregulations are steered towards a more open market for energy, which creates opportunities for Öresundskraft where they currently do not have so many customers. However, this might also lead to a weaker position in Helsingborg due to moves from other competitors (Dean et al., 1993). To avoid this Öresundskraft is observing changes in the market and reacting to them. The reactions can sometimes be slow. As the literature indicates, this can be the result of organizational inertia (Larsen et al., 1999).

5.2 Factors influencing change

As the findings tell us, managers within Öresundskraft have different opinions regarding employee's openness to change. Some respondents answered that Öresundskraft's employees are open to change, while others argued that the employees in general are not to open to change. Mostly due to too few change in the past. As a result of that, their employees are less prepared for changes (Weber, 2001). This often leads to negative emotions due to uncertainty and fear when change is announced (Vakola et al., 2005). The effect of that might be organizational resistance in order to move the situation towards status quo (Strebel, 1996). All agreed that the employees have a desire not to lose something. The employees would probably react if their benefits or way of working was negatively impacted by a change, which is a normal behavior since people in many

cases focus on what's best for themselves rather than the organization (Kotter et al., 2008). In addition, employees within Öresundskraft seem to have a low tolerance to change, this since the employees are used to be in a safe and stable working environment. Change can to them be hard to adapt to, which might lead to resisting the change rather than embracing it (Eriksson, 2004; Kotter et al., 2008).

Öresundskrafts ability to spot new opportunities can be developed further. As touched upon earlier this could be the result of organizational inertia. When manager suffers from inertia, it becomes difficult due to their mindset to spot new opportunities, which might give competitors room to exploit the opportunity instead (Dean et al., 1993). Öresundskrafts possible inertia is most likely to origin from their successfulness during the last decade. When a company is successful for a longer period of time, lack of pressure and criticism makes the organization blind for changes. This since the organization might believe that it is doing well, which can make them unable to see the need for change. The outcome of this might be a low degree of change, which in the long run might give competitors the opportunity to out-maneuver the organization (Eriksson, 2004).

5.3 Method for anchoring and implementing change

To avoid potential resistance and to increase the wellbeing of the employees, Öresundskraft often use education and communication to make their employees more informed about the change. The information provided about the announced change enables the employees to see the logic behind it. In addition, it also reduces uncertainty. However, using this method requires a good relationship between the initiator of the change and the employees. Öresundskraft is very keen at having a good relationship between the employees and the managers. Hence they never use manipulation and co-optation or explicit and implicit coercion when implementing change, since it might undermine the relationship between the two sides (Kotter et al., 2008). The employees at Öresundskraft have in general a good relationship to the board of directors, who usually initiate major changes. However, not all employees have a good relationship to their respective manager, which makes it harder to initiate changes from a lower lever in the organization (kotter et al., 2008). This gives an indication why the respondents answered so differently in the previous question regarding employee openness to change, some of them might have a good relationship with their employees, which makes it easier to use communication to convince them about the change and vice versa.

When implementing change, Öresundskraft does in contrast to the majority of companies focus mostly on human factors rather than technical factors. By focusing on human factors, resistance among employees usually decreases (Bovey et al., 2001).

The climate for creativity within Öresundskraft is considered to be moderately good. However, it can improve. The campaign “continuous improvements” was launched combined with other exercises to achieve this. However, to change the climate can be hard and requires a lot of time since working habits can be deeply rooted (Hannan et al., 1984). Öresundskraft has tried to increase the incentives for employees to become more creative. However, the results in terms the number of new ideas indicates that there is room for improvements. The incentives given by Öresundskraft are aimed at increasing employee’s extrinsic and intrinsic motivation. The attempt to create extrinsic motivation comes from putting pressure on the employees to hand in two ideas each year and their attempt to create intrinsic motivation origins in the announcement of idea “heroes”. However, by looking at the result, the incentives given by Öresundskraft might not be enough to motivate employees to be creative beyond incremental improvements (Amabile, 1998).

Chapter 6, Conclusions and implications

6.1 Conclusions

The goal of this thesis has throughout the whole time been to answer the research question: “How do managers view change, creation of change, anchoring of change and factors that influence employee’s view of change in medium sized energy companies in Sweden?” It must first be mentioned that the research conducted has certain limitations. Only one medium sized energy company was investigated. If more companies would be investigated, similar patterns for medium sized energy companies could be spotted and lead to a more accurate generalization. The findings of this research can represent Öresundskraft. However, it might only to a certain degree be able to represent other medium sized energy companies. The market that they act within looks the same, which might form these kinds of companies to look similar. However, each company might have their own procedure, goals, structure etc., which might form them to become different than others.

Concluding the result, managers in the energy market has noticed an increased pace of changes. To sustain long term survival, companies needs to adapt to the changes in the environment. Smaller changes tend to be easier to introduce since managers usually have the authority to implement them. Smaller changes are also more acceptable for employees, since they in general only have a minor impact, which does not create negative emotions or fear. Larger changes however, usually requires approval from managers higher up in the hierarchy, which might require valuable time and hence reduces the company’s ability to react fast to market changes. In addition, the energy market has been very profitable and stable during the last decade. This has led to “safer” jobs for the employees, which have led to a higher level of reluctance to change. Employees might connect change with uncertainty in therefor mostly strive to achieve a state of status quo, which can be in form of questioning the change or undermining it in some way. The stability of the energy market has also affected companies’ ability to spot new opportunities. In Öresundskrafts case this has been recognized and they are currently working to improve that.

How managers in medium sized companies do to successfully create or anchor change might be different from company to company. In Öresundskraft case they mostly use

inform their employees about the change to minimize the level of uncertainty and thus enabling them to implement it smoother. It also creates a better relationship with the initiator of the change and the employees through openness. In addition to reduce potential resistance, Öresundskraft shows a high degree of concern for their employees when planning for and implementing changes.

Öresundskraft also tries through different processes increase employees creativity. The process has created more ideas that have been provided to Öresundskraft. However, the ideas are mostly incremental improvements.

6.2 Implications for future research

As the research of this thesis was only conducted within one medium sized energy company, and extensive research is proposed within several companies to further validate the findings of the conducted research.

When conducting the survey, some respondent viewed Eon as a competitor with far more resources and hence are more capable to maneuver in the energy market. To some it seemed like Eon was impossible to out-compete or out-maneuver. That raises the question: when facing a larger competitor with more resources, customers and that has the “initiative”, how can that positively or negatively influence creativity within a smaller company?

As mentioned previously, Öresundskraft have launched the campaign “continuous improvements” in order to gain more ideas for improvements from the employees. The campaign has resulted in increased number of ideas from employees. However, since the focus of the campaign is on improvements, most of the ideas provided by the employees are incremental improvements. Nothing new and radical that could be utilized to generate revenue. That leads to the question that could be further studied: to what extent can a creativity campaign or strategy aimed at creating innovations or improvements in one field hinder or negatively influence employees from creating new ideas related to a field that is more essential for the organization?

In Öresundskrafts case, employees seemed to have a higher acceptance for changes initiated by the board of directors instead of their managers. That leads to the unanswered question: why tends acceptance for change increase if the change is ordered by someone higher up in the hierarchy?

6.3 Practical implications

The people working within Öresundskraft tend to have much respect to bigger companies, especially Eon. This might limit their ability to be creative since Eon has the

“initiative”. To avoid this from happening, Öresundskraft could boost employee’s confidence towards their competitors through different internal events or campaigns.

Many respondents argued that it takes too long time for Öresundskraft to implement ideas. This could be improved if Öresundskraft introduced a schedule that acts as a guideline when an idea is transported from the creator to the responsible manager. These guidelines could provide procedures on how the managers should handle the idea and time scopes for approval. This kind of procedure could make the implementation of new ideas more reliable and fast.

Interview guide

Change in general

1. How do you believe Öresundskraft is reacting to changes in the environment?
2. Do you believe Öresundskraft is taking market space from competitors through exploiting opportunities or is it vice versa?
3. Do you feel that Öresundskraft needs more changes in order to survive in the long term?
4. Do you think that Öresundskraft could improve anything in order to be more adaptable to market changes?

Factors influencing change

5. Do you believe that employees within Öresundskraft are in general open to changes?
6. How do you believe the employees would feel emotionally if Öresundskraft would reconstruct the organization to a great extent?
7. How do you believe the employees within Öresundskraft would react if the outcome of a reorganization would negatively impact their benefits or way of working?
8. How do you reckon Öresundskraft is at spotting new opportunities in the market?
9. Do you believe that the structure of Öresundskraft might hinder people from being creative?

Methods for anchoring or creating change

10. Do you believe that employees within Öresundskraft generally trust their manager when it comes to changes in the organization?
11. How do you believe the climate for creativity is within Öresundskraft?
12. Do you believe that Öresundskraft is giving its employees enough incentives to be creative?
13. If you are planning to implement a change, do you mostly think about how the change can be technically implemented or how to get the employees to support the change?
14. What does Öresundskraft do to gain more employee support for new changes?

Appendix

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