

# BI Norwegian Business School GRA 19502 Master Thesis

# Ready, steady, go ... or no?

## Perceived Human Resource Practices, Change Readiness and Change Turbulence

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#### Abstract

In a world where digitalization and an accelerating environmental complexity is affecting organizations, managing changes with great complexity and high frequency is required. This can result in unexpected challenges, and successful change management becomes crucial to stay ahead of competitors. Taking a micro-perspective level of change, successful changes depend on the support of the employees. Therefore, individual change readiness, considered as the most positive attitude toward change, is of high relevance. This thesis aims to detect what organizations can do to strengthen this attitude among employees. More specifically, we wanted to test if the perception of HR practices intending to enhance employees' abilities, motivation and opportunities associated positively with change readiness. Also, we proposed that an internal environment, characterized by change turbulence, would moderate these relationships negatively. We empirically tested our hypotheses by gathering data from a Norwegian insurance company, using self-reported questionnaires with 407 respondents. When analyzing the data, we found a significant, positive relationship between perceived ability-, and motivation-enhancing HR practices, and change readiness. These findings imply that such HR practices in the organization strengthens employees' individual change readiness. Hence, these practices are worth emphasizing when organizations undergo new changes. We were not able to test the association between opportunity-enhancing HR practices and change readiness with our data, leaving this an area for further research. Finally, change turbulence as a moderating variable showed no significant effect.

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#### Introduction

Over the past decades, there has been an increasing interest in, and a great focus on, the study of organizational change initiatives (Ford & Ford, 1994; Pettigrew, Woodman, & Cameron, 2001; Rafferty, Jimmieson, & Armenakis, 2013; Van de Ven & Poole, 1995). There are different reasons why studying change initiatives has been so attractive and why the interest continues to grow; organizations struggle to keep up with technological developments and digitalization, increased competition in a global marketplace, and an accelerating environmental complexity (De Meuse, Marks, & Dai, 2011; Gordon, Stewart, Sweo, & Luker, 2000). In order to survive this complexity, organizations change frequently to stay ahead, and this is likely to increase even more in the future (Reeves & Deimler, 2011). Consequently, higher change rates are experienced in organizational life (Conway & Monks, 2008; Elias, 2009), and in the last decade, change in organizations has not been an exception, rather a rule (Bouckenooghe, Devos, & Van den Broeck, 2009; Choi & Ruona, 2011). Hence, in order for organizations to be effective and maintain competitive advantages, successful change is required (Holt & Vardaman, 2013).

However, researchers have found that change initiatives often fail to achieve their intended aims (Choi, 2011; Probst & Raisch, 2005). In fact, it is estimated that as much as two-thirds of change initiatives fail (Beer & Nohria, 2000). As research has been largely dominated by a system-oriented, macro-level approach, researchers have called for a person-oriented, micro-level perspective on change (Judge, Thoresen, Pucik, & Welbourne, 1999). By adapting to this person-oriented approach, focus is placed on the individuals in the organization (Judge et al., 1999), and changes in an organization can only be done through its members (George & Jones, 2001). By following this view, the employees of the organizations are the most important component for successfully implementing change (Choi, 2011; Tetenbaum, 1998). Employees' reactions are thus an important denominator in every organizational change (Oreg, Vakola, & Armenakis, 2011).

It is claimed that one of the most prevalent issues causing the high failure rates of change implementation, is the employees' attitudes toward change (Miller, Johnson, & Grau, 1994). Readiness for organizational change is arguably one of

the most important determinants in employees' support for change initiatives (Armenakis, Harris, & Mossholder, 1993; Holt, Armenakis, Feild, & Harris, 2007). Change readiness can be seen within the cognitive thinking that comes before the behaviors toward change, and it is considered as the most positive attitude toward change (Rafferty et al., 2013). Some employees may look at organizational changes as opportunities to learn and grow, whereas others react in the opposite direction and propose more negative reactions (Wanberg & Banas, 2000). All individuals perceive changes differently, and as a result, the level of readiness will vary according to the perception of balance between benefits and costs of change (Vakola, 2014). Therefore, identifying the degree of employees' readiness for change, enables organizations to better prepare and perform during changes. The step of determining the degree of readiness can help leaders to identify gaps between their own expectations, and the expectations of the employees. If this gap is significant, implementing changes would be difficult and resistance is expected (Holt et al., 2007).

When the aim is to strengthen employees' change readiness, it could be worth investigating if there is anything organizations can do to facilitate change acceptance among employees. Human Resource (HR) practices have proven to contribute to enhanced performance in the organization, when they are appropriately designed (Nishii, Lepak, & Schneider, 2008). However, the effect of the HR practices is not found within the practices itself, but in the perception the employees have of them (Nishii & Wright, 2007). When employees are satisfied with the HR practices, commitment to change is likely to be higher (Conway & Monks, 2008). Hence, when the goal is to develop change readiness among employees, the question arises: could HR practices contribute in a positive way? Further, research on employees' perception of HR practices has been limited, in particular; the investigation on how these practices can be antecedents of employee attitudes and behaviors (Nishii & Wright, 2007). Thus, a motivation for this study is to investigate the impact *perceived* HR practices have on individuals' change readiness.

When studying employees' responses to change initiatives, limited research has investigated what effect the internal change environment has on attitudes toward change (Herold, Fedor, & Caldwell, 2007), and how this affects change targeted

individuals' responses to changes (Armenakis & Bedeian, 1999). Many reviews have explored contextual factors influencing change, but most of them have studied external contexts, such as environmental changes and industrial factors. Herold et al. (2007) argued the need for studying the internal change context. An important aspect of the internal change environment is *change turbulence*, which reflects the prevalence of changes going on in the organization at the same time as a main change initiative (Herold et al., 2007). Additional changes may cause distractions among individuals, and represent important aspects in how individuals react to the focal change. A motivation for studying change turbulence is that internal, organizational environments often are characterized by other changes and distractions as well, and it is assumed to be a good reflection of the context that real life organizations operate in. An environment existing of several changes and distractions does seem to discourage individuals, and the level of turbulence also has an impact on an individual's buy-in to change (Herold et al., 2007).

The aim of this thesis is to link theory on Human Resource Management (HRM) and Change Management. More specifically, to identify if perceived HR practices in organizations are positively associated with employees' change readiness, by strengthening one or more beliefs influencing change readiness. Finally, we aim to detect if change turbulence negatively moderates this relationship. Hence, the research question of this thesis is:

Can perceived HR practices strengthen individuals' change readiness? If so, does change turbulence moderate this/these relationship(s) negatively?

### **Theory and Hypotheses**

#### **Readiness for Organizational Change**

Reviewing literature on the topic attitudes toward organizational change, it is evident that *change readiness* is the most widespread, positive attitude toward change, and it is considered crucial to successfully implement a change initiative (Rafferty et al., 2013). Scholars agree that readiness is one of the most important factors leading to employees' support towards change initiatives (Armenakis et al., 1993; Miller et al., 1994). We follow the lead of other researchers and define change readiness as an individual's "beliefs, attitudes, and intentions regarding the extent to which changes are needed, and the organization's capacity to successfully undertake those changes" (Armenakis et al., 1993, p. 681). Change readiness can also be seen as the cognitive thinking that comes before the behaviors toward change (Rafferty et al., 2013), and as a state of mind which reflects receptiveness or willingness to change (Bernerth, 2004). Vakola (2014) viewed an individual exhibiting a positive and proactive attitude toward change as ready to change, which further translates into willingness to support change.

Change readiness is explained by a framework consisting of different beliefs that should be present to implement organizational change. According to Armenakis, Bernerth, Pitts, and Walker (2007), the five most important beliefs in assessing individuals' reactions of organizational transformations are discrepancy, appropriateness, efficacy, principal support and valence. The first belief in assessing change readiness, discrepancy, can be detected by describing the difference between the situation at the current point in time, and the desired performance (Armenakis et al., 2007). Several other organizational researchers argue that individuals need to believe that a change is necessary (Bartunek, Rousseau, Rudolph, & DePalma, 2006; Coch & French Jr, 1948; Kotter, 1995; Rafferty & Griffin, 2006). Discrepancy can in practice create a sense of urgency for change in a situation, also referred to as a "burning platform". The second belief, appropriateness, refers to whether the proposed change is appropriate or not, for the individuals and the organization itself. The unique attributes of the desired end-state should be identified in changing organizational settings, to make the corrective and appropriate actions. This identification will thus eliminate the discrepancy (Armenakis et al., 2007).

Thirdly, efficacy refers to the belief among employees that they are capable of executing and undertake the new behaviors and actions that comes with the change initiative (Armenakis et al., 2007). The thought patterns enhancing or undermining individual performance, are affected by efficacy beliefs (Bandura, 1997, pp. 116-160). Change efficacy can be labelled change confidence, which reflects the confidence each individual has related to implementation of the change (Holt et al., 2007). The fourth belief refers to the change being supported by change agents and opinion leaders, namely principal support (Armenakis et al., 2007). An often used phrase associated with principal support is "walking the talk", which is related to the alignment or misalignment of words and deeds, also referred to as behavioral integrity (Simons, 2002). Many employees have been exposed to unsuccessful implementations of change initiatives due to lack of principal support, and therefore have developed a skepticism and unwillingness to support the change until a demonstration of support is made (Armenakis & Harris, 2002).

The final belief, personal valence, reflects whether the change will give benefits to the individual or not (Holt et al., 2007). Employees exposed to change initiatives are interested in the question "what's in it for me?", as a way to clarify the benefits of the change, both intrinsic and extrinsic (Bernerth, 2004, p. 41). Considering this question, individuals will evaluate the distribution of both positive and negative outcomes of the current change. When the benefits of the proposed change are identified, and the overall evaluation is positive, it will increase the employees' buy-in to change (Armenakis & Harris, 2002).

#### **Human Resource Practices**

Over the past decades, researchers have investigated how the use of HR practices can contribute to reach organizational goals by affecting employee performance (Appelbaum, 2000; Bowen & Ostroff, 2004; Prieto & Pilar Pérez Santana, 2012; Sun, Aryee, & Law, 2007). Employee performance is suggested to be a function of the following three components; ability, motivation, and opportunity to perform (Jiang, Lepak, Hu, & Baer, 2012). Hence, HR systems should be designed to enhance these three components, in order to maximize employee performance (Appelbaum, 2000; Jiang et al., 2012). When appropriately designed (e.g. to fit the organization and its needs), HR practices contribute to enhanced performance

(Nishii et al., 2008). However, little is known about *how* these practices lead to organizational outcomes (Andreeva & Sergeeva, 2016).

Scholars have grouped HR-practices into three larger categories; *ability-enhancing*, *motivation-enhancing*, and *opportunity-enhancing* HR-practices, (Andreeva & Sergeeva, 2016; Jiang et al., 2012; Lepak, Liao, Chung, & Harden, 2006), also referred to as the AMO-framework (Jiang et al., 2012). A great amount of research show that HR practices intending to enhance employees' abilities, knowledge and skills, motivation, and opportunities to contribute, relates to different positive outcomes (e.g. Chuang & Liao, 2010; Gong, Law, Chang, & Xin, 2009; MacDuffie, 1995). In their meta-analysis, Combs, Liu, Hall, and Ketchen (2006) describe these systems to affect organizational performance in the way they 1) enhance employees' skills, abilities and knowledge 2) motivate the employees to perform, and 3) empower them to act. Researchers argue that even though employees possess the right abilities, and are motivated to work to reach organizational objectives, they must be provided with the right opportunities to do so (Lepak et al., 2006).

Jiang et al. (2012) elaborated in their review that much of the existing literature on HR systems assume that different components of HR systems have identical impact on outcomes. However, newer research has challenged this view, and suggest that different HR practices may influence the same outcomes in heterogeneous ways (e.g. Batt & Colvin, 2011; Gardner, Wright, & Moynihan, 2011; Gong et al., 2009). This implies that the effects of the different components of HR practices (i.e. ability-enhancing, motivation-enhancing and opportunity-enhancing) deserves separate exploration.

Researchers distinguish between *intended* HR practices and *actual* HR practices, where the implementation of practices may cause variation between the two. The effect of the practices is suggested to be found in the *perception* the employees have of them, not within the practices itself (Nishii & Wright, 2007). There might be a distinction between the intended HR practices designed by for instance the HR department, the implementation of the practices by managers, and the perception of the practices among the employees (Den Hartog, Boon, Verburg, & Croon, 2013). Therefore, detecting the effects such practices may have on

employees, requires investigation of *perceived* HR practices. In fact, the impact perceived HR practices has on employees is recognized as an area where more research is needed (Macky & Boxall, 2007).

#### **Human Resource Practices and Change Readiness**

Various strategic objectives of the organization requires different functions of the HR systems (Lepak et al., 2006). When the aim is to enhance employees' capabilities, skills, knowledge and attitudes to prepare for change, it is likely that the organization benefits from having HR practices obtaining desired outcomes such as change readiness.

#### Ability-enhancing Human Resource Practices

Ability-enhancing HR practices focus primarily on ensuring that the organization has properly skilled employees (Jiang et al., 2012). Practices aiming to enhance abilities are comprehensive employee recruitment and selection procedures (Bayo-Moriones & de Cerio, 2001; Huselid, 1995), which provides organizations with new hires possessing the required set of abilities. One of the ways organizations can make sure their current employees have the appropriate abilities, is through formal training, e.g. classroom or one-to-one training, or informal training, such as ad hoc help from other employees (Appelbaum, 2000, pp. 116-128). Additionally, extensive employee training can enhance and tune abilities, skills and knowledge (Bayo-Moriones & de Cerio, 2001). Finally, HR practices such as ongoing training, team training and leadership training, also aim to improve employees' knowledge, skills and abilities (Lepak et al., 2006).

Investing time in training and development enhances organizational specific knowledge. One of the outcomes of enhancing employees' knowledge and skills, is that employees will be in a better position to adapt to change (Birdi et al., 2008). When employees perceive that ability-enhancing HR practices are present, such as training and high quality development opportunities, change readiness is likely to be higher. In fact, Vakola (2014) found that employees experience high levels of change readiness when they are confident about their abilities. Further, an individual's self-efficacy is improved as a result of training and development (Bandura, 1977), thereby increasing the belief the employee has about the ability to deal with a potential change. Also, as training is a widely used strategy when

implementing change (Herscovitch & Meyer, 2002), it is interesting to examine the relationship between these types of practices and change readiness. Therefore, we propose that ability-enhancing HR practices, such as extensive recruitment and perceived training and development, will strengthen individuals' change readiness.

Hypothesis 1: Perceived ability-enhancing HR practices are positively associated with individuals' change readiness, i.e. the beliefs about discrepancy, appropriateness, efficacy, valence and principal support of the proposed change.

#### Motivation-enhancing Human Resource Practices

Motivation-enhancing HR practices are designed to motivate employees to perform (Jiang et al., 2012). Motivating employees to make decisions that benefit the organization, and making them want to invest in upgrading their skills, are two desired outcomes of such HR practices. HR practices designed to enhance motivation are for instance promotion opportunities, which means that employees have the opportunity to move into new positions and higher-paying jobs, and employment security, where the organization, in times of declined sales and profit, takes steps to avoid layoffs (Appelbaum, 2000, pp. 116-128). Other practices are incentives and rewards, such as individual bonus, profit sharing and gainsharing (Lepak et al., 2006). These compensation systems work in a way to motivate employees to develop their competencies and stay in the company (Park, Gardner, & Wright, 2004). Employee-centered work practices like this should lead to greater motivation and satisfaction (Bayo-Moriones & Galdon-Sanchez, 2010). Further, career development (Jiang et al., 2012) and performance appraisal (Huselid, 1995) could also enhance employees' motivation. Performance appraisal practices, as a tool to measure the assessment of work, purposes in giving feedback, personnel research, and administrative decisions like raise and promotion (Cawley, Keeping, & Levy, 1998).

Given the complexity of motivation, it is challenging to come up with a general definition. However, Ryan and Deci (2000a, p. 54) stated that: "to be motivated means to be moved to do something". Motivation can be either intrinsic or extrinsic, which is a distinction familiarized with Self-Determination Theory (SDT) (Ryan & Deci, 2000b). Andreeva and Sergeeva (2016) stress the

importance of distinguishing between these two types of motivation in a HRM perspective, as different types of activities are required to target the two types of motivation. When individuals are intrinsically motivated, they act on their interest and enjoy the tasks they are performing. When extrinsically motivated, individuals want to achieve a desirable outcome (Ryan & Deci, 2000a). Accordingly, internally motivated employees engage in activities due to interest in the activities itself, whereas externally motivated employees do it for instrumental reasons (i.e. receiving a reward) (Eccles, 2005, pp. 105-121). Previous research has found that the organizational ability to motivate their employees, can be related to their reward system (Appelbaum, St-Pierre, & Glavas, 1998). In fact, Appelbaum et al. (1998) suggest that organizations differentiate what types of rewards are offered based on the attitudes of the employee receiving the reward.

Building on existing findings related to the intrinsic satisfaction (Houkes, Janssen, De Jonge, & Nijhuis, 2001) that comes from new experiences (Ryan & Deci, 2000b), Elias (2009) proposes that intrinsically motivated individuals will have positive attitudes toward change. The reason for this is that, assuming the change leads to the better, it will provide individuals with new experiences, that they enjoy. Further, the findings support that one of the antecedents to change is internal work motivation (Elias, 2009). Promotion opportunities, i.e. believing it is possible to get promoted to a supervisory position (Appelbaum, 2000, pp. 116-128), may be evaluated as a positive outcome of a given change, hence increasing employees' motivation. We therefore hypothesize that motivation-enhancing HR practices, either targeting intrinsic or extrinsic motivation, will increase an individual's change readiness.

Hypothesis 2: Perceived motivation-enhancing HR practices are positively associated with individuals' change readiness, i.e. the beliefs about discrepancy, appropriateness, efficacy, valence and principal support of the proposed change.

### Opportunity-enhancing Human Resource Practices

Opportunity-enhancing HR practices are designed to empower employees to apply their abilities and motivation in a way that contributes to reaching organizational goals (Jiang et al., 2012). Bailey (1993, cited in Huselid, 1995) argues that motivated and skilled workers are limited in their work performance if there is a

lack of opportunities, emphasizing the importance of these practices. Employee involvement, a practice showed by inviting and listening to others' suggestions, and flexible job design, are examples of HR practices contributing to opportunities (Jiang et al., 2012). Autonomy in decision making, allowing the employees to take part in decisions affecting the job, is another practice designed to enhance opportunities to participate (Appelbaum, 2000, pp. 116-128). Participation, voice empowerment and information sharing, are other HR practices aiming to increase employees' opportunities to contribute. Therefore, including employees in decision making, would facilitate an opportunity to perform (Lepak et al., 2006).

Employee participation has a great effect on satisfaction and productivity during change. The greater the employee participation, the more satisfied the employees proved to be (Coch & French Jr, 1948). Also, involving employees in the decision making process, is a way to encourage ownership (Self & Schraeder, 2009). In a changing environment, where individuals are involved and participate in the development of change, they access information which makes it possible to better understand the complexity, and justification, of the change (Coch & French Jr, 1948). This implies that the level of involvement in developing change efforts increases the understanding of, and need for, change. Hence, making sense of a change may involve a broad scope of information. This sense making information can improve recipients' understanding of what is happening, and create meaning (George & Jones, 2001). When participants are actively engaged in the change, the process could make more sense to them (Bartunek et al., 2006). This suggests that employee involvement could increase the appropriateness of a change, i.e. understanding that change is appropriate for the individuals and the organization.

Also, information sharing, i.e. creating and distributing a change message designed to inform the employees about a planned change, should include an issue focusing on the need for change, by sharing why it is appropriate for the organization to change. This can be done with a presentation of the desired end-state the organization should reach, and the discrepancy between the end-state and the present state of the organization (Armenakis et al., 1993). Presumably, this information will strengthen the individual belief that the proposed change is appropriate. When employees trust that the organization has provided them with

all information necessary regarding the change, change readiness is likely to increase. Further, a positive communication climate is also found to have an influence on individuals' change readiness (Vakola, 2014). We therefore propose that opportunity-enhancing HR practices, such as information sharing and level of employee involvement, will strengthen individuals' change readiness.

Hypothesis 3: Perceived opportunity-enhancing HR practices are positively associated with individuals' change readiness, i.e. the beliefs about discrepancy, appropriateness, efficacy, valence and principal support of the proposed change.

#### The role of change context

The response the change process receives in the organization depends largely on the organizational context in which the change takes place. A common association of organizational life includes multiple and overlapping changes, where these changes and distractions tend to frustrate individuals. These changes are not found in the external context, rather in the internal change context that influences the individuals' work life (Herold et al., 2007). Change turbulence, considered as an intraorganizational, change-specific contextual variable, is characterized by a great amount of changes going on in addition to the main change initiative (Herold et al., 2007). This pressure to change could be ongoing, and stems from other changes happening in the business environment (Chonko, Jones, Roberts, & Dubinsky, 2002). The prevalence of other changes can cause individuals to feel change overload, and negatively affect a well-planned change. Also, those who struggle with one single change, should experience challenges as more changes arise (Herold et al., 2007). Thus, because individuals may feel information and change overload when change turbulence is high, we propose that change turbulence negatively will moderate the predicted relationships between perceived HR practices and individuals' change readiness. We therefore further hypothesize:

- Hypothesis 4: Change turbulence will negatively moderate the relationship between perceived ability-enhancing HR practices and change readiness.
- Hypothesis 5: Change turbulence will negatively moderate the relationship between perceived motivation-enhancing HR practices and change readiness.
- Hypothesis 6: Change turbulence will negatively moderate the relationship between perceived opportunity-enhancing HR practices and change readiness.

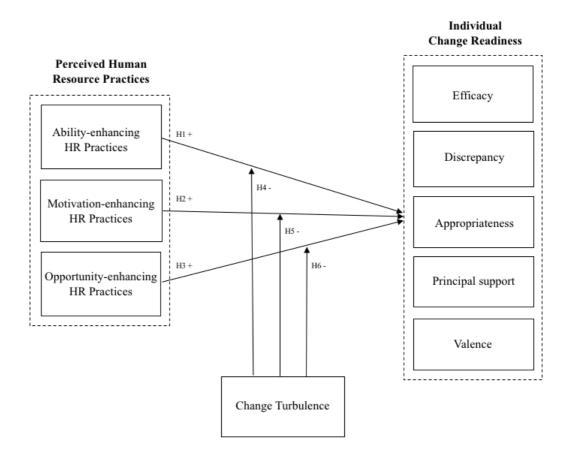


Figure 1. Conceptual model with hypotheses.

### Methodology

#### **Study context**

We collaborated with a large, Norwegian insurance company to gather field data. This company was selected because of the competitive and changing environment it operates in, due to digital transformations in the banking and insurance industry. To cope with this environment, areas where the organization needs to develop capabilities, competencies and new fields of expertise are identified. This includes creating flexibility in routines, enabling development through reacting properly to disruptive trends, and enhancing employees' competencies and expertise. These areas need improvement for the organization to succeed in both present and upcoming times of change. Further, the areas are important in enabling the organization to "deliver fast" on new requirements, and helping the company to become a leading digital organization in the future.

Employees in the insurance industry can expect to face work related uncertainty, and digitalization is one of the approaches organizations use to face these changes. This includes applying new technical tools to enhance the user experience of customer journeys, which in the insurance industry takes form in activities such as filing insurance claims (Bollard, Larrea, Singla & Sood, 2017). In this organizational context, employees can expect to meet challenges and changes in work related tasks. Taking these changes into account, the HR department has initiated several steps both to prepare the employees (i.e. training and competence developments) and the organization, to face the new demands from the market.

#### Sample and procedure

We distributed self-reported questionnaires (see Appendix 1) through the online survey and feedback software QuestBack. During March 2017 all employees in the company received the questionnaire in an email. Included in the email was a cover letter, informing that participation is voluntary, and that all responses would be treated anonymously and confidentially (see Appendix 2). We ran a pre-test with six employees from different departments, both leaders and employees, to ensure organizational fit before sending out the questionnaire to the rest of the employees. A couple of days before sending the questionnaires, the HR

department posted information about the upcoming survey on their intranet, giving a 'heads-up' to respondents and their leaders.

789 employees received the questionnaire in all departments in the organization. We received 407 number of responses, giving a response rate of 51.6%. After one week, a reminder was sent to the employees who had not responded. In our sample, 49.4% were female and 50.6% were male. The respondents had the following distribution; up to 25 years (0.5%), 26-35 years (22.1%), 36-45 years (30.2%), 46-55 years (28.0%) and 56 years and older (19.2%). The majority (46.7%) stated that they have more than three years of education after high school/upper secondary school. 33.4% of the respondents have been working in the organization from 0-5 years, 28.5% from 6-10 years, 15.7% from 11-15 years, 7-6% from 16-20% and 14.7% have been in the organization for more than 20 years. Finally, 19.2% of the respondents are leaders with personnel responsibilities, and 80.8% are employees with no personnel responsibilities.

#### **Measures**

All items in the questionnaire were phrased in Norwegian, some already translated from English to Norwegian by other researchers, and others were translated using a back-translation method (Brislin, 1970). We used a Likert-type scale on all measures, ranging from 1 (strongly disagree) to 5 (strongly agree).

Human Resource Practices. To capture the perceived HR practices in the organization, we used a scale measuring ability-enhancing, motivation-enhancing and opportunity-enhancing HR practices. 30 items in total measured practices such as recruitment, training and development policies, performance appraisal, incentives, job design, team work, information sharing and job security. This scale is an unpublished version developed by Bård Kuvaas, based on work from other researchers such as Barrick, Thurgood, Smith, and Courtright (2015), Morgeson and Humphrey (2006), Zacharatos (2001) and Zacharatos, Barling, and Iverson (2005). Example of items are: "Employees regularly receive feedback regarding their job performance" (Barrick et al., 2015, p. 134), and "If there is a decision to be made, everyone is involved in it" (Zacharatos, 2001, pp. 168-172).

Change Readiness. This framework was measured using the Organizational Change Recipients' Beliefs Scale (OCRBS) developed by Armenakis et al. (2007), consisting of 24 items that capture the five beliefs assessing change readiness. This assessment tool is applicable at any stage of a change process. Furthermore, this scale has provided evidence of content validity, criterion-related validity and internal consistency, resulting in construct validity. The scale include items like: "A change is needed to improve our operations" and "I have the capability to implement the change that is initiated" (Armenakis et al., 2007, p. 490).

Change Turbulence. To measure the moderating effect of change turbulence, and capture the extent to which additional change initiatives or distractions in the organization caused backdrops for the main change, we used a scale with four items developed by Herold et al. (2007). This variable represents events that occur in a work unit, where all individuals in that unit share and experience the same events (Kozlowski & Klein, 2000). A sample item for change turbulence is: "This change would have been easier if we were not already dealing with a number of other changes" (Herold et al., 2007, p. 946).

Controls. In order to test the relative impact of independent variables in our analysis, and increase the internal validity of our study, we controlled for the following: gender (1 = male, 2 = female), age (1 = up to 25 years; 2 = 26-35years; 3 = 36-45 years; 4 = 46-55 years; 5 = 56 years or older), education (1 = high school/upper secondary school, 2 = up to three years of higher education, 3 = more than three years of higher education), position (1 = employee, 2 = leader), and tenure in the organization (1 = 0.5 years; 2 = 6.10 years; 3 = 11.15 years; 4 =16-20 years; 5 = more than 20 years). Previous research on the relationship between gender and organizational change, show inconsistent findings (Cordery, Barton, Mueller, & Parker, 1992; Cordery, Sevastos, Mueller, & Parker, 1993). Cordery et al. (1992) found in their study that men were more resistant to change than women. Based on this finding, Iverson (1996) hypothesized that women would have higher acceptance of change compared to men. We thus included gender to test if there would be a significant relationship with change readiness or not. Age, education and organizational tenure were included because they were found to be important determinants of organizational change (Vakola, 2014).

Previous research found that lower educated, and older people, tend to be less positive about change. Further, organizational tenure has a direct and negative impact on organizational change, whereas education had a positive impact (Iverson, 1996). Research by Kirton and Mulligan (1973) showed that the higher the position of the employee (i.e. senior manager), the less he or she would feel threatened by organizational changes.

#### **Analysis**

Of the data we received, 102 observations contained missing values. The missing observations counted for less than 5% of the data, and since they also occurred in a random pattern, we consider the problem with missing data as less serious (Tabachnick & Fidell, 2014, pp. 93-151). No cases or variables were deleted, in order to retain all insightful and valuable answers. The missing data were estimated with mean substitution (Tabachnick & Fidell, 2014, pp. 93-151), and means were calculated from available data. By examining the mean when n = 305 (no missing values) with n = 407 (missing values changed with mean substitution), the overall means did not change significantly.

The analysis of the data included several steps, starting with a Harman's one factor test to control for common method bias, as our questionnaire was distributed at a single point in time. We conducted a factor analysis with all the variables, constrained the number of factors to one and chose an unrotated solution (e.g. Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). A single factor will account for the majority of the variance in the model if a great amount of common method variance is present. IBM SPSS Statistics Version 24 was applied in the first steps of the analysis.

In order to validate the measurement instrument and model the structural relationships among the constructs of HR practices, change readiness and change turbulence, we used a combined exploratory-confirmatory method (Koufteros, 1999). First we conducted an exploratory factor analysis (EFA) with oblique rotation, as we expect our factors to correlate (Hair, 2013, pp. 89-149; Van Dyne, Graham, & Dienesch, 1994). Orthogonal rotation will result in loss of information when factors correlate, and oblique rotation should therefore provide more accurate solutions (Osborne & Costello, 2009). Items with loadings below .40 on

target construct (Ford, MacCallum, & Tait, 1986), cross-loadings with values above .35 (Kiffin-Petersen & Cordery, 2003) and multiple loadings, i.e. a differential of less than .20 between factors (Van Dyne et al., 1994), were excluded one by one before further analysis. EFA provides some insight but does not prove unidimensionality (Gerbing & Anderson, 1988), meaning that a set of measured variables are explained by one underlying construct (Hair, 2013, pp. 599-638). We therefore conducted a confirmatory factor analysis, to check for convergent validity and unidimensionality, in the STATA 14 software package. We examined standardized path loadings for all items, and loadings below .50 were not retained (Hair, 2013, pp. 599-638). In total, 32 of 58 variables were used in further analysis.

Discriminant validity, providing evidence that different constructs are distinct (Hair, 2013, pp. 599-638), was assessed by comparing pairs of constructs with their respective items, with a specified model where the same items measured only one latent construct. All possible pairs of latent constructs (21 in total), were tested. We tested a specified one-construct model, compared its fit to the fit of the original two-construct model, and compared the chi-square values. If the chi-square values of the specified model significantly differ from the original two-construct model, discriminant validity can be inferred. To test for construct reliability, we assessed CRI (Composite Reliability Index) and AVE (Average Variance Extracted) and Cronbach's alpha for the final scales. CRI of .7 or higher suggests good reliability, indicating evidence for internal consistency. AVE of .5 or higher indicates an adequate fit (Hair, 2013, pp. 599-638). Finally, Cronbach's alpha should be above .7 to ensure consistency of the final scales (Hair, 2013, pp. 89-149).

To evaluate the fit of the model, research advices to use more than one index (Breckler, 1990; Coenders, Casas, Figuer, & González, 2005; Hair, 2013, pp. 639-664). Because the relative chi-square might be sensitive to sample size, we rely on one absolute fit index, and one incremental fit index, in addition to the  $\chi^2$  results (Hair, 2013, pp. 639-664). The normed chi-square where the chi-square statistic is divided by degrees of freedom, should be ranging from 2.0 to 5.0 (Hair, 2013, pp. 599-638). The absolute fit index RMSEA (Root Mean Squared Error of Approximation), is an absolute fit index which estimates the discrepancy between

the data per degrees of freedom for the model, and the model itself (Fabrigar, Wegener, MacCallum, & Strahan, 1999). RMSEA should be below the recommended level of .08 to represent acceptable fit. In terms of incremental fit indices, CFI (Comparative Fit Indexes) is a widely used index and should be above .90 (Hair, 2013, pp. 541-597)

Lastly, to test our hypotheses we conducted hierarchical regression, in order to regress the outcomes on the predictors in a prespecified and preferred order (Cohen, Cohen, West, & Aiken, 2013, p. 158). There are a couple of basic assumptions preceding regression, such as normality, linearity homoscedasticity of residuals, tested by examining residual scatterplots. Also, multicollinearity need to be absent for regression coefficients to be calculated (Tabachnick & Fidell, 2014, pp. 153-233). To detect if multicollinearity was present, Variance Inflation Factor (VIF) was calculated, where values lower than 10 are acceptable (Hair, 2013, pp. 151-230). Our analysis consisted of three steps with change readiness as dependent variable, entering control variables in Step 1 (age, gender, tenure, position and education); Ability, Motivation and Turbulence in Step 2; and the two-way interaction terms (Ability x Turbulence and Motivation x Turbulence) in Step 3, to test the two-way interaction effect of the moderating variable turbulence. As suggested by Dawson (2014), we centered all variables (including control variables) before entering them into regression analysis, enabling direct interpretation of the regression coefficients. The interaction terms contained the centered versions of Ability, Motivation and Turbulence.

#### Results

#### Harman's one-factor test

The factor emerging in the Harman's one-factor test explained 25.24% of the total variance, hence it does not explain the majority of the variance (see Appendix 3). This concludes that common method variance should not be an issue in our analysis (Podsakoff et al., 2003).

#### **Exploratory Factor Analysis**

The EFA, and its produced factor loadings, has a direct impact on the AMO-framework, more precisely the second order construct measuring opportunity-

enhancing HR-practices. The items measuring *teamwork* and *information sharing* showed both cross-loadings higher than .35 and differences less than .20, in addition to weak loadings (below the cut-off criteria of .40). These variables were excluded before further analysis. The EFA also revealed that the OCRBS scale (Armenakis et al., 2007) did not load as expected from theory. Three of the change readiness beliefs (*discrepancy, appropriateness* and *efficacy*) loaded on the same factor, indicating that one common factor best explains these beliefs. Other researchers (i.e. Torppa & Smith, 2011), have encountered similar problems with regard to the OCRBS scale, and consequently chose to combine the subscales that showed to load onto the same construct into a *combined subscale*. The items measuring *valence* were deleted due to cross-loadings and weak loading on the parent factor. See Appendix 4 for an overview of the retained variables after the EFA, where we deleted variables one-by-one until all variables loaded properly on their respective factor.

#### **Confirmatory Factor Analysis**

Table 1 presents the standardized factor loadings of the retained variables (after EFA). Items with standardized factor loadings below .5 (Hair, 2013, pp. 599-638) in the CFA were not kept for further analysis. Because of the removal of teamwork and information sharing, only one first-order construct (job design with its two observed variables) remained to measure the second order construct opportunity-enhancing HR practices. As advised by Hair (2013, pp. 599-638), no single item should represent a construct. The second order factor opportunity-enhancing HR practices, only explained by job design, failed to meet this criterion. Consequently, we did not retain the opportunity-enhancing HR practice construct, and we were not able to test Hypothesis 3 and Hypothesis 6. Regarding the OCRBS-scale, the combination of the three subscales discrepancy, appropriateness and efficacy resulted in a new "combined subscale". Principal support, with its two remaining items, was the other factor measuring the second order construct change readiness, in addition to the combined subscale.

The results of the discriminant validity tests inferred that all the model fits, except one, were significantly different in chi-square values. One of the tests indicated that there was an issue with high cross-loading, and by examining these items, the most reasonable solution was to delete this one of the items (CT1). After

removing this item, all 21 tests provided results that were significantly different (when measuring two different constructs as one, chi-square changed significantly). These results indicate that the items indeed represent separate constructs, inferring discriminant validity.

Table 1 **Standardized Factor Loadings** 

Second-order	Constructs	Standardized	Measurement	Standardized
factors		factor loading	variables	factor loading
ability	recruitment	.86	recruit2	.73
			recruit3	.77
	training&development	.87	traindev1	.88
			traindev2	.86
			traindev3	.92
			traindev4	.79
			traindev5	.79
			traindev6	.69
motivation	performance appraisal	.87	perfapp1	.96
			perfapp3	.83
			perfapp4	.64
	incentives	.70	incentives1	.78
			incentives2	.86
			incentives3	.57
			incentives4	.65
	job security*	.33*	jobsec1*	.85*
			jobsec2*	.89*
hange readiness	combined subscale	.69	D1	.63
			D2	.70
			D3	.74
			D4	.75
			A1	.77
			A2	.75
			A3	.81
			A4	.83
			A5	.88
	principal support	.93	PS3**	.48**
			PS5	.88
			PS6	.87
-	change turbulence	-	CT1	.53
			CT2	.73
			CT3	.83
			CT4	.87

<sup>\*</sup> *job security* deleted due to weak loading (.33) from second to first order factor \*\* PS3 removed due to standardized factor loading below .5 (Hair, 2013, p. 618)

Reported in Table 2 are the results after testing for construct reliability. All constructs are above the inclusion criteria of .7 indicating that CRI shows internal consistency. Furthermore, AVE for all constructs show higher levels than the inclusion level of .5, and consistency of all scales is adequate with Cronbach's alpha values greater than .7.

Table 2
Construct Reliability

Second-order factor	Number of items	CRI	AVE	Cronbach's Alpha
ability	8	.94	.65	.87
motivation	7	.91	.58	.77
change readiness	13	.95	.60	.92
change turbulence	3	.85	.65	.84

Note: CRI = Composite Reliability Index, AVE = Average

Variance Extracted

The overall fit of the model was assessed by structural equation modeling (SEM). Our model has a relative  $\chi^2$  of 2.67 (1123.19/420), which indicates an adequate level (within the range of 2.0 to 5.0). Furthermore, our model reported a RMSEA value of .064, which is within the cutoff of .08. CFI in our model was .90, which indicates that underestimation of the fit is avoided (Iverson, 1996).

#### **Descriptive Statistics and Correlations**

Means, standard deviations and correlations of the final scales are reported in Table 3.

Means. Standard Deviations and Correlations Table 3

Variable	Mean	SD	1	2	3	4	s	9	7	æ	6
1 Gender	1.49	0.50									
2 Age	3.43	1.05	0.0004	,							
3 Education	2.28	0.75	-0.012	-0.30**							
4 Tenure	2.42	1.40	0.028	**65.0	-0.36**						
5 Position	1.19	0.39	0.019	0.085	0.16**	0.024					
6 Ability	3.38	0.71	0.046	0.030	-0.0059	-0.15**	0.20**				
7 Motivation	3.24	0.64	-0.017	0.13**	0.015	0.026	0.17**	0.53**	,		
8 Change readiness	4.09	0.57	0.073	-0.021	0.21**	-0.095	0.24**	0.36**	0.40**	,	
9 Turbulence	2.85	0.87	-0.13**	0.061	-0.11*	0.077	-0.10*	-0.18**	-0.26**	-0.29**	'

 $^{\rm b}$  Significance level \*p < 0.05, \*\*p < 0.01

c Gender: men = 1, woman = 2

d Age: 18-25 = 1, 26-35 = 2, 36-45 = 3, 46-55 = 4, 56 or older = 5. e Tenure: 0-5 = 1, 6-10 = 2, 11-15 = 3, 16-20 = 4, 20 or more = 5. f Education: high school = 1, up to three years beyond high school = 2, more than 4 years beyond high school = 3. 8 Position: employee = 1, leader = 2.

#### **Regression Analysis**

Computation of the residuals of the model showed normal distribution when visualized. VIF for the final scales were all ranging between 1.03 and 1.71, indicating that there is no issue with multicollinearity (Hair, 2013, pp. 151-230). Regression outputs are presented in the table below.

Table 4
Regression results for Change Readiness

Regression	on results for Chan	ge Readiness	
Variables	Step 1	Step 2	Step 3
Gender	.083	.056	.058
Age	.30	0042	0052
Education	.13**	.13***	.13***
Tenure	030	00085	0011
Position	.31***	.18**	.18**
Ability		.14**	.14**
Motivation		.22***	.22***
Turbulence		099**	098**
Ability x Turbulence			.031
Motivation x Turbulence			.0088
$R^2$	.098***	.28***	.28***
Adjusted R <sup>2</sup>	.086***	.26***	.26***
$\Delta R^2$	.098	.182	.00
F	8.68	19.00	15.27

<sup>\*</sup> p < 0.05, \*\* p < 0.01, \*\*\* p < 0.001

The results of our regression analysis (Step 2) show support for Hypothesis 1 and was statistically significant ( $\beta$  = .14, p < 0.01). Hypothesis 2 was also supported and statistically significant ( $\beta$  = .22, p < 0.001). In Step 3, we included interaction terms in the regression equation, and the values obtained from these interaction terms were not statistically significant ( $\beta$  = 0.031, p > 0.05;  $\beta$  = 0.0088, p > 0.05), providing no evidence for a moderating effect of change turbulence.

#### **General Discussion**

#### **Theoretical Contribution**

The results of this study show a significant relationship between ability-enhancing HR practices and individual change readiness, which means that selective recruitment and extensive training and development are ways for the organization to strengthen individual change readiness. First, the results of this study indicate that organizations can provide higher individual change readiness among employees, when employees perceive an extensive recruitment processes. Recruiting people possessing abilities and skills required in change processes, is one example of how organizations can enhance change readiness among employees. As employees are the most important denominator for successfully implementing change (Choi, 2011; Tetenbaum, 1998), emphasis should be placed on recruiting the "right" people, i.e. people with proper abilities required for the change.

Second, through extensive training and development, organizations can educate and prepare employees by enhancing the abilities required for the change. Vakola (2014) found that employees with confidence in their abilities perceived change as something positive, and consequently, their experience of change readiness was higher. Also, activities that are believed to exceed employees' capabilities, will be avoided (Armenakis et al., 1993; Bandura, 1982; Wanberg & Banas, 2000). Wanberg and Banas (2000) further suggest that adequate training lessens employee resistance. By enhancing employees' knowledge and skills, this will also lead to a better positions to adapt to change (Birdi et al., 2008). The results of the first hypothesis represent an important finding; when employees perceive to have the right knowledge, abilities and skills, and receive adequate training (i.e. perceived ability-enhancing HR practices are high), change readiness is strengthened.

The results further show a significant relationship between motivation-enhancing HR practices, such as performance appraisal practices and rewards, and individuals' change readiness. The findings indicate that motivation-enhancing HR practices could be even more important when the aim is to strengthen individuals' change readiness (*motivation*  $\beta = .22$  vs. *ability*  $\beta = .14$ ). The higher

the employees perceive motivation-enhancing HR practices, the higher their change readiness will be. Even though the scale used to measure motivation-enhancing HR practices in this study does not distinguish between intrinsic and extrinsic motivation, previous research point out the need to separate these (Andreeva & Sergeeva, 2016).

When intrinsically motivated, employees do things out of their own interest, enjoy the tasks performed (Eccles, 2005, pp. 105-121; Ryan & Deci, 2000a), and rewards are built into the task itself (Kouzes & Posner, 2006, pp. 285-311). This emphasizes the importance of HR practices targeting to increase individuals' intrinsic motivation and fostering employees' interests. However, deciding upon such practices is a challenge, as intrinsic motivation rises from within, independently from external manipulations (Ryan & Connell, 1989, cited in Andreeva & Sergeeva, 2016). If employees see that change initiatives are in their interest, this can by itself be a motivational factor. Even though a common belief is that intrinsically motivated employees are preferable (Eccles, 2005, p. 114) and that successful change initiatives are depending on intrinsically motivated employees (Elias, 2009), one should not neglect the importance of extrinsic motivation (Elias, Smith, & Barney, 2012).

When employees are extrinsically motivated, they do activities for other reasons, for instance receiving a reward (Eccles, 2005, pp. 105-121). Our findings show that perceived justice in terms of rewards, salaries and compensations, strengthens their change readiness. As the employees' motivation can be related to the organization's reward systems (Appelbaum et al., 1998), it could be helpful to develop reward systems related to the changes that are proposed, in order for the employees to detect benefits that come with change. Information about promotion-opportunities in the aftermath of a change, evaluated as a positive outcome (Appelbaum, 2000, pp. 116-128), is one example of how motivation-enhancing HR practices could strengthen change readiness. This emphasizes the importance of HR practices intending to increase their overall motivation, particularly when the goal of the organization is to develop a high level of change readiness.

With respect to Hypotheses 4 and 5, the aim was to detect a proposed, negative moderating effect of turbulence on the relationship between ability-enhancing and motivation-enhancing HR practices, and change readiness. However, the effect of the interaction terms Ability x Turbulence ( $\beta$  = .031, p > .05) and Motivation x Turbulence ( $\beta$  = .0088, p > .05) was not significant (nor was is negative). In our study, turbulence reflects other distractions and changes occurring at the same time as the main change initiative, perceived by the employees in the organization. It is important to emphasize that it is the perception of distractions that is being measured, and change turbulence is viewed in the eyes of the perceiver (Herold et al., 2007; Rafferty & Griffin, 2006). This implies that there might exist turbulence in the organization, however, it was not detected by the respondents.

When studying the effect of the internal context (i.e. change turbulence) on change commitment, Herold et al. (2007) found that individuals with high self-efficacy did not experience turbulence as problematic. This indicates that individual confidence in the change (i.e. efficacy) might impact attitudes to change stronger than the internal environment (i.e. turbulence). The mean score of change readiness in the study (mean = 4.09, SD = .57), indicates that the overall level of individual change readiness is relatively high in the organization. When employees possess high change readiness, they understand the need for change (i.e. discrepancy), they see that the change is appropriate (i.e. appropriateness), they believe that they are capable of handling changes (i.e. efficacy) and they see that leaders support the change (i.e. principal support). Consequently, this positive attitude might overshadow the expected negative perception of other changes and distractions going on, and explain why change turbulence failed to show high presence in the environment (mean = 2.85, SD = .87).

However, even though no moderating effect was detected, change turbulence did show a direct, negative relationship with change readiness ( $\beta$  = - .099, p < .01), implying that change turbulence is negatively related to change readiness. In their study, Klarner and Raisch (2013) found that companies changing on a regular basis (i.e. a relatively equal distribution of change over time, causing no change overload or turbulence) outperformed the companies with an irregular changing rate (i.e. where the duration of stability and change vary significantly, where

shorter span between change could cause change overload). Hence, a regular, stabile change rate is beneficial for organizations in the long term, potentially because this provides a better environment to foster change readiness. This strengthens the argument of investigating how attitudes toward change are affected by the intraorganizational environment. Further, as change turbulence, considered as an intraorganizational contextual variable, can help explain individuals' attitudes towards change (e.g. commitment) (Herold et al., 2007), this variable should be included in future research when studying individual change readiness.

Another important finding in this master thesis relates to the significant relationship between education and individuals' change readiness ( $\beta$  = .13, p < 0.001), i.e. the higher level of education, the higher their individual change readiness will be. This aligns with the findings of Iverson (1996), indicating that the acceptance of a change increased with education. The relationship between education and change readiness tells us that higher levels of education might provide insight to why changes are needs, e.g. through an increased understanding of how the market changes, and the advantages and necessities of moving and adjusting accordingly. The correlation matrix also shows a significant, negative correlation between education and age (-.30), indicating that younger employees have higher education than the older employees. Education being significantly related to individuals' change readiness could also stem from the fact that younger people are higher educated, and that younger people accept change more than older employees (Cordery et al., 1992).

Further, the significant relationship between position and change readiness ( $\beta$  = .18, p < 0.01) tells us that leaders, and their insights in the change and its implementation, are elements strengthening their individual change readiness. This supports the findings of Kirton and Mulligan (1973); the higher position the employees have, the less threatened they feel about change. Important to note is that by studying the correlation matrix (Table 3), there is a low but significant correlation between position and education (r = .16, p < 0.05) This implies that leaders (i.e. high position), are likely to have higher education, and thus, the fact that the leaders have high change readiness might not be just due to the position, but also that leaders have high education as well.

Our study also has some general contributions worth mentioning. The fact that motivation-enhancing HR practices ( $\beta$  = .22) have stronger relationship with change readiness than ability-enhancing HR practices ( $\beta$  = .14), supports the suggestion that HR practices may influence the same outcomes in heterogeneous ways (Batt & Colvin, 2011; Gardner et al., 2011; Gong et al., 2009). This implies that our study is a small contribution in the field of identifying heterogeneous outcomes of HR practices. Our study further contributes to the HR literature as we have measured the *perception* of HR practices in an organization, an area where more research has been called for (Macky & Boxall, 2007). By distributing self-reported questionnaires to employees, we have contributed to fill this gap by measuring *perceived* rather than *actual* HR practices. To our knowledge, limited research in the past has been exploring the potential link between ability-, and motivation-enhancing HR practices and individual change readiness. Thus, our paper provides a novel contribution to this area of research.

#### **Limitations and Future Research**

The results of this thesis should be elucidated with a number of limitations. Our data was collected at a single point in time, which makes it impossible to draw causal relationships between variables (Dysvik, Kuvaas, & Gagné, 2013). We suggest that future research should include longitudinal studies to eliminate this shortcoming. Also, with all data being gathered from a questionnaire that was self-reported, our measures might very well be percept-percept inflated (Crampton & Wagner, 1994), because the same respondents are exposed to all variables at the same point in time. A common concern when using self-reported data is that respondents want to be consistent and rationale in their answers, in addition to providing socially desirable answers, which means that regardless of their true opinions and feelings, respondents want to present themselves in a favorable light (Podsakoff et al., 2003). Furthermore, we collected all data within the same insurance company in the private sector in Norway, making the generalizability of our findings questionable. Future research should study several organizations in tandem, preferably from different contexts, in order to obtain generalizable results (Kuvaas, Dysvik, & Buch, 2014). However, some of the findings could be relevant to similar organizations undergoing changes due to digitalization and new technological developments. Another limitation stems from the fact that 47.2 % of the sample are older than 46 years, resulting in loss of perspectives from the younger employees.

Even though we included several control variables in our study (i.e. gender, age, education, tenure and position), alternative links explaining change readiness could also exist. For instance, individuals' personalities and traits were found to have an influence on individuals' attitudes and reactions to change (Oreg et al., 2011; Vakola, Tsaousis, & Nikolaou, 2004). Judge et al. (1999) identified seven personality traits associated with attitudes towards change: locus of control, generalized self-efficacy, openness to experience, risk aversion, positive affectivity, tolerance for ambiguity and self-esteem. Future research should therefore include some, or all of these personality traits, when studying individual change readiness. Further, reactions to change can also be explained by change recipients' demographics, motivational needs and coping styles (Oreg et al., 2011). This implies that change readiness as a dependent variable deserves further investigation.

Further, there are some limitations caused by the changes in the final model, which provide directions for future studies. The removal of the important construct opportunity-enhancing HR practices prevented us from testing within the full range of the AMO-framework. As Lepak et al. (2006) discussed, employees do not only need the abilities and motivation, but also opportunities to perform. Therefore, it is worthwhile investigating the link between opportunityenhancing HR practices and change readiness at a later point. Milliken (1987) suggested that individuals may not respond to changes in the environment unless they perceive changes as threats or opportunities. Through opportunity-enhancing HR practices (i.e. information sharing and employee involvement) organizations can frame the forthcoming changes as an opportunity, and thereby help employees respond to the change initiatives with a positive attitude. Previous research has also showed that when change recipients receive proper information (i.e. change related information sharing) their willingness to accept the change increases (Wanberg & Banas, 2000). Finally, as uncertainty (i.e. lack of information) seem to cause a decrease in employees' attitudes to change (Schweiger & Denisi, 1991), perceived information sharing could prove to have the opposite effect. Hence, we can assume that opportunity-enhancing HR practices would strengthen

individuals' change readiness, and we recommend testing this relationship in another study. The scales we applied might have worked better in a different context with another sample, and we suggest that the relationship between HR practices (measured in accordance with the AMO-framework) and individual change readiness is further investigated.

The change readiness construct represents another limitation. The removal of valence from our model (due to cross loadings and weak loading on parent factor), with its unique contribution to change readiness, poses a major limitation. Combining discrepancy, appropriateness and efficacy into a new subscale, poses another limitation. Even though these beliefs are conceptually and theoretically distinct (Armenakis et al., 2007), the distinction between them might not have been recognized by the participants in our study. This could imply that respondents were not able to distinguish between seeing the need for change (discrepancy), seeing that change is appropriate (appropriateness) and being confident that they can undergo change (efficacy). Our change readiness construct being based on this combined subscale, in addition to the principal support subscale, is a deviation from the original construct with its five subscales (beliefs). Hence, our dependent variable is based on an altered version of the original OCRBS (Armenakis et al., 2007), and therefore it is important to consider this when viewing the findings. Additionally, the items in our questionnaire were in a different language than the original, and their translation, even though backtranslation method (Brislin, 1970) was applied, might not provide sufficient resemblance.

#### **Practical Implications**

Despite the presented limitations, our study provides some practical implications for successful change management in the future. First, managers should emphasize both ability-enhancing and motivation-enhancing HR activities prior to change initiatives. Motivation-enhancing HR practices ( $\beta$  = .22) have a stronger relationship with change readiness than ability-enhancing HR practices ( $\beta$  = .14), and this suggests that an organization should prioritize motivation-enhancing HR practices, particularly if the organization has limited resources. However, as both ability-, and motivation-enhancing HR practices positively relates to individual

change readiness, the optimal approach would be for the organization to focus on both.

Second, as position positively and significantly relates to change readiness, individuals within higher positions are expected to reflect this attitude. This implies that the organization would benefit from making sure to strengthen change readiness among individuals in lower positions. Also, as leaders are expected to possess a greater change readiness, they should support the change by "walking the talk" in order to influence change recipients beliefs positively, i.e. *principal support* (Armenakis et al., 2007). This argument is further strengthened as skepticism and unwillingness to support the change among employees are potential consequences from lack of principal support (Armenakis & Harris, 2002).

#### Conclusion

Change readiness is widely acknowledged as the most positive attitude toward change (Rafferty et al., 2013). Despite of this, even greater efforts can be made to explore what organizations can do (e.g. which HR practices organizations should emphasize) to strengthen this crucial attitude among employees, as the employees are the most important component for successfully implementing change (Choi, 2011; Tetenbaum, 1998). This thesis embarked on a journey trying to combine the field of HRM and Change Management literature. Our results show that both perceived ability-, and motivation-enhancing HR practices positively relates to change readiness, making these practices important components in successful change management.

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### **Appendices**

#### **Appendix 1 - Items used in questionnaire (Norwegian)**

Perceived HR Practices

- 1. Kun de best kvalifiserte får jobb i denne organisasjonen
- 2. For å få jobb i denne organisasjonen måtte jeg gjennom en omfattende ansettelsesprosess
- 3. I tillegg til å være godt kvalifiserte for jobben, må de som får jobb i denne organisasjonen vise at de passer inn gjennom å ha den riktige væremåten og de riktige holdningene
- 4. Denne organisasjonen investerer mye ressurser i utvikling av sine medarbeidere (opplæringstiltak, kurs og karriereutvikling)
- 5. Det er mitt klare inntrykk at denne organisasjonen satser mer på medarbeiderutvikling enn andre sammenlignbare organisasjoner
- 6. Denne organisasjonen fremstår som svært opptatt av kontinuerlig utvikling av sine medarbeideres ferdigheter og evner
- 7. I denne organisasjonen er det en bevisst satsing på å legge til rette for interne karrieremuligheter
- 8. Det virker som om denne organisasjonen er opptatt av mine karrieremuligheter internt i organisasjonen
- 9. Det å bli værende i denne organisasjonen representerer gode fremtidige karrieremuligheter
- 10. Jeg opplever å få relevante og gode tilbakemeldinger på hvordan jeg utfører jobben min
- 11. De tilbakemeldingene jeg får på mine arbeidsprestasjoner handler mer om å gi meg anerkjennelse når jeg gjør noe bra, enn å kritisere meg når jeg gjør noe som er mindre bra
- 12. I det store og det hele får jeg tilstrekkelig med tilbakemeldinger på hvordan jeg utfører jobben min
- 13. Bortsett fra formelle tilbakemeldingsordninger som for eksempel medarbeidersamtaler, får jeg sjelden tilbakemelding på hvordan jeg utfører jobben min (reversert)
- 14. Nivået på grunnlønnen i denne organisasjonen er konkurransedyktig i forhold til sammenlignbare organisasjoner
- 15. Jeg opplever at det anvendes konsistente og relevante kriterier ved lønnsfastsettelse i denne organisasjonen
- I denne organisasjonen tenker vi på jobben vi gjør og ikke på lønnsspørsmål når vi er på jobb
- 17. Denne organisasjonen favoriserer ikke enkeltgrupper eller enkeltpersoner i lønnsspørsmål
- 18. I denne organisasjonen er man flinke til å verdsette en godt utført jobb
- 19. Jobben tillater at jeg tar egne beslutninger om hvordan jeg legger opp arbeidet
- 20. Jobben tillater at jeg selv planlegger hvordan jeg skal gjøre arbeidet

- 21. Jobben gir meg gode muligheter til å ta personlige initiativ eller vurderinger om hvordan jeg skal utføre arbeidet
- 22. Denne organisasjonen legger stor vekt på samarbeid og teamutvikling
- 23. Jeg får ikke gjort min jobb godt uten at andre også gjør sin jobb på en god måte
- 24. Jeg føler meg virkelig som en integrert del av min gruppe/enhet/avdeling
- 25. Når min gruppe/enhet/avdeling skal ta en beslutning blir alle involvert i beslutningsprosessen
- 26. Jeg får informasjon om hvordan denne organisasjonen klarer seg finansielt og økonomisk
- 27. Det er lett for meg å dele mine tanker og oppfatninger med ledelsen i denne organisasjonen
- 28. Jeg får tilstrekkelig informasjon om denne organisasjonen til å forstå hvilken rolle jeg har i den
- 29. I denne organisasjonen behøver man ikke være redd for å miste jobben
- 30. Så lenge jeg gjør jobben min er jeg trygg på at jeg ikke blir oppsagt

#### Change Readiness

- 31. Denne endringen vil gi meg fordeler
- 32. De fleste av mine kolleger er positive til økt fokus på denne endringen
- 33. Jeg tror at endringen vil gi gunstige effekter i vår drift
- 34. Jeg har evner til å implementere endringen som er satt i gang
- 35. Vi trenger å endre måten vi gjør visse ting på i denne organisasjonen
- 36. Med denne endringen vil jeg oppleve høyere grad av selvrealisering
- 37. Topplederne i denne organisasjonen praktiserer det de sier ("walk the talk")
- 38. Endringen i måten vi gjør ting på, vil forbedre prestasjonen til hele organisasjonen
- 39. Jeg kan implementere denne endringen i jobben min
- 40. Vi trenger å forbedre måten vi jobber på i denne organisasjonen
- 41. Jeg vil få høyere lønn for arbeidet mitt etter denne endringen
- 42. Topplederne støtter denne endringen
- 43. Den endringen vi implementerer er riktig for vår situasjon
- 44. Gjennom denne endringen, vil jeg være i stand til å utføre mine arbeidsoppgaver på en vellykket måte
- 45. Vi trenger å forbedre effektiviteten vår ved å endre våre arbeidsmetoder
- 46. Endringen i arbeidsoppgavene mine vil øke min følelse av oppnåelse
- 47. De fleste av mine kolleger er opptatt av å få denne endringen til å fungere
- 48. Når jeg tenker på denne endringen, forstår jeg at den er passende/riktig for vår organisasjon
- 49. Jeg tror vi kan implementere denne endringen på en vellykket måte
- 50. Det trengs en endring for å forbedre arbeidsmetodene våre
- 51. Min nærmeste leder er positiv til denne endringen
- 52. Denne endringen vil vise seg å være best for vår situasjon
- 53. Vi har evnen til å implementere denne endringen på en vellykket måte

54. Min nærmeste leder oppfordrer meg til å støtte denne endringen

#### Change Turbulence

- 55. Denne endringen skjer i en turbulent tid i vår arbeidsenhet
- 56. Denne endringen lider under mange andre forstyrrelser
- 57. Vi prøver fortsatt å fordøye tidligere endringer samtidig som vi går løs på denne
- 58. Denne endringen ville vært lettere hvis vi ikke allerede hadde flere andre endringer å håndtere

#### **Appendix 2 – Cover Letter**

#### Hei!

I forbindelse med høyt fokus på endring i (navn på bedrift), har HR avdelingen sagt ja til at organisasjonen kan delta i en undersøkelse innenfor teamet endringsledelse. Undersøkelsen gjennomføres som en del av en masteroppgave ved Handelshøyskolen BI, og spørreskjemaet sendes ut til samtlige ansatte i (navn på bedrift). Resultatene fra undersøkelsen vil bli brukt i studiesammenheng, men (navn på bedrift) vil få innsikt i overordnede resultater.

Selve undersøkelsen består av 58 spørsmål og tar ca. 10 minutter å gjennomføre. Dine svar vil være svært verdifulle. Du starter spørreundersøkelsen ved å trykke på linken nederst på siden.

Alle svar vil bli behandlet konfidensielt, og dine svar kan ikke spores tilbake til deg. Undersøkelsen er vurdert og godkjent av NSD – Norsk senter for forskningsdata, for å forsikre en forsvarlig behandling av informasjonen som kommer inn.

Vi ber om at du svarer på spørreundersøkelsen så fort som mulig. Hvis det skulle være noen spørsmål, ta gjerne kontakt med oss. Tusen takk for at du tar deg tid til å svare!

(Link til spørreundersøkelsen)

Med vennlig hilsen (Navn) og (Navn) Handelshøyskolen bi

Epost: (epost) og (epost) Telefon: (tlf.) og (tlf.)

## Appendix 3 – Harman's single factor test

## **Total Variance Explained**

	Ini	tial Eigenval	ues	Extracti	on Sums of Loadings	Squared
Factor	Total	% of	Cumulative	Total	% of	Cumulative
		Variance	%		Variance	%
1	14.64	25.24	25.24	14.64	25.24	25.24

## Appendix 4 – Rotated Pattern Matrix

Direct Oblimin with Kaiser Normalization

Variables	1	2	3	4	5	6	7	8	9
recruit2 recruit3									.905 .652
traindev1 traindev2	.723 .761								
traindev3 traindev4 traindev5 traindev6	.763 .901 .871 .715								
perfapp1 perfapp3 perfapp4							.734 .780 .903		
incentives1 incentives2					.763 .743				
incentives3 incentives4					.693 .639				
jobsec1 jobsec2 jobdes1				.923		.904 .927			
jobdes1 jobdes2				.952					
jobdes3				.792					
D1		.696		.172					
D1		.810							
D3		.840							
D3 D4		.830							
A1		.634							
A2		.641							
A3		.680							
A4		.749							
A5		.716							
E2		.527							
E3		.681						722	
PS3								.723	
PS5								.689	
PS6			712					.749	
CT1			.713						
CT2			.827						
CT3 CT4			.829 .839						
C14			.037						