

# The Impact of Organisational change on Employee Commitment

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## Introduction

One of the outcomes of the global economic crisis is the ever increasing amount and speed of change which has resulted in organisations downsizing and reducing staffing levels in order to remain competitive. The student housing market is certainly not immune to recession and collapse of large parts of Opal group, a major player in the student accommodation sector in 2013 highlighted a new concern in what had previously been a sector that had been largely impervious to economic pressures. Recent studies into the effect of organisational change have focused on 'survivor syndrome'; that is to say on those employees surviving organisational downsizing and the resultant affect that that organisational restructuring has on employee commitment levels.

There are numerous studies on the effects of organisational change on employee commitment but to date the majority of studies have taken a quantitative approach without exploring the qualitative aspects that would enable us to understand the true feelings and effects that organisational change has on the individual. The aim of this research project was to explore the extent to which organisational change impacts upon employee commitment to an organisation to specifically address two research questions:

1. How and to what extent does organisational change impact upon employee commitment?
2. What has been the effect of significant organisational change on employee commitment in survivors at Student Accommodation PLC?

## Change Management

Much has been written on the subject of organisational change and there are multitude of change themes to consider, for example, what constitutes major change, how to lead change, how to make sense of change and how to survive change. With varying opinions on definitions and its impact it is hardly surprising that there is no agreement on what constitutes organisational change. However, it is widely agreed that change is constant, in fact, Hughes (2010) comments that with the amount of change occurring, perhaps organisational change itself is the "only constant". Whatever the reasons for change, it is the effect and actions of staff that will ultimately influence the result, whether they are the leaders and instigators of change, or the recipients, the human factor in the change process is critical to its success. One clear aspect of this is the effective communication of change and poor communication can impinge significantly on an organisation's ability to undergo a successful change programme. Kotter (2012), for example identifies the importance of "communicating the vision" as one of eight key steps in successful change management and poor or "under" communication as "one of the major reasons" for the failure of change initiatives. More recently studies have sought to research the impact of change on organisational commitment.

## Employee Commitment

Organisational commitment, according to Porter, Steers, Mowday, and Boulian (1974), has three components: Belief and acceptance in the organisation's goals; a willingness to exert considerable effort on behalf of the organisation and a desire to remain within the organisation. Research indicates that the behaviours and actions of committed employees are generally more positive than those who are not and as a result levels of commitment can be a reliable indication of behaviour such as turnover intention. Employee commitment can thus be an important factor during change. Jaros (2010) has concentrated on the theme of commitment to change itself or 'C2C', and found that there has been little qualitative research to advance our understanding of how the process of commitment to change is developed and its subsequent effects on organisational change outcomes.

Meyer and Allen (1997) developed a three component model that considers the types of commitment typically displayed by employees during a change process and categorise these

elements as 'Affective', 'Normative' and 'Continuance commitment' as explained in Figure 1 below. Using Meyers and Allen's model, this research considers how levels of commitment might alter in the survivors of organisational restructure, with negative behaviours often being referred to as "survivor syndrome".

**Figure 1** Meyer and Allen's employee commitment model

<b>Affective Commitment (AC)</b>	<i>"Reflects commitment based on emotional ties the employee develops with the organization primarily via positive work experience".</i>	Employees remain with the company, in spite of change, because they want to
<b>Normative Commitment (NC)</b>	<i>"Reflects commitment based on perceived obligation towards the organization".</i>	Employees remain with the company because they feel they should do (i.e. feelings of loyalty towards either the organisation, or perhaps a manager/fellow employee.
<b>Continuance Commitment (CC)</b>	<i>"Reflects commitment based on the perceived costs, both economic and social, of leaving the organization".</i>	Employees remain with the company because they need to, and not because they want to.

## Research Methods

Student Accommodation PLC is a leading player in the student accommodation market and employ 270 staff across the UK working in roles ranging from senior management to 'blue collar' positions. Twenty-six out of a total of 33 student accommodation residences underwent significant organisational change (i.e. redundancies had taken place; reduction in working hours, change of core hours resulting in early starts or late finishes, or place of work had been changed). In-depth, semi-structured interviews were conducted with a representative cross section of staff across the organisation, who had directly experienced the change. A cross section of 14 staff were interviewed using open ended questions to encourage the participants to speak freely about their experiences of and feelings following change around four key categories that were identified from the literature:

- Reactions to the change
- Views on communication and consultation
- Views on job security
- Levels of commitment post re-structure, particularly focussing on any elements of survivor syndrome and where overall commitment levels lay, i.e. were the survivors broadly displaying affective, normative or continuance commitment?

The qualitative data was analysed using a thematic analysis technique that allowed for key themes to be identified from the study.

## Analysis of Findings and Conclusions

Four key themes have been identified from the research: Commitment, Trust, Information & Communication and Job Security and these themes concur with previous studies.

### *Commitment*

Evidence from the research concurs with the literature that commitment levels are congruent with the amount of change undergone; Brockner, Grover and Blonder (1988). Levels of commitment in survivors at Student Accommodation remain lower than the company would wish 12 months post-change. However, in general, good levels of normative commitment were apparent. There was little evidence of affective commitment, and only in managerial

staff. Lack of significant AC can lead to turnover and absenteeism and since this research was undertaken, turnover at manager level has increased at Student Accommodation for the first time in over 3 years. Turning to the research question, the research finds that significant organisational change impacts more on blue collar staff than managerial staff, and feeling overworked, in particular, lead to resentment and a fall in service levels to the customer.

#### *Trust*

Research by Meyer and Allen (1997) found that maintaining trust assists with the bonding of individuals to the organisation, and survivors of change need to trust the competency and honesty of top management; Robbins (1999). In Student Accommodation, the strongest area of trust was at a local level. Trust of the company diminished for those in blue collar positions, and the majority of managerial employees linked trust of the company to the presence of the incumbent Chief Operating Officer (COO). The research concludes that if the COO leaves the company within the next year, an exodus of senior managers may follow.

#### *Information & Communication*

Jaros (2010) noted little qualitative research undertaken to advance the understanding of how employees develop the process of C2C, and its effects on the outcomes of change. This research has highlighted that a lack of understanding for the reasons for change directly causes employees to feel negative to the change, and has a subsequent effect on their levels of commitment to the organisation. This research concurs with the literature and concludes that the importance of internal communication is key to aiding the process of understanding change, and improved and more timely internal communication by managers at Student Accommodation could substantially improve commitment levels at blue collar levels.

#### *Job Security*

The research concluded that at all levels, job security remained a concern. The model created by Brockner (1988), demonstrated the psychological state of job insecurity as being one of the elements that affects the behaviour and attitude of survivors. Opinions on job security at Student Accommodation were split into two camps: those (particularly blue collar) employees who felt that the company had "*done it once and would do it again*", and the managers who were affected by the suspension of the student accommodation fund, the lack of growth and worries that the company would be sold or that the COO would leave in the near future.

#### **Limitations and conclusions**

Throughout the study, the researcher aimed to remain objective. However, due to the role of HR Manager, it can be argued that the research could not be totally objective. Qualitative research, by its nature uses small numbers of participants and between 7-8% of participants from each group took part in this qualitative research. However, secondary survey data gathered from the relevant sections of the 2013 employee opinion survey were analysed and appear to affirm the findings of this research, and therefore the researcher would conclude that the findings of the sample population appear to be representative. Organisational change can bring uncertainty; a lack of support; increased workload; job insecurity and reduce levels of commitment.

Hayes (2010) noted that willingness on the part of employees to commit to future change can be reduced due to their experiences, and subsequently influence levels of overall commitment to the organisation. The research into significant organisational change in employees at Student Accommodation has shown that all these factors have come to the fore; in particular, more attention needs to be paid to internal communication to ensure that that employees are committed to the reasons for change, and attention needs to be given to how to manage future change to ensure a successful outcome as almost 70% of organisations undertake further reductions in the year following an initial downsizing, Applebaum and Donia (2001). For survivors of organisational change at Student

Accommodation, some themes, particularly feelings surrounding job security, are still very strong over a year later, and this should be a concern to which the senior leadership team must be aware, and seek to address.

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