The impact of employee perceptions on change in a municipal government

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Abstract

Purpose – The purpose of this paper is to investigate employees’ reactions to a comprehensive change: to change aspects of the organization’s working atmosphere at a mid-sized municipal government located in Ontario, Canada. It aims to use the perception of success of the ongoing change effort as the main dependent variable.

Design/methodology/approach – The study was cross-sectional in nature. Data were collected via a survey, and correlational analysis and PLS were used to analyze the data.

Findings – The results showed that the relationship between perceptions of success of the ongoing change effort and perceived sense of competence; affective commitment; satisfaction with organizational members; opportunities to participate in decision making; opportunities for development and growth; and respect in the workplace was significant.

Research limitations/implications – Future studies should include a more objective measure of success of the change efforts, such as absenteeism, turnover, levels of service provided, helping behavior and other organizational citizenship behaviors, and grievances filed.

Practical implications – Individual and workplace variables explain significant variance in the perception of success to improve the working atmosphere at a municipal organization. These variables should be given consideration during the implementation of change. Anecdotal evidence often indicates that leaders faced with comprehensive change do things that conflict with increasing readiness for change and to create enthusiasm for the change.

Originality/value – Government agencies face unprecedented change. It is imperative for these organizations to manage change in an effective and efficient manner in their pursuit of creating public value. Research on change in public sector organizations is sparse.

Keywords Organizational change, Perception, Employees, Workplace, Employees participation, Local government

Paper type Research paper

Over the past decade many models have been formulated to help managers and practitioners develop and implement change strategies. Volumes of best-selling books and articles have been written to guide managers through the process of organizational change. Despite the importance of successful implementation, and the knowledge and wisdom available to guide managers through this challenge, relatively few major change initiatives work out favorably. For example, Beer and Nohria (2000) concluded that approximately 30 percent of major organizational change efforts are successful. A recent McKinsey Quarterly (McKinsey and Company, 2006) global survey of business executives showed that only 6 percent of the respondents rated their organization’s transformation as “completely successful” and 32 percent evaluated the transformation
as “mostly successful.” Other studies report similar findings (e.g. Johnson-Cramer et al., 2007; Mark, 2006).

A change initiative that falls short of expectations often leads to a host of negative emotions, including anxiety, confusion, frustration, fatigue, cynicism, a sense of loss, and resistance (e.g. Bordia et al., 2004; Kiefer, 2005; Wanberg and Banas, 2000). Adverse consequences of a failed initiative also include higher absenteeism and turnover rates, reduced efficiencies, and lower levels of performance. Therefore, a change initiative that is poorly thought-out and implemented can do damage to employee morale and subsequent behavior.

A likely reason why deep and comprehensive change efforts fail is that senior managers tend to focus their attention exclusively on the macro-level organizational issues (e.g. market forces and strategies, distribution of formal organizational power, reward systems, and organizational structure) and do not devote enough attention to individual-level variables (e.g. job-relevant attitudes, and confidence in abilities) (e.g. Bovey and Hede, 2001; Devos et al., 2007; Jones et al., 2005; Oreg, 2006). The micro-level dynamics of organizational change are often more difficult to manage than the macro-level organizational issues. Yet there is general agreement in the literature that a change initiative cannot succeed without the enthusiasm or buy-in from the employees (e.g. Armenakis et al., 1993; Beer and Walton, 1990; Eby et al., 2000; Herscovitch and Meyer, 2002; Madsen et al., 2006). Therefore, no matter how compelling the senior management’s vision for the change may be, the initiative will fall flat if the employees are not open to the change or believe that the initiative will not be successful.

The senior management team is in a position to influence the change context as well as the change process. For example, prior to implementing the change, managers can create the organizational and social structures that help increase employees’ opportunities to participate in decision-making processes and ongoing change efforts. Employees can also be given the support and resources that are required to demonstrate the newly desired behaviors. Studies have shown that employees who feel that they are empowered, through a sense of job participation, an increase in their self-confidence, and a sense of environmental supportiveness, are more open to organizational change efforts (e.g. Cunningham et al., 2002; Spreitzer, 1995).

We investigated how individual characteristics, work-related attitudes, and perceptions concerning the organizational context relate to employees’ views regarding the success of an ongoing change effort. In particular, we examined the effect of perceived sense of competence, affective commitment, satisfaction with organizational members, perceived opportunities to participate in decision making, perceived opportunities for growth and development, and respect in the workplace on the perceived success to change the working atmosphere in an organization. We seek to demonstrate that these perceptual variables are a crucial ingredient of leading a successful change effort. We focused on these individual and workplace variables for two reasons. First, these variables emerged in the literature as variables that are related to the success of change initiatives. Second, these variables were emphasized by the leadership of the organization as important to facilitating change. For example, a lack of confidence, commitment, satisfaction, or opportunities to participate in the decision-making process can be a strong source of inertia that impedes the change effort.
We studied change at a municipal government. Most governments face both incremental and radical change[1]. For example, municipalities in Ontario, Canada, have been burdened with increased costs due to “downloading” of programs (e.g. social housing, welfare, transit, and health care) that used to be funded by the Provincial government. This downloading resulted in cutbacks of services at the municipal level as well as an increase in local taxes and utilities costs. The crumbling infrastructure (e.g. roads, bridges, and water pipelines) is another significant challenge that municipalities face. The municipal government that we studied had one additional challenge: the economic downturn had hit the community very hard; its unemployment was among the highest in Canada. The various changes associated with the downloading of programs and the ongoing economic challenges had taken their toll on the municipal government. Interviews with senior leaders and conversations with managers revealed that these developments had affected the day-to-day operations at the organization that we studied. For example, many employees had encountered changes in their jobs and workload. Anecdotal evidence from initial conversations indicated that this led to dissatisfaction with the job and the organization. Local citizens developed increased expectations for better service provisions. However, the organization could not always deliver on these expectations due to the need to balance the budget and conflicting priorities. Anecdotal evidence suggested that this led to a sense of helplessness among employees, as they did not have the resources to deliver on the expectations.

Municipalities create public value and to continue to do so these institutions must have the skills and capabilities to implement change. Employees must be receptive to the change and be prepared for the expected and unexpected consequences that are associated with it. They must also see progress for the change to truly take hold; a lack of progress may result in the loss of enthusiasm and therefore momentum.

Climate for accepting change
Managers help create the organizational context that employees experience. The structures, processes and policies that managers implement and enforce influence how...
employees think and feel about the organization. Studies on work climate investigate the subjective perceptions of employees regarding their work environment; and how these perceptions drive their attitudes, norms, intentions and subsequent behaviors (e.g. Kuenzi and Schminke, 2009).

Climate has often been conceptualized as a facet-specific construct. That is, climate represents a specific aspect of the organizational environment such as climate for justice, climate for innovation, and climate for service (e.g. Kuenzi and Schminke, 2009). In the present study, we therefore focused on climate for accepting change. Next we discuss the variables that we believe reflect or are indicative of the climate for change.

Perceived sense of competence
Change often leads to a disruption in existing work-related practices. Employees may view change therefore as a threatening situation, which creates feelings of uncertainty and ambiguity. Employees with a greater sense of competence, that is, who see themselves as capable members of the organization, are more likely to be open to the change (e.g. Armenakis et al., 1993; Cunningham et al., 2002; Pond et al., 1984).

Bandura’s (1986, 1997) research has shown that individuals who view themselves as efficacious feel, think, and act in different ways from those who see themselves as inefficacious. The former persist longer in task achievements; are more inclined to overcome obstacles and set backs; and tend to perform at higher levels than those low in perceived competencies. Cunningham et al. (2002) found that hospital employees who were more confident in their ability to cope with the change took a more active approach to job problem solving than those low in confidence. Devos et al. (2007) found that employees who believed that they have control over their environment and personal success were more open to the change than those who believed that their lives are controlled by external factors, such as powerful others in the organization. Jimmieson et al. (2004) found a positive relationship between confidence in one’s capabilities and adjustment to organizational change including changes in reporting structures, the abolition of middle management positions, relocations, and the reorganization of staff into new work units. In sum, we expected that employees with higher confidence in the workplace have a more positive outlook toward the ongoing change than those with lower confidence. The first hypothesis was therefore as follows:

\[ H1. \] Perceived sense of competence in the workplace will be positively related to perceptions of success of the change effort.

Affective commitment
Organizational commitment reflects the nature and quality of the relationship between the employee and the organization that he or she works for. Meyer and Allen (1991) defined affective commitment as the employee’s emotional attachment to, identification with, and involvement in the organization. Employees with a high sense of affective commitment want to work at the organization. In contrast, employees with continuance commitment stay with the organization because the costs of leaving are too high (e.g. giving up job status or an attractive pension); whereas those with normative commitment remain with the organization out of a sense of moral or social obligation.

Numerous studies have shown that affective commitment is related to variables such as attendance (e.g. Mathieu and Zajac, 1990), turnover (e.g. Cohen, 1993), in-role job performance (e.g. Moorman et al., 1993), and extra-role behaviors (e.g. Organ and Ryan,
These effects for affective commitment are typically explained in a social exchange framework: employees exchange proper treatment by the organization (e.g. support for professional development or fair compensation) for their attachment or loyalty.

We argue that employees with higher levels of affective commitment will be more open to the change and evaluate the change as more successful than those with lower levels of affective commitment. This is because employees with higher affective commitment tend to have more involvement with the organization and, as a result, they may be more committed to initiate activities that help the organization succeed. Herscovitch and Meyer (2002) suggested that individuals with high affective commitment are more inclined to provide support for the change based on a belief in its inherent benefits.

Studies that investigate the relationship between affective commitment and change-related dependent variables such as readiness for change and openness to ongoing change efforts are sparse. Madsen et al. (2005) and Vakola and Nikolaou (2005) found that employees with higher levels of commitment were more open to change. Meyer et al. (1993) found that commitment is also related to how employees deal with dissatisfaction in the workplace. They found that registered nurses who had higher levels of affective commitment were more willing to suggest improvements and less inclined to withdraw passively from the dissatisfying situation than nurses who had lower levels of affective commitment.

These findings suggest that commitment can be expected to play an important role during change or any other work-related situation that requires employees to “rise to the challenge.” We believe that affective commitment in particular is relevant for the successful implementation of a change initiative: the more employees identify themselves with the organization the more favorable they view the change process as a necessary step to the achievement of organizational goals. Employees with high affective commitment want to see the change effort succeed. Thus the second hypothesis was as follows:

**H2.** Affective commitment will be positively related to perceptions of success of the change effort.

**Satisfaction with organizational members**

Feeling supported and being satisfied with one’s immediate supervisor and co-workers appears to be a requirement for change to happen. For example, one would not expect an employee who was mistreated or belittled by co-workers to be fully supportive of the organization or be willing to wholeheartedly work toward the implementation of the change. Reactions to the change will likely depend on how positive the employee views his or her direct work environment.

Howard and Frink (1996) found a positive correlation between satisfaction with co-workers and work motivation. The participants included fire fighters, police officers, and administrators from various municipalities that had been restructured due to reduced budgets. Devos et al. (2007) found that openness to the change was low when a person believed that his or her supervisor could not be trusted or relied on to provide assistance (e.g. coaching and influencing people to get things done) or was thoughtless in handling challenges (e.g. in cases when management acted without considering the potential drawbacks of an action) during the implementation of the change. Shaw et al. (1993) showed that supportive work relations mitigated strain levels among telephone and telegraph employees who were trying to cope with a major
organizational restructuring. Laschinger et al. (2006) reported that perceived organizational support among hospital employees was related to performance-related outcomes, including an independent assessment of the level of care provided. The behavior and actions of people in leadership positions is a driver of perceived organizational support. Laschinger et al. (2006, p. 21) concluded that: “[…] since supervisors direct and evaluate the work of employees, their support is seen as a direct reflection of overall organizational support”.

These findings emphasize the importance of support and good working relationships in situations that involve change and the associated challenges. Such relationships are a key motivator when employees encounter obstacles and setbacks in their pursuit of goals (e.g. Howard and Frink, 1996; Rhoades and Eisenberger, 2002). An employee who has positive relationships with co-workers and immediate supervisors can be expected to demonstrate active support for the change. Such supportive relationships are important in particular when the nature of work requires coordination and cooperation among employees. Thus the third hypothesis was:

\[ H3. \] Satisfaction with organizational members (co-workers and immediate supervisors) will be positively related to perceptions of success of the change effort.

**Opportunities to participate**

Most employees have a desire to see themselves as part of the ongoing change effort instead of just being affected by the change. Employees who are encouraged to participate in decision making on a regular basis, and whose input is genuinely enlisted and utilized, are more likely to be open to the change (e.g. Fiorelli and Margolis, 1993; Kotter and Schlessinger, 1979; Reichers et al., 1997; Spreitzer, 1995; Wanberg and Banas, 2000). For example, Bies and Shapiro (1988) found that employees are more likely to accept unfavorable decisions such as changes in the budget if they perceive the changes as just; and they are more likely to perceive the change as just if their managers have given them voice in the decision-making process. Chawla and Kelloway (2004) found that process-control participation predicted openness to the change via procedural justice. The change they studied involved a merger that required the restructuring of governance structures, management services, program strategies, information technology facilities, and human resource and labor relations.

Bordia et al. (2004) explained that participation is also an important informational tool. This is because participation helps to reduce uncertainty about how the change may affect employees personally. Cunningham et al. (2002, p. 379) argued that limited opportunities for decision making and control “… may compound the anticipated occupational risks of organizational re-engineering, lower self-efficacy and limit readiness for change”. Their results indicated that hospital employees with more perceived control over challenging jobs had higher readiness for the change and were more inclined to participate in organizational change initiatives. We believe these findings suggest that opportunities to participate in decision-making processes facilitate positive reactions to the change including support and perceptions of success. Thus the fourth hypothesis was as follows:

\[ H4. \] Perceived opportunities to participate in the workplace will be positively related to perceptions of success of the change effort.
Opportunities for development and growth
Most employees would want to have jobs that have variety, autonomy, and feedback; employees want to experience a sense of meaningfulness in their jobs (e.g. Campion and Stevens, 1991). Employees may have a stronger feeling of involvement in their jobs when they believe that the organization is committing resources to them for the purpose of personal development and to move up to higher levels in the organization (e.g. Howard and Frink, 1996). In contrast, feelings of job insecurity may lead to fear and have a debilitating effect on the implementation of the change. For example, Chawla and Kelloway (2004) found that job insecurity among employees from the two merged organizations was negatively related to trust in management and openness to the change. Both trust and openness, in turn, were related to employees’ intention to withdraw from the job. Oreg (2006) found that the prospect of having to transfer to a less interesting or less challenging job led to dissatisfaction with the change; resistance was higher vis-à-vis those employees who expected no change or being transferred to a more challenging job. In sum, these findings seem to suggest that perceived opportunities for development and growth will increase enthusiasm for the change. Thus the fifth hypothesis was as follows:

\[ H5. \text{ Perceived opportunities for growth in the workplace will be positively related to perceptions of success of the change effort.} \]

Respect in the workplace
Change does not occur in an environment that is poisoned by a lack of respect from management. The success of any change initiative depends, in part, on the manager’s ability to build support for the change he or she envisions. Managers have to earn the respect, confidence, and trust of the employees in order to implement the change (e.g. Shearer et al., 2001). For example, Bernerth et al. (2007) found that employees were more likely to have positive evaluations of the change when they felt their leaders properly addressed their concerns. Other studies too have found that employees want to be treated with respect and dignity and therefore appreciate timely and sincere communications regarding the change that is in the process of being implemented (e.g. Tyler and Bies, 1990; Tyler and Blader, 2001). Oreg (2006) investigated employees’ reactions to a merger. He found a significant and negative relationship between trust in the organization’s leadership and affective components of resistance such as frustration and anxiety. Trust in leadership was related to the perceived need for organizational change as well as the value of the change. We thus expected that there is a relationship between respect in the workplace and perceptions of success of the change effort. The sixth hypothesis was therefore as follows:

\[ H6. \text{ Perceived respect in the workplace will be positively related to perceptions of success of the change effort.} \]

The relationships that we predicted between the individual and workplace variables and perceptions of success of the change effort are summarized in Figure 1.

Method
Participants and procedures
We collected data through a survey from a municipal government located in Ontario, Canada. The organization provides services that range from health units to fire fighters
and all other services one would expect from a municipal government. The municipality is an industrial centre with over 200,000 residents.

The survey was part of the municipality’s ongoing assessment of employee satisfaction with the work environment. The survey was the first since the new senior management team began its efforts to change the working atmosphere in the organization. A sizeable number of employees had commented in the past that they “long for the good old days.” For example, one employee wrote on the survey: “I can’t wait to get out of here. This used to be a good place to work.” Employees had also expressed concerns that there was a lack of communication from the senior managers and that they often felt “talked down to” by their managers. Trust was seen as low. Hence, the perceived need on the part of the chief administrative officer (CAO) and his senior management team to improve the morale and satisfaction with the work environment. The working atmosphere needed to improve in order to provide better service to the residents. The management team had begun to communicate a new vision for the corporation and highlighted the importance of changes in existing policies and procedures.

The CAO was faced with incremental change rather than radical change. His focus was on improving key business processes and operations over time. He realized that the working atmosphere cannot be changed within a short period of time.

The survey was sent out with payroll to all permanent full- and part-time employees ($n = 1,994$). The letter attached to the survey explained the objective and procedures of the survey (e.g., employees were guaranteed that their individual responses would be treated confidentially). The employees were asked to complete the survey and send it, postage paid, to the first author. Participation in the survey was voluntary. Completing
the survey took approximately 20 minutes. In total 733 usable responses were received; the response rate was 36.8 percent.

The final sample consisted of 62 percent females and 33 percent males; 5 percent of the respondents did not indicate their gender. The response rate and gender composition in the workplace indicated that women were more inclined to participate in the survey than did men. Six percent of the respondents indicated that they had been with the corporation less than two years; 20 percent had been with the corporation between two to five years; 20 percent were employed between six to ten years; 10 percent between 11 to 15 years; and the remaining 44 percent had been with the corporation for over 15 years. There were no compelling differences in response rate by tenure.

Measures
All survey items were measured on a five-point scale ranging from 1 ( = “never”) to 5 (= “all the time”). Employees were asked to circle the response that best described the frequency of their perceptions or feelings (e.g. “I feel I make an effective contribution to the corporation”). The scale scores and anchors were as follows: “Never” or 0-19 percent of the time; “Rarely” or 20-39 percent of the time; “Some of the time” or 40-59 percent of the time; “Most of the time” or 60-79 percent of the time; and “All the time” or 80-100 percent of the time. The survey items were placed in a random order. Seven variables related to climate for accepting change; and two variables were indicative of the perceived success of the change effort.

Personal competence. The perceived sense of personal competence was measured with three items that were modified from the competence items from Spreitzer’s (1995) empowerment scale. A sample item is: “I have the resources and tools needed to do my job well.”

Affective commitment. Affective commitment was measured using four items that were adapted from Meyer and Allen’s (1997) organizational commitment scale. We used this scale because Meyer and Allen’s approach to organizational commitment has been the leading approach to studying organizational commitment for more than 20 years (e.g. Cohen, 2007). A sample item is: “I would be happy to spend the rest of my career with the corporation.”

Satisfaction with co-workers. Satisfaction with co-workers was measured using four items modified from the co-worker satisfaction items in Spector’s (1997) job satisfaction survey. This scale has been used extensively in prior studies, in part because the scale has been demonstrated to have high reliability and validity (e.g. Moyes et al., 2006). A sample item is: “I like the people I work with.”

Satisfaction with immediate supervisor. Satisfaction with the immediate supervisor was measured using six items modified from the supervisor satisfaction items in Spector’s (1997) job satisfaction survey. A sample item is: “I feel I am treated fairly by my immediate supervisor.”

Opportunities to participate. The construct of perceived opportunities to participate in work processes was measured with four items that paralleled the self-determination and impact items from Spreitzer’s (1995) empowerment scale. A sample item is: “I have the opportunity to participate in the decisions that affect my work environment.”

Growth opportunities. The construct of perceived growth opportunities was measured with three items that were modified from West’s (1987) employee growth
needs scale. A sample item is: “Opportunities are available for me to develop myself to move upward or into other areas across the corporation.”

*Respect in the workplace.* The perception of respect in the workplace was measured using four items. These items were developed for the survey. Items relevant to respect in the workplace were generated. We then consulted with the CAO and his associates. Next the items were reviewed by and discussed with managers who had a deep understanding of the organization. A sample item is: “My working environment is inclusive of all people and their individual differences.”

*Management communication.* The senior managers spent a great deal of effort to develop and communicate the corporation’s new policies and procedures. The lack of communication across the organization had been a concern to the CAO and therefore he made the improvement in communication among his priorities for fostering a better working atmosphere. Hence this construct was used as an outcome variable. The communication effort was measured using three items. These items were developed for the survey because, to our knowledge, no measure exists to assess management communication. We followed the same process as described under Respect in the workplace. A sample item is: “The Chief Administrative Officer and General Managers clearly explain the overall corporate direction.”

* Appropriateness of the change goals.* The senior management embarked on the first step of working to improve the working atmosphere by changing several policies and procedures. These policies and procedures should facilitate a set of behaviors that is consistent with the espoused values of the organization (e.g. integrity, accountability, and honesty). Employees had indicated in prior surveys that the existing policies and procedures “got in the way” of achieving desired levels of performance and creating an environment of caring. The appropriateness of the change goals was measured using four items. These items were specifically developed for the survey, consistent with the approach explained under Management communication. A sample item is: “The corporation has clear and relevant policies.”

**Data analysis**
We used partial least squares analysis (PLS) to test the hypotheses. The calculations were conducted with SmartPLS (e.g. Ringle et al., 2005). PLS combines features from principal component analysis and multiple regression. Our data are single-sample survey data and hence we cannot hypothesize a causal model. It would therefore be inappropriate to use structural equation modeling to test our hypotheses (e.g. Kline, 2005). A second reason for using PLS is that this method is a more conservative approach to the analysis of the data than structural equation modeling.

PLS includes procedures that have been developed for approximating higher-order constructs (e.g. Chin, 1998). The reaction to the change initiated by the senior management team was measured with a second-order construct: perceptions of success of the change effort. A second-order construct exists, and can be measured in a PLS model, if the indicators can first be measured in one construct, with loadings higher than .707 for each indicator (e.g. Jarvis et al., 2003). Our model has seven indicators for success of the change effort. Then, if conceptual logic and the results of the data analysis support the existence of two independent constructs, the second-order construct can be divided into the two first-order constructs. The two first-order constructs were management communication (three indicators) and appropriateness of
the change goals (four indicators). We followed the above two-step procedure to determine if perceived success of the change effort was a second-order construct.

**Results**

**Descriptive statistics**

The means and standard deviations of the variables measured are shown in Table I. Table I also shows the correlations among the variables measured.

**Assessment of the measurement model**

Before examining the model, PLS procedures require that the measurement model be assessed for the following: individual item reliability, internal consistency, and discriminant validity (e.g. Hulland, 1999). The factor structures of the scales were examined using CFA.

**Factor structure.** Amos Graphics was used to run the CFA. Six indices were used to assess the goodness-of-fit, consistent with the recommendations by Kline (2005). The standard measure of goodness-of-fit is the chi-square. We obtained a chi-square of 1850 (df = 524). However, this indicator is greatly inflated by sample size and model complexity. Since our model is quite complex (e.g. it contains nine latent variables each with a minimum of three indicators), and because we have a substantial sample size, we used additional indices to assess the goodness-of-fit. One measure is the normed chi-square. This measure reduces the sensitivity to sample size; and a value of 5.00 is the highest for a reasonable fit. We obtained a value of 3.94. The root mean square error of approximation (RMSEA) is a good alternative index because it takes model complexity into account. The RMSEA is a measure of discrepancy per degree of freedom. A lower value indicates a better fit; and values between 0.05 and 0.08 indicate a reasonable fit. We obtained a value of 0.063. The comparative fit index assesses the relative improvement in the model compared to a baseline model. A value of 0.90 or greater indicates a good fit. We obtained a value of 0.902. The root mean residual (RMR) uses the size of the standardized residuals as an indication of model fit. A value of 0.10 or lower indicates an adequate fit. We obtained a value of 0.075. The goodness of fit index assesses the relative amount of variances and covariances in the empirical matrix predicted by the reproduced covariance matrix. A value of 0.90 or higher indicates a good model fit. We obtained a value of 0.887. These five indices show that our measurement model fits the data well.

**Individual item reliability.** The indicators should have a loading on the intended construct of 0.707 or higher to be considered reliable. This common rule of thumb is used because it demonstrates that the variance explained is greater than the error variance (e.g. Carmines and Zeller, 1979; Hulland, 1999). Table II shows that almost all indicators are above the 0.707 threshold.

**Internal consistency.** The composite reliability and Cronbach’s α of the constructs measured are shown in Table III. The composite reliability is used as a substitute for Cronbach’s α in PLS; and values should be above 0.707 (e.g. Fornell and Larcker, 1981). All constructs have good composite reliabilities. The Cronbach’s α scores were also acceptable.

**Discriminant validity.** The discriminant validity is examined via the average variance shared, which in PLS is termed average variance extracted (AVE), between a latent variable and its indicators. This value should be larger than 0.50 (see, for example, Fornell and Larcker, 1981, p. 46) and its square root should be considerably larger than
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<th>Items</th>
<th>Mean</th>
<th>SD</th>
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**Note:** Square root of the AVE is indicated on the diagonal (italics)
the correlations of the latent variable with the other latent variables (see, for example, Hulland, 1999, p. 200). Table III shows that the AVE for each latent variable is greater than 0.5. Table I shows that the square root of the AVE (indicated on the diagonal) for every latent variable exceeds the correlations with the other latent variables. In addition, by examining the cross loadings in Figure 2, it is clear that the indicators load higher on their respective latent variables than on any other latent variable.

We did not examine the discriminant validity between management communication and appropriateness of the change goals because these two constructs are theorized as first-order constructs of the higher-order construct: success of the change effort. As such, they must not be discriminant; and our results indicated that they were indeed not discriminant.

**Structural model**

The next step was to test the model to see if the relationships among the latent variables that we predicted were significant. SmartPLS does not produce p values, and as such, does not indicate what relationships are statistically significant unless the additional technique of bootstrapping is used to estimate a t-statistic (e.g. Bastien et al., 2005; Tenenhaus et al., 2005). Figure 3 shows the path coefficients and significance level for each path.
<table>
<thead>
<tr>
<th>Items</th>
<th>1.</th>
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**Notes:** Cross loadings are not compared between management communication, appropriateness of the change goals, and perceptions of success of the change effort. These variables should not be discriminant
All of the paths are significant except: sense of personal competence as a predictor of management communication; and opportunities to participate as a predictor of the appropriateness of the change goals. PLS also produces R-squared results. The R-squared for perceptions of success of the change effort was 0.59 (see Figure 3). This value was found by running the model without the two first-order constructs; the paths were running directly from the independent variables to perceptions of success of the change effort.

The R-squared for management communication was 0.50; and it was 0.53 for appropriateness of the change goals. These values were found when the final full model was run. A surprising finding was that the path coefficient from satisfaction with organizational members (co-workers and immediate supervisors) to perceptions of success of the change effort was negative and significant. However, as shown in Table I, the zero-order correlations between satisfaction with organizational members and the success criteria were positive and significant. The unexpected negative effect for satisfaction thus suggests a suppressor effect. A suppressor effect is one that ends up with a negative sign for the estimated effect in the regression equation despite having a positive correlation with the dependent variable. A suppressor effect is a purely statistical term describing the unique mathematical relationship among a set of independent variables in the regression equation; yet it has no psychological meaning. It is a statistical anomaly rather than a substantive relationship.
Discussion

We investigated the relationship between perceptions of success of an ongoing initiative to change the working atmosphere at a municipal government and six individual and workplace variables. These variables were:

1. perceived sense of competence;
2. affective commitment;
3. satisfaction with organizational members;
4. opportunities to participate in decision making;
5. opportunities for development and growth; and
6. respect in the workplace.

We believe these variables relate to the climate for accepting change. The variables explained almost 60 percent of the variance in perceptions of success. Each individual and workplace variable was a significant correlate of perceived success of the change effort. A sense of respect had the strongest coefficient with perceptions of success. Most of the relationships continued to be significant when included in the PLS analysis predicting success. Thus we conclude that the work or change context as perceived by employees can facilitate or hamper the success of a change initiative.

We studied an organization in the public sector because research in this area is sparse. Both the public and private sector face unprecedented change. There are distinct differences between government and business organizations. Findings obtained in the private sector may not generalize to the public sector and vice versa. Empirical studies are therefore needed that inform public sector leaders which conditions facilitate change and what specific actions they can initiate to increase the likelihood that their efforts to implement change is successful. The issue of change and resistance to change was of high relevance in the current sample. For example, 44 percent of the respondents had been with the organization for over 15 years; and their written comments on the survey indicated that the change was welcome but hard on them.

Our results are consistent with prior studies conducted in the private sector. Most of these studies focused on readiness for change. The emphasis in our study was on perceptions of success of the change – participants found themselves in the midst of the change. The CAO had outlined a change agenda that would take years to implement. The indicators of success were the amount of communication received from the CAO and whether the employees believed the proposed solution to the organizational problem was the correct solution.

Individuals in any organization always react with mixed enthusiasm to the change. Some recipients of the change are willing to play an active role in the change process whereas others are overwhelmed by the challenges of change or try to undermine the leader and his or her initiative. Our results suggest that:

- employees with a high sense of competence, affective commitment, and satisfaction with organizational members;
- employees who feel that they are encouraged to participate in decision-making and see opportunities for personal development and growth; and
employees who perceive their work environment as one of respect can be expected to view the change as successful and to “step up and rise to the challenge.”

The means listed in Table I indicate that the municipal organization that we studied can make substantial improvements in each of the individual and workplace variables. Most responses fell between “some of the time” and “most of the time.” For example, a high sense of confidence among employees is a sine qua non for change to gain traction. Employees with a high sense of competence are more inclined to participate in the change process and to commit to challenging goals. The results indicated that the participants scored at the midpoint of the scale. The results also suggest that elements of the work design may need to be re-examined. For example, the participants reported low levels of opportunities to participate in decision-making and opportunities for growth and development. Perhaps the organization is under-estimating the motivational potential of job design. Another interesting finding was that the employees reported a score below the midpoint of the scale for amount of communication. The response fell between “rarely” and “some of the time.” This result suggests that the employees want their senior leaders to do a better job in communicating the corporation’s new policies and procedures as well as to keep them abreast of ongoing developments.

**Strengths and limitations**

A key strength of the study was that we collected data from employees who experienced comprehensive change. The field setting and ongoing change thus contributed to the realism of the study. The response rate was adequate. Also the organization was beyond the change readiness state – the senior management team had set a new direction and the change was ongoing. We also examined individual and workplace determinants of perceptions of success of the change effort. Both are essential to understanding how employees respond to change. Theories of motivation suggest that behavior is a function of both the person and the situation.

Several limitations should be noted. First, the data were cross-sectional and hence we cannot test for causal relationships. Future studies should use longitudinal designs to determine causal relationships; and to investigate whether the relationships as predicted change over time. The results of these studies would also help in designing specific workplace interventions aimed at improving the effectiveness of efforts to implement change. Second, a survey does not probe deeply into employees’ opinion about the change and the process of change. Research that is more qualitative in nature allows for such insights. Third, there are a multitude of other variables that may be indicative of the climate for change and perceptions of success of the change effort but that we did not measure in the present study. These variables are likely to include those at the individual (e.g. outcome expectancies and emotions), social (e.g. existing social networks and collective beliefs of confidence), and contextual (e.g. organizational structure and time available) levels. Fourth, the employees were asked about their perceptions of success. Future studies should include more objective measure of success of the change efforts. Possible measures include absenteeism, turnover, levels of service provided, helping behavior and other organizational citizenship behaviors, job satisfaction, grievances filed, and so forth. Fifth, we did not assess behavior. Did
employees’ behaviors and actions support or hinder the implementation of the change? How did active support and resistance to the change manifest themselves?

Practical implications
The success of a change effort is not only about appropriate strategic planning, but also about creating a climate for accepting change amongst a wide base of employees. The results of the present study are straightforward – management can initiate specific actions that will increase the likelihood that the change will be successful. For example, managers can develop employees’ confidence in mastering challenges through frequent feedback and on-the-job coaching or other developmental opportunities such as having a performance management system that facilitates the development of capabilities. The results also suggest that perceptions of care and engagement can be an asset for change to happen. Several strategies help to facilitate such perceptions: leaders must:

- show in both meaningful and visible ways that they value their employees and the contributions they make to the organization’s success;
- provide challenging and meaningful work with opportunities for career advancement;
- communicate a clear and compelling vision;
- clarify their expectations about employees and provide feedback on their functioning in the organization; and
- work with employees so that employees have a sense of control over the flow and pace of their jobs.

A third area that managers should work on is to facilitate respect in the workplace. Respect includes respect for different viewpoints, beliefs, philosophies, gender, ethnic origin and so forth. Respect also implies that there should be no tolerance for leaders and their demeaning comments about employees’ abilities, skills or other attributes. For example, studies have shown that employees do not leave their jobs because of their disappointment with the organization’s performance; instead they leave because of the poor behaviors demonstrated by their bosses or supervisors (e.g. Buckingham and Coffman, 1999). Good working relationships between leaders and employees are critical to organizational effectiveness, including the sound implementation of change initiatives. Many of the elements that are reflective of a climate for accepting change are thus within the control of senior management. The overall variance explained in the present study is high by any standard. Senior managers should not neglect the importance of the variables we investigated when implementing change. A sense of respect was the strongest predictor of support for the change. Leaders who disrespect their employees may thus be poisoning the institutions they seek to improve and change. The results of the present study are particularly important to government and not-for-profit organizations that are facing change.

Conclusion
The results of the present study show that individual and workplace variables explain significant variance in the perception of success to improve the working atmosphere at a municipal organization. These variables should therefore be given consideration
during the implementation of change. Anecdotal evidence often indicates that leaders faced with comprehensive change do things that conflict with increasing readiness for change and to create enthusiasm for the change. For example, leaders tend to communicate less not more; they mandate decisions rather than invite input; and they are less visible and understanding of the challenges that the employees encounter. We hope that the results of the present study help managers see the importance of how individual-level variables and perceptions about workplace practices help shape the success of change initiatives.

Note
1. Incremental change involves change over a relatively long period of time. The objectives of the initiatives are small and deliberate improvements to the business. The recipients of the change tend to have time to adjust to the changes (e.g. Hiatt and Creasey, 2003). In contrast, radical change involves immediate and drastic change that is required over a relatively short period of time. There is high urgency for change. Typically, the change does not involve an improvement of a business process or a refinement of a business strategy; but instead the change concerns a replacement or overhaul of a process or strategy (e.g. Hiatt and Creasey, 2003).

References


Hiatt, J. and Creasey, T. (2003), Change Management: The People Side of Change, Prosci Research, Loveland, CO.


Further reading


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