Master Thesis

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"Resistance to change - The bumpy way of a German medium-sized enterprise in the industry of oil and natural gas during its process of corporate re-structuring and change"

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Management summary

In the previous decades the importance of organizational change increased, especially for historically grown organizations which were embedded in older industries, such as the steel-, transportation- or energy industry. The reorganization of those firms were, on the one hand, stimulated by governmental interventions such as the liberalization of the markets, as well as on the other hand by complex manufacturing and production procedures. In order to survive and stay competitive, the organizations that are active in old industries needed to change their organizational model to the rapidly changing external environment. The majority of firms start to reorganize themselves internally to be more cost efficient. Changing a historically grown company has the common problem that the workforce might show a resistance to change, which endangers the complete change process. In order to minimize this resistance to change, a focus on the empowerment and participation of the employees is needed to raise their awareness and help them to act in an entrepreneurial manner.

This research has been conducted in a mayor European company in the oil and natural gas industry, which is currently restructuring itself. Various theoretical and practical approaches to steer such an organization are existing in the area of change management. The focus of these models is either on a cultural- or structural reorganization. The present research focuses on the combination of both types of models as the organization is reorganizing their organizational culture and structure at the same time. The structural reorganization was done by the reconfiguration of internal structures and responsibilities from a mechanistic structure to a matrix-structure. The organizational culture should be changed by using five golden rules, which reflect the Entrepreneurial Orientation (EO) construct. The construct of the EO is mainly interpreted as a moderator between an organizational culture and the organizational outcome. Several authors support the view that the EO can be used as a strategic tool to influence the organizational culture and the company's operational model. To address this problem, the following research question has been established:

"Does the Entrepreneurial Orientation of the employees has an effect on the employee resistance to change during a structural reorganization"

This research investigates if the construct may also influence -in a positive, negative or neutral manner- the resistance to structural changes of the employees.

In order to discover an effect of the EO, a qualitative case-study research was performed. In total 17 semi-structured interviews of three embedded groups (impacted, non-impacted and

work council) within the case company have been conducted. The interviewees were sampled in a cross-sectional way in order to have equal groups to increase the credibility of this study.

This research explored several interesting findings, which contribute to the area of change management, resistance to change and the entrepreneurial orientation.

First, the interviews and observations show that the entrepreneurial orientation construct (innovativeness, pro-activeness and risk taking) are present at the case company and that this construct supports the break up of the existing sub-cultures within the organization.

Second, my own practical change model was developed which combines the overlapping dimensions of the nine most cited and renowned structural change models. This simplified model provides guidance to plan and monitor an organizational change for managers.

Third, the results indicate that the EO construct might be used as a tool to change the employees' mind-set, even when not all steps of prominent change models (e.g. ADKAR model) were achieved. These findings provide change agents and managers practical guidance, which saves time and keeps the motivation of the employees high.

Fourth, another main result is that the EO influences the resistance to change in terms of the change readiness of the employees for a structural change. An interesting point is that the study explored that the top and middle management has a resistance to change, which is paradoxical because that group normally delegates the change.

The fifth main finding underlines the importance of the communication prior to and during a reorganization, in terms of quality and frequency. In more detail, this research underpinned the importance of good communication between the top and middle management in order to avoid resistance.

Preface

This Master's thesis is the final graduation assignment of my double diploma, master, course Innovation Management and Entrepreneurship for obtaining the Master of Science (MSc) degree in Business Administration from the University of Twente, The Netherlands and for obtaining the Master of Science (MSc) degree in Innovation Management from the Technical University of Berlin, Germany.

During the Master's thesis research process I was supported by several people, without them it would not have been possible to create this thesis. I would like to express my special appreciation my two thesis supervisors Dr. Michel Ehrenhard and Dr. Annika Lorenz for their continuous and professional guidance during the execution of this thesis. Your constructive feedback motivated me to think out of the box and to interpret things and factors from different views and angles and increased the quality of this thesis.

I also want to thank my company supervisors Mrs. Cindy Schindler and Mrs. Hanna Jansky, for providing me the possibility to execute this thesis in her department. Thank you for the great guidance and support as well as for smoothing my way; without them it would not have been possible to write this thesis.

Further, I would like to thank my fellow students for proof reading this thesis and their constructive feedback.

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1. Introduction

In today's rapidly changing markets, organizations face economic pressure to quickly react and adapt themselves to the changing external environment in which they are operating.

A common way to prevent a late reaction is the restructuring of internal and external processes, which aims to set up a new strategy in order to build up a framework to make the organization efficient and successful. The implementation of this new strategy is labelled as change management, which can be explained as "[…] the process of continually renewing an organization's direction, structure, and capabilities to serve the ever- changing needs of external and internal customers" (Moran & Brightman, 2000, p. 66). The restructuring of an organization's operational model is stimulated by the top management. They develop the strategy and an action plan to transform the organization. Besides the change of the operational model, the leader has a key role to influence the organizational ability to learn and change. The central challenge of change management is to implement and communicate the planned change process in an attractive way by providing all employees and stakeholders, that are affected by this change, with the needed information and knowledge to understand the change process. During the implementation phase of the strategy, it is important to understand the psychological mindset of the employees. Several authors performed research in the area of corporate change. Therefore, there are various approaches to steer this restructuring process. The most prominent theoretical models for change are Lewin's (1946) three stage model and Bullock Batten's (1985) four phase models. A more practical model, which is highly accepted by business leaders, is Kotter's eight-stage model.

Next to the organizational change that focuses on structural change, authors such as Schein (1992) stressed that during an organizational change, the organizational culture also needs to change in order to support the new structure. Schein (1992) identified culture as the primary source of resistance to change and stressed that culture is always "the winner" over the strategy.

During the late 1990's, entrepreneurship as firm behavior became well known. Several authors support the view that the entrepreneurial orientation can be used as a strategic tool to influence the organizational culture and the company's operational model. In other words, it means that the strategy can create a new corporate culture. In this context the entrepreneurial orientation plays a crucial factor to ensure the survival and success of an organization (Covin & Slevin, 1991; Wiklund & Shepard, 2005; Jantunen et al., 2005; Arshad et al., 2014).

1.1. Research context

This research has been conducted in a European company in the industry of oil and natural gas in the German market. In January 2013 the management got replaced, the new managing director (MD) developed a new strategy for the company. The major incentive for the new strategy is to sustain the company's competitive advantages as a profitable organization in the German Exploration and Production (E&P) of oil and gas industry. The company is facing two challenges that are standing in context with the industry. The first is escalating costs and declining returns, which are based on expensive extraction techniques paired with decreasing oil and natural gas prices. Secondly the E&P industry in Germany has a bad image regarding the used extraction techniques like fracking. Next to the industry related challenges the MD identiied that the company has an individualistic culture and is driven by the silo-mentality, which hinders innovativeness, pro-activeness and risk-taking. To tackle the above mentioned challenges the MD developed a new strategy to reorganize the company's culture and structure to introduce entrepreneurship as firm behavior. Within the program there are different objectives, one is the transformation of the organization into to asset centered matrix model, the agreed change plan is the starting point for this research.

This Master's thesis has its central focus on analyzing and later on discussing, whether the EO influences the employees' mind-set regarding the resistance to change. Practically, this will be done in the form of a qualitative case study.

1.2. Problem statement

The E&P sector of oil and natural gas in Germany is a small industry with 4-5 players, they successfully resist change for the last decades. Due to the liberalization process of the European energy markets, the European Union opened the industry for new competitors. As a consequence, it forced the organizations within the industry to rethink their organizational model. In the last decade the case company already reorganized itself with the fine-tuning of processes in their divisions.

In the current reorganization the changing external environment / industry was not the leading force that created the desire to change. It was more that the company had the unique characteristic that it was driven by two chains of commands, technical and commercial. These two chains had their subcultures and were independent from each other, which made the organization rigid and slow to react.

In order to solve the cultural and structural problem a large scale change across the whole organization was commanded from the top-management. In detail, the MD launched the five golden rules program to change the culture from an individualistic to a collectivist culture. Parallel the MD reconfigured the organizational structure from a mechanistic structure to an asset driven matrix-structure. This reorganization was a total flip-over from the old structure and culture. In order to support the reorganization the MD introduced five golden rules (Figure 2).

Figure 1 - Main objectives of the strategy change

Three main objectives of the strategy:
1. Maintain and develop core competencies
2. Turn the operating model into a more asset centric one, transition from the current hierarchical model into an operating model which focuses on the assets
3. Developing projects while optimizing operational expenditure (OPEX) and capital expenditure base (CAPEX)

Figure 2 - Main objectives of the cultural change

No.	Five Golden Rules for culture
1	'Safety first"
2	"We act as we were the owner of the company"
3	"We say what we think. We do what we say, we say what we do"
4	"We are united in diversity"
5	" We have courage for decision and tolerance for errors"

Originally there were four golden rules introduced for the cultural change, based on an accident the golden rule "Safety first" were added. Since this rule is a general rule to work in a safe way, this study ignores it.

The current situation, which is under investigation in the following Master's thesis is the second objective- "Turn the operating model into a more asset centric one" (Figure 2) in context with the five golden rules (Figure 3), which is characterized by the consolidation of the resort K and T, under the lead of one MD. The five golden rules were chosen by the MD to enhance the organizational structure by introducing: entrepreneurial thinking, hands on mentality and the tolerance for failures. The golden rules should support the structural

transformation of the case company. Beside the culture, the organizational structure should be changed to an asset centric matrix. The asset centric model is defined as an organizational model that uses the matrix structure, which focuses on the core business and the related assets, by splitting the company's operations into single assets. In the case company it means that the operations, exploration and production of oil and natural gas, were clustered as assets based on the geographical orientation, and that the administrative and financial operations are labelled as support mechanisms for the assets. This interaction between the assets and the support lines should foster cooperation by destroying the old silo mentality, individualistic thinking of the employees, that was present prior to the change. In more detail the responsibilities as well as the freedom will be enlarged by tools, such as the empowerment of the employees. An overview about the operational model before and after the change is displayed in Figure 3 below:

<p align="center">Figure 3 – Organizational model</p>
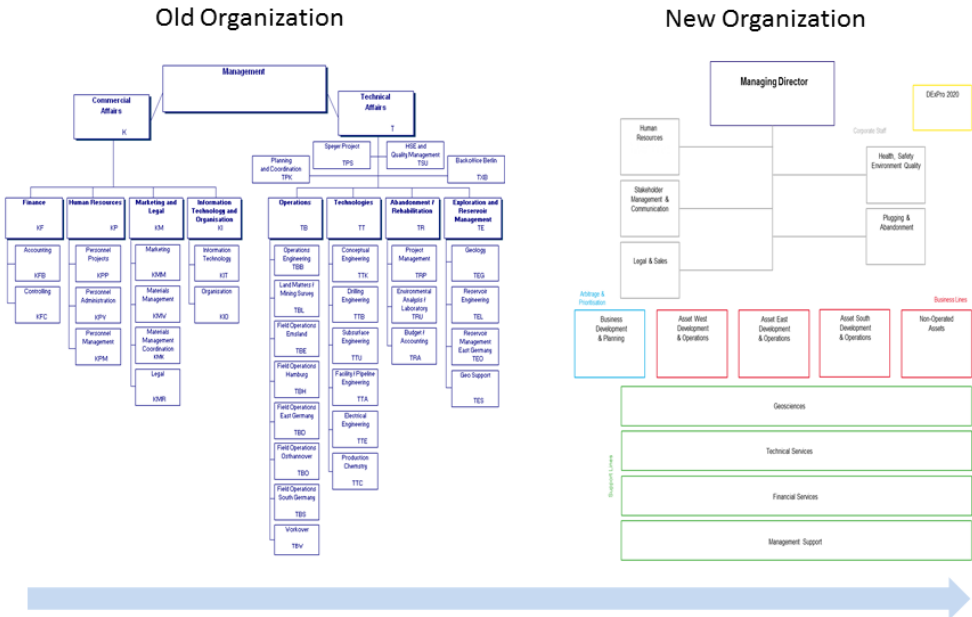
During this change process it needs to be observed whether the planned organizational transformation, according to the agreed and launched change plan, is realistic and if the chosen communication tools will support the transformation or not. Based on the historically grown organizational structure, the company had two managing directors, one for the

commercial sector (K) and one for the technical sector (T). The MD from the commercial sector also has the position of the CEO. Due to this split, it is of highest interest to observe, whether the mind-set of the employees changed in a way that the majority of the employees, especially the management board, identify themselves as one company. Currently, the change process is in its implementation phase, which means that the formal requirements (internal reorganization and restructuring of departments and responsibilities) are finished. To get an impression about the progress of the change project the communication department executed an internal online survey, July 2014, which was analyzed in accordance with Kübler-Ross' (1969) modified change curve model. It reflects that the employees of the organization were in the stage of anger, depression, confusion, doubts at that time, which according to Kübler-Ross is normal at this stage of an organizational change. My personal observation, in October 2014, underlined the findings of the communication department. I observed, especially the confusion and doubts about the change of responsibilities among the employees, regardless the hierarchical level. Figure 4: displays in which stage the employees are at the moment. The arrow displays that it is planned to overcome the anger and depression to increase the acceptance and integration of the employees (communication department, 2014).

Figure 4 - Employees current stage (Oct. 2014)
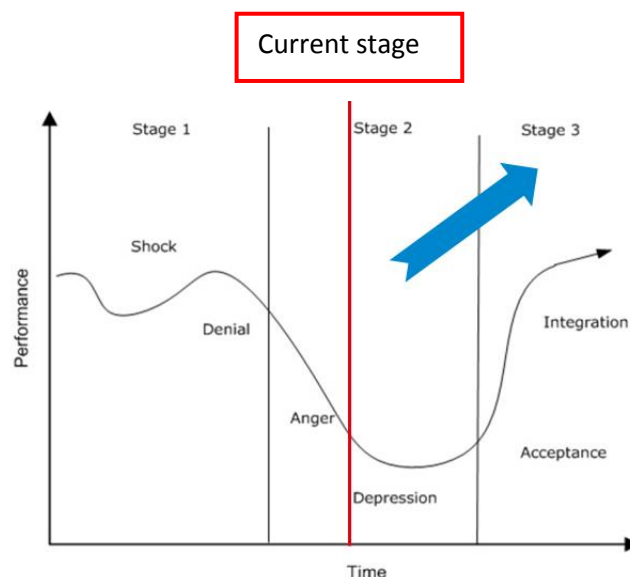
(Kübler-Ross, 1969)

1.3.   Research goal

The objectives of the Master's thesis are threefold: First, to explore the status-quo of the employee's resistance to change, among the management and employees, regarding the change initiative. Second, to display the effect of the EO during the first months of the implementation process. In detail, a focus will be set on the resistance of the employees regarding the change-plan by analyzing the concepts of restructuring of responsibilities, communication, empowering of employees, introduction of entrepreneurial thinking, hands on mentality approach and an increased tolerance for failure and risk. Furthermore the analysis will provide the information, whether the chosen concepts support or hinder the change process. Third, practical recommendations will be developed for future steps in the change project.

Since the research is done in a medium-sized enterprise (ME) with 582 employees in a German niche market with a specific setting. It is difficult to statistically generalize the results across all ME´s in the German E&P industry. But this is also not the aim of the study, it is more to explore new phenomena that brings new insights to the theoretical concepts in the area of change management.

1.4.   Theory and concepts

This sub-chapter provides an overview of the reviewed theoretical concepts that are relevant to the identified problem, which is central in this Master's thesis. A detailed literature review will be displayed in Chapter 2. The central theories within the study are in the research area of: change management, resistance to change and entrepreneurial orientation. In order to define the starting situation of the case study, a literature review of the organizational culture and structure was done.

The chosen mix of different research area has the aim to identify the roots of the existing culture and structure prior the change. The identification was done by using the theoretical concepts of: levels of organizational culture (Schein, 1992), the psychological contract (Rousseau, 1995), decision-making process, level of formalization, level of departmentalization and the configuration of organizational structure (Senior & Flemming, 2006; Utterbeck, 1994; Chonko, 1982; Drucker, 1994). The identification of the existing culture and strategy is used as a starting point for this study. Hence, some organizational structures and cultures are by nature more resistance to change than others.

Due to the fact that the resistance to change is researched by various authors (Pardo del Val, 2003; Rumelt, 1994) there are various expressions and explanation for this concept, the two most prominent ones are: resistance to change and corporate inertia, these terms are treated as interchangeable terms in this study. The point in which the researchers commonly agree is that the personality of the individual is playing a key role in determining the success or failure of the planned change process. According to Kotter and Schlesinger (2008) the common reason why individuals resist are: parochial self-interest (individualism), misunderstanding (different interpretation of the change), low tolerance to change (want to keep the status quo) and different assessment of the used tools. The listed reasons will be compared with the ADKAR model from Hiatt and Creasey (2003) in tandem with the six change model of Kotter and Schlesinger (1979). The combination of these two models is highly used by managers and organizations, as a consequence, it helps to provide practical guidance to identify and minimize the resistance to change. The model of Brown (2005) could help to identify some sight-effects that come from territoriality and may stimulate the resistance to change.

Besides the resistance to change, this study is focused on the entrepreneurial behavior theory, that is driven by the theories of Covin and Slevin (1991) Mintzberg (1973), Miller (1983) and Rauch et al. (2009). Several authors have used parts of these constructs, developed own approaches and coined different terms such as intrapreneurship, corporate social entrepreneurship, entrepreneurial orientation or corporate entrepreneurship to describe the entrepreneurial behavior of the employees. Mintzberg (1973) identified the entrepreneurship organization as a strategic tool for decision-making. Covin and Slevin (1991) underpinned Mintzberg findings by stressing that firms with entrepreneurial behaviors are the ones that are the first in the market and force competitors to react to their actions. Furthermore the authors developed a conceptual model of entrepreneurship as firm behavior. In the field of research the characteristics of the EO are three dimensions: innovativeness, risk-taking and pro-activeness (Covin & Slevin, 1991; Rauch et al., 2009).

Another factor that influences the resistance to change during an organizational change is the chosen model of the implementation. Within the literature, there are various theoretical and practical models how the change should be managed. This study used the theoretical models of: planned vs. emergent change (Burnes, 2006; Bullock & Batten, 1985; Poole & Van de Veen (2004); Todnem, 2005), continuous vs. discontinuous change (Luecke, 2003; Grundy, 2003; Senior & Flemming, 2006; Weick & Quinn, 1999), small vs large scale change (Dunphy & Stace, 1993) and time and content of change (Huy, 2001).

1.5. Research – question /Problem statement

After observing, conversations with colleagues and a first literature review, several areas of research which could be interesting to be researched were identified: leadership, turn around, change management, company culture, entrepreneurship and resistance to change. After elaboration of an in-depth literature review and discussion with the company and thesis supervisors, the research areas were narrowed down to: change management, corporate culture, entrepreneurial behavior and the resistance to change. After several combinations and configurations between the research areas the Master's thesis will try to answer one main research question.

> *"Does the Entrepreneurial Orientation have an influence on the employee resistance to change during a structural reorganization"*

The research question was divided into sub-questions to focus on the main aim and to provide the research a consistent structure:

a) How can the corporate cultures be described best?
b) Does the whole organization share and support the change/vision?
c) What are the obstacles (e.g. natural resistance to change) to the new vision, and how to overcome them?
d) How is the change communicated to equip the employees with the needed information and knowledge/skills to understand the change?

1.6. Theoretical/practical relevance

During the literature review on change management, resistance to change, entrepreneurship and change management I could not find a study which describes the effect of the EO in the relation with change management and the individual resistance to change. Prior research in the entrepreneurial area mainly focuses on the relationship between the EO and a company's performance and is mostly done for start-up's or small companies in the service sector (Covin & Slevin, 1991; Wiklund & Shepard, 2005). Therefore, this study will bring new practical insights in order to close the identified literature gap and contribute to the change management literature. Furthermore, future research recommendations will be developed in the area of change management.

In order to reflect the practical relevance of this study, managerial recommendations will be developed in order to improve the organizational processes within the case study. Additionally, a practical model to guide a change process was developed.

2. Literature review

This chapter provides an overview of the reviewed theoretical concepts that are relevant to the identified problem, which is central in this Master's thesis. It displays the theoretical foundation, which is the basis of the following analysis. Senior and Fleming (2006) stress that small-scale, incremental change tend to get launched from the internal environment, whereas wide-ranging changes often come from the external environment. Thus, an organization needs the ability to manage both internal and external forces (Goodstein & Burke, 1991). Covin and Slevin (1991) underpinned this view and have the findings that an organization needs to have the resources and competencies to introduce and maintain entrepreneurship in the firm. Furthermore, the authors developed a conceptual model in which they identified the four main internal variables which are: top management values; organizational resources & competencies; organizational structure and organizational culture. The following literature review is structured in theoretical concepts of: organizational culture, organizational structure, organizational change management and resistance to change. The displayed theoretical concepts build up the knowledge foundation for the later classification, in the analysis part, of the case company prior to -, during - and after the change.

Figure 5 - Four areas of literature review

- Management characteristics
- Levels of organization culture
- Creation of organizational culture

- Centralization
- Formalisation
- Departmentalization
- Configuration

2.1 Organizational culture

2.2 Organizational structure

2.4 Resistance to change, Entrepreneurial Orientation

2.3 Organizational change management

- Resistance to change
- Coping with resistance
- Entrepreneurial Orientation

- Influencing factors
- How it comes about
- Rate of Occurence
- Characterized by scale
- Change models

2.1. Management characteristics

Top Managerial Characteristics and the chosen leadership style during an organizational change are important and influence a change in several directions. The leadership style is an important factor to set up basic conditions and a framework to enhance, manage and communicate an organizational change. Especially the top-management has the power to start impulses down the line to stimulate and continually support the change. The leadership style is closely related to the organizational routines and procedures, and vice versa. Botero and Van Dyne's (2009) model shows that the leadership style influences the Leader-Member-Exchange (LMX), i.e. the behavior and willingness to speak up and interact with the leader. A low LMX hinders employees to interact with as well as speak up to their leader. A high LMX is important during an organizational change, because if a dissatisfied employee does not speak up to the leaders, frustration increases and may lead to a resistance to change. According to Botero and Van Dyne (2009) the LMX needs to be on a high level in order to create trust and commitment to the leader and the overall change.

Proposition 1: The employees' resistance to change is lower among the individuals which have a high level Leader-Member-Exchange.

2.2. Theoretical concepts- organizational culture

In order to understand the organizational change process it is fundamental to understand what an organizational culture is. The organizational culture reflects which artifacts, shared values and beliefs are present in an organization. According to Schein (1992) an organizational culture is:

> *"A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems." (Schein, 1992, p. 13)*

Various researchers have provided evidence that the organizational culture has an impact on the change process, especially when the employees' mind-set should be changed to be more entrepreneurial. An organization needs to have the abilities to develop and to maintain a change plan which is consistent with the new culture. Researchers such as Cornwall and Perlman (1990) interpret the culture as "[…] a first step in fostering entrepreneurial activity within an organization. It touches and influences everything that people do. Positive cultures are those that are in line with an organization's vision, mission, and strategies. In other

organizations where entrepreneurship is lacking as a strategic goal, the culture does not support risk taking, searching for opportunities and innovation" (p. 66).

Cornwell and Perlman (1990) also stressed that culture has an effect on the entrepreneurial - thinking and -behavior in terms of innovativeness, risk-taking and pro-activeness, and vice versa (Kanter, 1982; Burgelmann & Sales, 1986; Miller & Friesen, 1984). Starting in the late 1990's strategic managers became aware of this relationship and established entrepreneurial thinking at the top level of organizations (Covin & Slevin, 1991). As a consequence, the top level encourages the employees to act entrepreneurially which supports the development of an entrepreneurial organizational culture. Furthermore, Covin and Slevin (1991) identified that "[…] the primary direction of influence will likely be from organizational culture to entrepreneurial posture" (p.17).

Proposition 2: The top-management needs to encourage their followers to act entrepreneurial, to establish a corporate culture that supports the introduction of entrepreneurship as firm behavior.

In order to change an organizational culture, the culture prior to the change needs to be identified. The identification of the old culture may help when choosing suitable instruments to align or transform the organization to the desired culture. In the case company such identification could provide information of cultural characteristics that, by nature, may lead to a high level of resistance. The identification of an organizational culture is not easy to observe or to categorize. Basing on this problem, a number of researchers developed various models to identify and classify an organizational culture. The prominent models in this field are Hofstede's (1980) dimensions of culture, Schein's (1992) model from an observer view and Johnson's (1988) factor and element model. A model that combines several dimensions of culture, is the organizational culture profile from Chatman and Jehn (1991), which will be used in the following analysis part.

The model consists of the following dimensions:

1) Innovative culture
2) Aggressive culture
3) Outcome-oriented culture
4) Stable culture
5) People-oriented culture
6) Team-oriented culture

7) Detail-oriented culture

A classification of the culture will help to identify the culture prior to the change, and can be seen as a starting point for the analysis. In the next step, the theories on influencing and changing the existing culture to another will be displayed.

Proposition 3: The existing organizational culture has an influence on the employee's level of resistance. Aggressive-, outcome oriented-and stable cultures are more resistant than innovative-, people oriented-and team-oriented culture.

After the identification of the organizational culture there are various ways of changing it. This thesis uses the highly cited model of Schein (1992), because it is simple, lean and applicable to the case company.

The first step in creating or changing a corporate culture is to set an impulse for the change. According to Schein (1992), it is common that the leader or the board of management sets the impulse (direct impact) to create and structure the organizational culture according to their personal beliefs, values and assumptions. This stage is labelled the primary embedding mechanism and is mostly found in the starting phase of an organization or in phases after the replacement of the old management..

In order to complete the process of corporate culture change and also when the company gets more complex and more mature, there is a need to re-articulate and reinforce the organizational culture in terms of design, structure, architecture, rituals, stories and formal statements (Schein, 1992). This stage is labelled the secondary articulation reinforcement mechanism and it influences the cultural change in an indirect way. If this step is not done and the primary embedding mechanism is inconsistent with the secondary articulation and reinforcement mechanism, it may lead to conflicts and an increased resistance to change. In general an organization that has the desire to change need to have the organizational resources and competencies for it, especially if the change towards entrepreneurship (Covin & Slevin, 1991).

Beside the culture, the organizational structure also needs to be identified, because the relationship between culture and strategy should have the same aim in order to support the change process.

2.3.   Theoretical concepts – organizational Structure

In addition to the organizational culture, the organizational structural forms and configurations also need to be identified. Therefore, this sub-chapter will display literature of organizational structure, which here is defined in four blocks: centralization, formalization, departmentalization and configuration.

The way how an organization coordinates its activities and interactions is known as the organizational structure. In the business world, there are several different structures of how a company can allocate, supervise and coordinate their activities in order to reach its organizational goals.

2.3.1.   Centralization and decentralization

Centralization is the degree to which the decision-making process (span of control), i.e. power, is concentrated at the top-level in the organization. In a centralized organization, the majority of important decisions, development of policies, procedures, regulations and guidelines are made by the top-management. Decentralization reflects the opposite of the latter, as here decision making is the product of the joint workforce. According to Covin and Slevin (1991) a decentralized decision-making process is part of an appropriate organizational structure to be entrepreneurial.

In addition to the decision making process, there is the way how an organization writes down and communicates the regularities, procedures, processes, job descriptions and rules, and which thus is called the formalization of an organization. According to Senior and Fleming (2006), a formal organization is characterized by a fixed set of internal formal rules and procedures that are written down and applied strictly, without room for interpretation. In contrast, the informal organization can be characterized as a socially grown structure which relies on personal relationships among employees and which shapes the internal culture and determines the values of how the work is done. A low level of formalization supports the entrepreneurial thinking and behavior of the employees.

According to Drucker (1994), the formalization of an organization can be identified by the hierarchical levels it has, and can be categorized as flat or tall. A tall-structured organization has several levels/layers between the frontline worker and the top-management, whereas a flat-structured organization only consists of few layers, where often a large number of employees report to a single manager. Covin and Slevin (1991) found that a flat structure is more appropriate to foster entrepreneurship as firm behavior.

2.3.2. Organizations departmentalization

As a next step it can be distinguished how the organizational structure is aligned to the chosen form of departmentalization, which is commonly categorized as either functional or divisional. In functional structures, the employees specialize in one particular field (e.g. Representing a separate product, service, customer or geographical area) and handle all products of the company (Carpenter et al., 2009). Functional structures are best for organizations that have a small number of products in a stable environment. In contrast to the functional departmentalization, the divisional structure is more generalistic and the employees perform many different tasks. Most of the time, a particular product line or geographical area is handled by one division (Hollenbeck et al., 2002). The divisional structure fits best in an organization with a diverse product line and geographical areas in unstable and turbulent, changing environments. The divisional structure enables the organization to react quickly and align the division to the ever-changing external environment. Due to the fact that the divisional structure usually entails decentralized decision-making and low formalization, it supports entrepreneurial thinking and behavior.

2.3.3. Configuration of the organizational structure

The theoretical concepts that define the organizational structure of an organization are the: formalization, centralization, number of hierarchical levels/layers and departmentalization, which need to be aligned with the organization's external environment. Utterback (1994) states that there are two structures that are influenced by the environment: mechanistic structure for stable and rigid environments, and organic structure for fast-changing and unpredictable environments. In more detail, the mechanistic structure is highly formalized and centralized and can be characterized to be bureaucratically rigid. The mechanistic configuration is chosen to maximize efficiency and minimize costs and entails a high resistance to change, which makes it unsuitable for entrepreneurial thinking and unpredictable environments.

Organic organizations are by nature flexible and react quickly to changes in the environment. The latter is mainly based on decentralized structures with a low level of formalization. Beside the classical mechanistic and organic configuration the matrix configuration also exists. The matrix configuration has the characteristics that it crosses the functional structure with the divisional to form a grid, the matrix. Therefore, this configuration has two chains of command that operate at the same time. One chain is functionally designed for specific products (vertical axis), while the other has a divisional design (horizontal axis) to support the

functional chain, for example regarding the procurement of material and later regarding the sale of the finished product (Senior & Fleming, 2006). This makes the organic organization suitable for entrepreneurial thinking and product innovation (Covin & Slevin, 1991; Utterback, 1994). Covin and Slevin (1991) identified that the "[…] the primary direction of influence may be from organizational structure to entrepreneurial posture" (p.18).

The reviewed literature will provide a general understanding of an organization and provide the basis to assess and categorize the company in this context.

Proposition 4: An organization that has the characteristics of centralized decision making, a high formalization of processes, and a tall-structured departmentalization and mechanistic configuration is more resistant to change than a decentralized, low formalized and flat-structured organization.

2.4.   Theoretical concepts - organizational change management

Now, after gaining knowledge about what an organizational culture and structure is, the question that is raised by a number of researchers and organizations is how to influence and change existing cultures and structures into the desired ones. In order to solve this question, the light is shed on the research area of organizational change management, which is the operationalization of the planned actions. In more detail the organizational change management is overwhelming the planning and managing of the goals, policies, implementation, maintenance and improvement by establishing a change management plan. The change management plan can be seen as a roadmap, which displays all the steps of the planned transformation, including the limits and possible failures (Kotter, 1996).

Various researchers have developed different models to categorize the nature of the change. This Master's thesis uses the categorization model of Senior (2002), because it is a frequently cited model that fits best to the situation under investigation. Senior (2002) categorized the organizational change by the rate of occurrence, by how it comes about and by scale.

2.4.1.   The nature of the change - How it comes about

As already mentioned in the introduction, there are several different approaches on how the change process can be carried out. Based on a literature review it becomes apparent that the planned change approach is the dominant approach and is used by a number of authors (Cameron & Green 2012; Bramford & Forester, 2003; Burnes, 2004; Senior, 2002). The original theory of the planned change approach was developed by Lewin in 1946. Lewin focused on the psychological aspects of individuals during a change. Back then he identified

that people work in groups, and that the individual behavior must be seen, modified or changed to fit the group goals. Therefore, Lewin's (1946) findings focus on the process to change norms, beliefs and habits within groups in order to change the individual mind-set. In general the planned change approach describes the movement from an organization's current equilibrium to a future equilibrium.

Several authors build upon Lewin's broad theory in order to make it more specific and applicable to practice. Since the early 1980`s, the planned approach has gotten some criticism. Cameron and Green (2012) and Bramford and Forrester (2003) observed that the planned approach works best when organizations are operating under constant conditions that are stable and predictable, but are less suitable for organization that face complex and unpredictable change requiring rapid decisions and reactions, which cannot be planned in advance. Additional criticism comes from Wilson (1992), who found that the planned approach is too dependent on the top management and that the approach assumes that the management has a full understanding of the change and its long-term effects.

During the past decades, several authors within the field of organizational change management perceived change as linear and plannable, and argued that organizations could not be effective or improve performance if they are continually changing (Rieley & Clarkson, 2001). Due to globalization and complex business environments, this view changed and the emergent change approach became prominent. The emergent approach, which is the opposite of the planned approach, was founded on the assumption that organizations operate in a dynamic and unstable environment, in which organizations have the need to steadily adapt themselves to an unpredictable and continuously changing environment (Burnes, 2004). In contrast to the planned approach, "[…] the emergent approach sees the disequilibrium as a necessary condition for the growth of dynamic systems" (Burns, 2006, p. 149). Change is a non-structured, non-predictable and non-linear process, which occurs in "real time" (Burns, 2006, p. 363) and is directed by the relationship and interaction of different internal and external variables (Figure 6) (Burnes, 2004; Todnem, 2005).

Poole & Van de Ven (2004) explained that the planned change approach is a process, that can be controlled and monitored, whereas theories of emergent change see change as not controllable and not monitorable. This leads to unpredictable and unplanned interactions of people. Therefore, this emergent approach can be classified as an ongoing learning and strategy making process which satisfies the needs of a bottom-up approach in which the top-management has the positions as trainers and advisers. In order to change an organizations

culture and structure at one time, which is the case of the company, the emergent approach fits best.

Figure 6 - Change How it comes about (Burnes, 2004)

Large-scale change

| Level: The organization
Focus: Culture | Level: The organization
Focus: Structures & processes |

Slow change   Rapid change

| Level: Individual/group
Focus: Attitudes/behavior | Level: Individual/group
Focus: Tasks & procedures |

Small-scale change
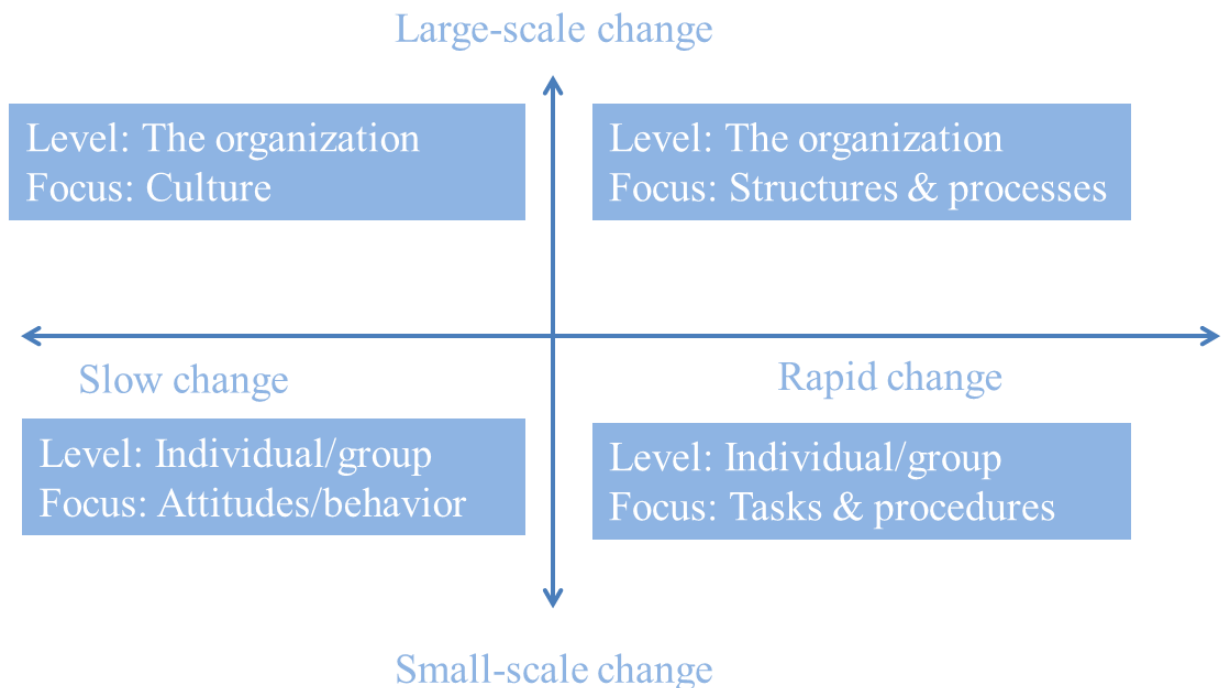
2.4.2. The nature of the change-Rate of Incurrence

There are two well-known approaches that lead to a distinction of change processes. In these approaches, the speed of the change distinguishes whether a continuous or discontinuous and incremental change is dealt with. Luecke (2003) described the discontinuous change as a one-time event that launches various separatist initiatives to drastically change an organization. It is a "single abrupt shift from the past" (Luecke, 2003, p.102). According to Grundy (1993) discontinuous change aims at making high speed changes in an organizational culture, strategy or structure, or in all of the three at the same time. The threats of the discontinuous approach are that it allows defensive behavior, complacency, inward focus and routines, which can lead to situations and behaviors that need to be changed (Luecke, 2003; Todnem 2005).

The continuous approach fits best for departmental, operational and ongoing change. The discontinuous approach fits best for an organization-wide strategy and adoption to the external environment.

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2.4.3.   The nature of the change-Characterized by scale

According to Senior (2002) and Dunphy and Stace (1993), organizational change can be identified by its characteristics of scale. Both authors had overlapping results and identified the four common types of change regarding scale: fine-tuning, incremental adjustment, modular transformation and corporate transformation. Fine-tuning is explained by Senior (2002) as a continuous approach to align the organization's strategies, processes, people and the structure of the current situation in order to maintain competitiveness. An incremental adjustment occurs when current management and organizational strategies get modified. Both of the sorts of change are labelled non-radical (Senior, 2002). Radical changes are modular or corporate-transformations. A modular transformation is characterized by a major shift of single or multiple departments or divisions at one time. In a corporate transformation, the complete company is changed in terms of business strategy, interaction patterns, organizational mission and core values (Dunphy & Stace, 1993)

2.4.4.   Time and content of the change

Huy (2001) brought new insights to the complex-large scale change. The author enlarged the planned approach by including the factors of time and temporal capability in combination with the classical planned change approach from Lewin. Huy argued that the time and content of change are important because "[…] they influence decision makers' choices related to resource allocation and prioritization, timing and urgency of organizational activities" (p. 601). In order to explain the relation of the timing of the change with temporal and non-temporal organizational assumptions he developed a model of interventions. Regarding the timing issue the author divides the time into quantitative time, clock time and qualitative time. The four types of the planned change are commanding, engineering, teaching, and socialization. The commanding type is a classical top-down approach where change agents directly apply commanding activities like directives and coercive agents in order to change it to change the company in an abrupt and rapid way. This type of change is stimulated from external stakeholders, major shifts in the environment, or unsatisfactory social performance and is characterized by the change of tangible content, which is visible and quick to implement. Downsizing or divestments are typical tools in this type to quickly realize economic benefits (Huy, 2002).

The engineering type is used to redesign and reprogram existing work processes and business processes. The content of this change is to speed up the clock time of the processes, with the main goal to increase the productivity as well as the efficiency to enhance economic

performance (Huy, 2001). This type is mainly used when change agents have the purpose to have a moderate speed/pace of change.

The teaching intervention leads to an analytical and guided learning. In comparison to the engineering and commanding intervention, it is interactive. The employees that are the targets of the change, collaborate and interact with the change agents to foster actively the reeducation of the employees according to the change goal. In contrast to the commanding and engineering intervention, teaching is using qualitative inner time "[…] to relive the past and prelive the future in the present" (p. 608), which favors a moderately long-term perspective with a continuous speed/pace. In essence, the change in believes is assumed to change behavior.

The socialization intervention type aims at enhancing the social interactions among the organizational members. Change agents that use socializing "[…] seek to develop synergies among various groups" (p. 609) in order to develop organizational learning capabilities to increase the adaptability to the environment (Huy, 2001; Brown & Eisenhart, 1997). In contrast to the commanding, engineering and teaching approaches the change agent needs to change to the new espoused values of the change. In essence, change in behavioral interactions leads to change in beliefs and organizational culture.

The four intervention types provide a good overview over which kinds of change can be present, as well as how the timing and speed of the change influence each intervention. Besides the distinction, Huy (2001) shows that large-scale change, mostly happens in various sequences and combinations of interventions. Huy (2001) used three propositions in his research starting with commanding, starting with interventions other than commanding, and combining opposite intervention approaches. In this research the proposition starting with commanding will be reviewed and reflected to the case company, since the change there started with commanding.

Starting with Commanding: One possible combination of this approach is to start with commanding the change, continuing with teaching following by socializing and ending with engineering. The speed/pace of the change starts rapidly in the commanding interventions and loses continual speed during the sequences. The scale of the change started at short term in commanding and ended at mid-term. In line with Huy (2001), the proposition below will be applied to the case company.

"Starting large-scale change with commanding is likely to be effective in organizations that traditionally accept hierarchical authority, when the company has slack, and when the change agent's power is concentrated. Commenting is likely to result in less resistance if it is done with benevolence, has a clear business logic that is acceptable to employees, and is done in a short time. Commanding has to be followed with other intervention approaches to repair the social fabric of the organization and improve work processes" (p .615).

2.5. Practical change models

Apart from the theoretical approaches displayed in the last chapters, some authors also developed practical guidance to corporate change. Todnem (2005) critically reviewed and compared the change models of Kotter (1996); Kanter (1992) and Luecke (2003). Cheung (2010) enlarged Todnems original work with Galpin's nine wedges change model (1996), Armenakis et al.'s change readiness model (1999), and Judson's five step change model (1991). Since the case company started and monitored the change process with a mixture of several theoretical models, this Master's thesis merges the existing comparisons and enlarged it with the change models of Lewin (1946), Bullock and Batten (1985) and Kübler-Ross (1969). In total, it is a merger and a comparison of the nine most frequently cited practical change models, on which an own practical model will be developed.

2.5.1. Evaluation of the existing change models

Lewin's model of change

Lewin (1946) developed a three stage model to change the individuals' mind-set. The first stage is "Unfreezing" and it focuses reveal or unfreeze the current behavior in order to minimize the defensive attitude regarding the change. During the "unfreezing"-stage, three processes need to be unfreezed (Schein, 1996). In the first process, the individual needs to understand that the current behavior in its group is wrong and needs to be changed to the right behavior. After this first process, the individuals should identify themselves as part of this wrong behavior and should develop a strong motivation to change it to the right one. In the last process the individuals need to feel safe from loss and humiliation before rejecting the old behaviors (Burnes, 2004).

The second stage is "change or transition". In this stage, the change or transition gets executed. It is also known as the implementation stage, in which the changed structures, behaviors and ways of thinking get alive. This stage also includes an action plan that intends

to monitor whether the assigned milestones were achieved, or if small changes need to be done. Within this stage, the individual has a high degree of confusion and doubts. To limit these consequences, good communication across all levels is needed. This is because the individual needs to overcome its internal resistance to change. The third and final stage is the "freezing"-stage. It is about establishing the stability of the new mind-sets and norms. The employees establish new relationships and start to feel comfortable with the new routines and norms. These characteristics lead to a high transparency and allow a steady monitoring of the planned progress during the change in order to improve the current situation or solve a current problem.

Kanter et al's. ten commandments of execution

Kanter et al. (1992) criticized that the model of Lewin with its three phases is too simplistic and out of date, since it treats the environment as stable and static. Another disagreement is that Kanter et al. interpret change as a "multi-directional and ubiquitous" process and view change as happening in multiple directions instead of in a single streamed process that has only one direction. In order to deal with this new complex and turbulent environment, Kanter et al. developed the ten commandments for executing change.

1. Analyze the organization and its need for change
2. Create a shared vision and a common direction
3. Separate from the past
4. Create a sense of urgency
5. Support a strong leader role
6. Line up political sponsorship
7. Craft an implementation plan
8. Develop enabling structures
9. Communicate, involve people and be honest
10. Reinforce and institutionalize change

Judson's five-step change model

Judson (1991) interpreted change from a behavioral perspective by identifying a spectrum of possible behaviors towards change which can reduce the resistance to change. The author developed a model of five phases:

1. Analyzing and planning the change
2. Communicating the change
3. Gaining acceptance of the change
4. Changing from status quo to a desired state
5. Consolidating and institutionalizing the new state

Judson (1991) stressed that every phase needs to be treated independently and that motivational tools such as alternative media, reward programs, bargaining and persuasion can help to overcome the resistance of change.

Kotter's eight stage process for successful organizational transformation

In 1996, John Kotter published his book "Leading Change", which is one of the most frequently cited and renowned books in the research area of change management. In his book, Kotter displayed a practical guide of eight steps in order to transform an organization successfully. This model helps to overcome critical success factors and can be applied to every organization that operates in a dynamic and unstable environment (emergent approach). Kotter strictly ranked the eight steps in order to guide leaders through a transformational process. Kotter (1995) used Lewin's model and developed an eight-stage process for successful organizational transformation, in order to practically guide managers through a fundamental organizational change process.

1. Establishing a sense of urgency
2. Forming a powerful guiding coalition
3. Creating a vision
4. Communicating the vision
5. Empowering others to act on the vision
6. Planning for and creating short-term wins
7. Consolidating improvements and producing still more changes
8. Institutionalizing of new approaches

Kotter argues that all of the steps mentioned above need to be accomplished in this order. If you skip one step or start with another step, before completing the step before, the transformation process is more likely to fail. Typical errors will be displayed for every stage, this is fundamental for the analysis part (chapter 4) of this Master's thesis.

Galpin's nine wedges change model

Galpin (1996) analyzed organizational change by the cultural influences and, in order to understand an organization's culture, developed a model with nine wedges, the Galpin wheel. The single wedges need to be analyzed by their rules and policies, customs and norms, ceremonies and events, as well as rewards and recognition.

1) Establishing the need to change
2) Developing and disseminating a vision of a planned change
3) Diagnosing and analyzing the current situation
4) Generating recommendations
5) Detailing recommendations
6) Pilot testing recommendations
7) Preparing recommendation to roll out
8) Rolling out recommendations
9) Measuring, reinforcing and redefining change

Next to the nine wedges, Galpin (1996) identified two areas in which an organizational change should be targeted: the strategic level and the grassroots level. The strategic level involves senior managers, consultants, middle-management or small teams of employees, whereas the grassroots level focus on the implementation of the change at the local or street level.

Armenakis et al's change readiness model

Armenakis et al. (1999) developed a model that is close to Lewin's theory, as they interpret organizational change as a continuous process. In this model, leaders must take steps to create a readiness to change, the adoption of change, and the institutionalization of change.

The authors developed a model to transmit change messages by identifying seven steps:

1. Persuasive communication, (e.g. speeches by change agents, internal communication)
2. Active participation by the impacted, (e.g. vicarious learning, participating in decision making)
3. Human resource management practices, (e.g. selection, performance appraisal, compensation, training and development)
4. Symbolic activities, (e.g. rites and ceremonies)
5. Diffusion practices, (e.g. best practice programs)
6. Management of internal and external environment
7. Formal activities that demonstrate support for change initiatives (e.g. new organizational structures and revised job descriptions

Luecke's seven step model

Luecke (2003) analyzed the similarities between the models of Lewin and Kotter and developed his own model. Luecke stressed that in his view an organization should implement the change in a continuous and structured way.

1. Mobilize energy and commitment
2. Develop a shared vision of competitiveness
3. Identify the leadership
4. Focus on short-term results instead of activities
5. Start the change at the periphery and spread it along the line
6. Institutionalize success through formal policies, systems and structures
7. Monitor and adjust strategies in response to problems in the change process

Bullock and Batten, planned change: machine

Bullock and Batten's (1985) developed a model in which they defined the planned change as a project management discipline. The four phases provide managers and project leader's practical guidance to successfully change an organization.

1. Exploration phase
2. Planning phase
3. Action phase
4. Integration

The authors interpreted change as a technical problem and developed the four phases as a technical solution that is definable and monitorable.

Kübler-Ross model

Kübler-Ross (1969) developed a model in her book "On death and dying", which displays five stages experienced by survivors on an intimate`s death. The model displays how an individual reacts when it is expecting a loss, the author explained that the stages are normal reactions to cope with a changing situation. Later this model was used by change agents and organizations to identify in which stage, during a change, the individuals are currently in and to develop plans to move them to the next stage.

Kübler-Ross change curve
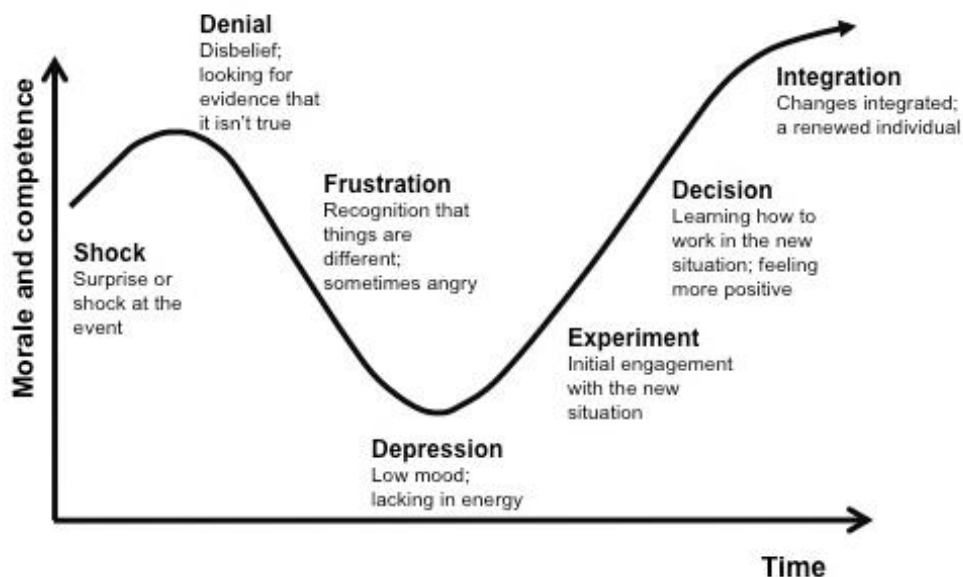
2.5.2. Development of a new practical change model

In the last chapter the seven most recognized and most frequently cited models from the organizational change literature were listed and explained. Figure 8 displays the various models and compares them. It turns out that the different models have common steps to steer an organizational change. Various authors used several definitions or steps to describe the same. In order to avoid confusion while focusing on the essence of the models, this Master's thesis developed an own model which displays the eight common steps of the nine change models.

Figure 8- Comparison of theoretical change models

Lewin (1946)	Kanter (1992)	Judsons (1991)	Kotters Eight (1996)	Bullock & Batten (1985)	Galpin (1996)	Armenakis (1999)	Luecke (2003)	Kubler- Ross (1969)	
Unfreezing	1. Analyse the organisation and its need for change	1. Analyse the change			3. Diagnose and analyze the current situation		1. Mobilise energy and commitment through joint identification of business problems and their solution		**Common steps**
	2. Create a vision and a common direction	2. Plan the change	3. Developing a vision and strategy		2. Develop and disseminate a vision of a planned change		2. Develop a shared vision of how to organise and manage competitiveness	1. Denial stage	
	3. Seperate from the past 4. Create a sense of urgency		1. Establish a sense of urgency	1. Exploration Phase, create the need for change	1. Establish the need to change			2. Anger stage	
Transition	5. Support strong leadership 6. Line up political sponsorship		2. Creating a guiding coalition		6. Management from internal and external information	2. Active participation by those affected	3. Identify the leadership	3. Bargaining stage	
	7. Craft an implementation plan	1. Plan the change		2.Planning phase, create an action plan					
	9. Communicate, involve people and be honest	4. Communicate the change	4. Communicate the change vision		4. Generate recommendations 5. Detail the recommendations 6. Pilot testing the recommendations	1. Persuasive communication 4. Symbolic activities 5. Diffusion practices	5. Start change at the periphery. Then let it spread to other unist withouit pushing it from the top	4.Depression stage	
	8. Develop enabling structures	3. Gain acceptance of new behaviors 4.Change from the status quo to a desired state	5. Empower broad based actions 6. Generate short-term wins	3. Action phase, implement change according the action plan	7. Preparing the recommendation for roll out 8. Roll out the recommendation	3. Human resource management practises 7. Formal activities that demonstrate support for change initiatives	4. Focus on short term results		
Refreezing	10. Reinforce and institutionalise change	9. Consolidate and institutionalize the new state	8. Institutionalize new approaches	4. Integration phase, aligning the change across the whole organization	9. Measure, reinforce, and refine change		6. Institutionalize success through formal policies, systems, and structures	5. Acceptance stage	
			7. Consolidate gains and produce more change						

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1. Analyzing and diagnose:

Lewin (1946), Kanter et al. (1992), Judson (1991), Galpin (1996) and Luecke (2003), identified that analyzing and diagnosing of the current organizational status and current problems is fundamental to understand the desire to change. Understanding the main driver of the change leads to a better understanding of the need to change across the organizational levels.

2. Creation of a vision and common goals:

Lewin (1946), Kanter et al. (1992), Kotter (1996) Judsons (1991), Galpin (1996), Kübler-Ross (1969) and Luecke (2003), all agree that it is fundamental to the success of a change to develop a solution with a vision and common goals. The vision and common goals are helpful tools to visualize the change and to increase the support for overcoming the denial stage.

3. Create a sense of urgency for the change:

Kanter et al. (1992), Judson (1991), Galpin (1996), Bullock and Batten (1985) and Kübler-Ross (1969) all found that creating a sense of urgency is important to create awareness and motivate the employees. The latter is based on the psychology of humans, because they only leave their comfort zone and cut off the past (anger stage) when they realize the urgency of the change.

4. Creation of a guiding coalition:

Kanter et al.'s (1992), Kotter's (1996), Armenakis' (1999), Kübler-Ross' (1969) and Luecke's (2003) findings underpin that it is important that a guiding coalition consists of senior managers, board members, stakeholders, key customers, and powerful union leaders. In other words, a guiding coalition can be seen as a roundtable for all interested parties, in which people influence and have the possibility to support the change (bargaining stage).

5. Development of a roadmap:

Kanter et al. (1992), Judson (1991), Galpin (1996) and Bullock and Batten (1985) stress that it is important to develop an implementation and action plan, which is mainly based on recommendations from the guiding coalition. Such a plan or roadmap has the advantage to speed up the transition process and motivate the employees to transform the planned change into action.

6. Communication of the change:

Kanter et al. (1992), Kotter (1996), Armenakis (1999), Kübler-Ross (1969) and Luecke (2003) identified communication to be an important tool in order to successfully change an organization. The communication needs to be efficient inside the guiding coalition to keep the level of commitment of the members high. People who are not in the guiding coalition need to get informed about the need of the change and its importance. Internal and external communication is needed to promote the change and to leave the depression stage, for gatekeepers need to be involved in a transparent way.

7. Implementation of the change:

According to Kotter (1996), Armenakis (1999), Bullock and Batten (1985) and Luecke (2003), the organization should provide immediate short-term success during the implementation in order to show the people that the change was needed and to further motivate them for the next steps. The empowerment of employees to participate in the change is also a motivating tool to reduce the resistance to change.

8. Reinforce and institutionalize the change, consolidate gains on the change:

Lewin (1946), Kanter et al. (1992), Kotter (1996), Judson (1991), Galpin (1996), Bullock and Batten (1985), Kübler-Ross (1969) and Luecke (2003), state that it is essential to manifest the changes and to create an environment that supports future changes. One tool can be to give people feedback by showing them how their behaviors and attitudes helped realize the planned change. Feedback in general will increase the responsibilities and awareness of the people. It is also seen as an intrinsic reward that reduces the resistance to change for future projects.

Proposition 5: An organization, that wants to reorganize its structure, needs a change plan in accordance with the eight common step procedure. The resistance to change will decrease and the acceptance of the employees will increase when every step/condition is completed and complied with.

2.6. Theoretical concepts – Resistance to change and entrepreneurial orientation

Since it is the Master's thesis main aim to answer the question whether the entrepreneurial orientation has an effect on the employees' resistance to change during a structural change, this sub-chapter is dealing with the theoretical concepts of resistance to change and the entrepreneurial orientation.

2.6.1. Resistance to change

The point in which researchers commonly agree is that the personality of the individual plays a key role in determining the success or failure of the planned change process. This process is prominent under the model of resistance to change. There are different expressions that describe the model of the resistance to change. The two most prominent ones are: resistance to change and corporate inertia. In order to avoid confusion, this thesis treats the two mentioned expressions as interchangeable terms. Pardo del Val (2003) found that the "[…] resistance to change is an essential factor to be considered in any process involving human beings, since a proper management of resistance is the key for change success or failure" (p. 153). Rumelt (1994) called the resistance to change "inertia" and developed a five-group classification of resistance: distorted perception, dulled motivation, failed creative response, political deadlocks, and action disconnects.

Pardo del Val (2003) enlarged the work of Rumelt (1994) and clustered the five groups into two stages:

In the first stage, the main factors leading to a resistance to change are based on the formulation of the change objectives. Pardo del Val (2003) explained that in the formulation stage it is important to ensure a continuous and intense communication to limit the resistance coming from distorted perception, implicit assumptions, myopia, dulled motivation and inadequate strategic vision.

In the second stage, the planned change needs to be implemented. In this stage, the resistance is mainly influenced by the interpretation of the employees. If they interpret the change or the used tools as a misfit between the changing values and organizational values, it results in resistance. Pardo del Val (2003) stressed that the management needs to create an implementation climate that is informative, scheduled, and transparent in order to limit the resistance from misinterpretations such as action disconnects, collective action problems cynicism, and lack of necessary capabilities.

Based on the limited time scope and the fact that the company was in the implementation phase of the change at the time when this Master's thesis was conducted, focus will be laid on the second stage.

2.6.2. Territorial behavior as resistance

Brown (2005) identified that feelings and behaviors of organizational members are overlooked in the organizational life. In his study, he claims that the individual members have a territorial interest to mark and control physical spaces, ideas, relationships, and behaviors. This territorial behavior is explained as psychological ownership which will be made visible to others through identity-oriented marking. The author displayed that within a reorganization the territories of the employees will be infringed or disrupted. A disruption, such as the shift of responsibilities, shift to a different department, or loss of direction of the department, could consequently lead to a defensive behavior of the employees and to the use of control-oriented marking to communicate the boundaries of the territory and to keep the old territory. Brown (2005) labeled one kind of reaction to such an infringement "anticipatory defense" a non-communication tool such as a locked door. Another kind he named "reactionary defense", which describes an action taken to react directly to infringement of the territory, such as shouting. As a consequence, this defensive behavior may lead to a resistance to the change, especially for the employees that lost territory and power during an organizational change.

The following proposition will be applied to the case company.

"The relationship between the psychological ownership and control-oriented marking of a territory will be a moderated by the ambiguity regarding the ownership of the ownership of an object such that the more ambiguity there is, the stronger the relationship will be (Brown, 2005, p.583).

2.6.3. Managing of the resistance to change and inertia

In order to get a clear picture about the current level of resistance to change as well as to reduce it, various models were developed. An often cited model is Kotter and Schlesinger's (1979; 2008) four common reasons of resistance. These four reasons will later be analyzed with the ADKAR model of Hiatt and Creasey (2003) in tandem with the six change model of Kotter and Schlesinger (1979). The advantage to couple these models is to identify the current level of the resistance to change, as well as to provide practical recommendations for the case company.

Kotter and Schlesinger (1979; 2008), who studied the individual resistance to change, diagnosed four common reasons why individuals resist to change. These will be briefly introduced in the following parts.

First, parochial self-interest: Individuals act on self-interest rather than considering the effects on the organization. If employees think that the change is in conflict with their self-interest, it leads to resistance.

Second, misunderstanding of the change: When the change is not clearly communicated, the individual does not understand the change and does not trust the management. This leads to resistance.

Third, low tolerance of the employee to the change: People do not have the ability to change their behavior, work habits, and attitudes, which is why they want to keep the status quo, as this provides them with security. However, this leads to resistance.

Fourth and last, different assessments: Individuals have different assessments of the change. Some employees only see the disadvantages and not the advantages that the change will bring, which again leads to resistance.

In order to diagnose the resistance and handle these four reasons by managing the resistance to change, Kotter & Schlesinger (1979; 2008; Kotter, 1996) developed the six changes approach (Figure 7).

Figure 7 - Six changes approach (Kotter, 1996)

Approaches	
Education & communication	In order to educate the people regarding the change, a good communication and education to reduce the level of resistance is needed
Participation &involvement	Participation and involvement of the employees during the change process - increase the commitment and reduce the individual resistance to change
Facilitation & support	Facilitate and support social actions, such as information hours, providing training sessions or just listening and providing help to the employees. This approach reduces the resistance if its based on anxiety and fear
Negotiation &	Negotiation and building up of agreements, such as an increased wage.

agreement	It reduces the level of resistance when the employee lost power or status through the change
Manipulation & co-optation	Manipulation could be the co-optation of the employee in the change process, to make him responsible for some change steps. Co-optation is not participation, because the change initiator wants the endorsement from the employee
Explicit & coercion	The employees get forced to accept the change in an implicit or explicit manner. If the resistance is still high the employee will be replaced or transferred to a new position

The ADKAR model was chosen, because it has the advantage that it can diagnose the employees' resistance to change, as well as to identify in which stage they currently are. Furthermore, by using the ADKAR model it is possible to identify gaps in the change management process. This identification will help to draw efficient and practical recommendations for future changes.

The ADKAR model consists of the following elements.

- **A**wareness: create awareness by communicating among the employees that the change is needed
- **D**esire: the personal desire and motivation of the employee to participate in and to support the change
- **K**nowledge: to understand the change itself and in which way the employee should change
- **A**bility: to implement new skills and behavior on the basis of the first three criteria
- **R**einforcement, sustainability in order to keep the changes

Figure 8 - ADKAR Model (Hiatt & Creasey, 2003)

Awareness	Desire	Knowledge	Ability	Reinforcement

Time →
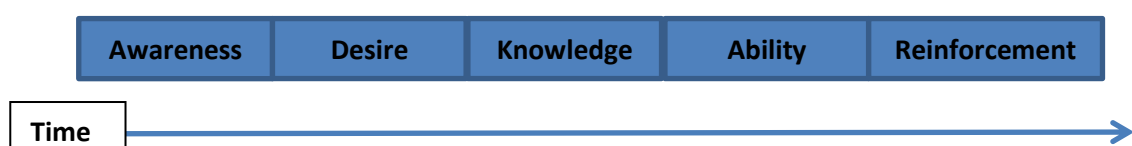
The graphic above shows the ADKAR model and displays how an individual absolves every single change. It starts with the own awareness of why the change is needed, and continues with the personal desire to participate and support the change by gaining new knowledge to change himself to the desired goal of the change. Passing the awareness, desire, and knowledge phases, the individual create the ability to implement and reinforce the new skills and behavior which the change brought about.

According to the different models that deal with the resistance to change, Figure 9 displays the theoretical solutions to overcome four common reasons of employee resistance from the viewpoint of Hiatt and Creasey (2003) and Kotter and Schlesinger (2008).

Figure 9 - Resistance to change model

Reasons to resist	Instruments to reduce the resistance to change	
Kotter & Schlesinger (2008)	Hiatt & Creasey 2003	Kotter & Schlesinger (2008)
Parochial self-interest	**A**wareness	Education & Communication
	Desire	Participation & Involvement
Misunderstanding	**K**nowledge	Education and Communication
Low tolerance to change	**A**bility	Explicit & Implicit coercion, Facilitation & support
	Reinforcement	Manipulation & Agreement
Different assessments	Knowledge	Education & Communication, Participation & Involvement

Due to the overlapping instruments of Hiatt and Creasey's ADKAR model and Kotter and Schlesinger's model, this Master's thesis uses the ADKAR model, because this model displays the single steps as single processes within one flow.

In order to analyze the empirical results from the interviews, the model displayed above will be filled with the real data of the case in order to identify and interpret what the common drivers of the resistance to change are.

Proposition 6: To reduce or prevent the resistance to change, the communication across the organization needs to be efficient (quality and frequency). The individuals that lost power or their position during the change need to get the opportunity to participate in the change.

2.6.4. The entrepreneurial orientation

In the last decade, a new management approach received high awareness as a tool to steer employees' mind-sets and to stimulate them to think as well as act like an entrepreneur. This has become known as the EO construct. The EO is used to increase the awareness of the employees in their daily work, in order to establish a responsible and sustainable behavior with company resources, which is labeled as entrepreneurial behavior (Covin & Slevin, 1991). Several authors have used parts of this construct, and have developed own approaches to support the entrepreneurial behavior of the employees. The EO is a construct that contains these behaviors and was introduced by Mintzberg (1973), who identified the entrepreneurship organization as a strategic tool for decision-making. Based on Mintzberg's work, Miller (1983) identified and conceptualized the construct of the entrepreneurial orientation as a multidimensional concept. This concept is highly accepted in the literature and contains three dimensions: innovativeness, risk-taking and pro-activeness (Rauch et al., 2009). Innovativeness is the organization's ability and willingness to generate new ideas and concepts in order to develop new products or services. Additionally, the organization needs to be willing to take risks by trying new things, by investing in unknown, unpredictable areas, and by investing and committing resources in uncertain environments. The level of pro-activeness is the last outstanding part of the classical EO construct of Miller (1983). An organization only has an EO when all of the three dimensions are simultaneously present.

Many studies have been conducted in the past that focused on the relationship between EO and firm performance. For example Rauch et al. (2009) did a meta-analysis (53 samples from 51 studies with an N of 14,259 companies) that provided evidence about this relationship with r= .242. Since every organizational change project has the main aim to increase the performance of an organization, it is of highest interest to explore whether the EO, as a strategic tool, has an effect on the resistance to change during an organizational change. In the context of the case company only the original constructs from Miller (1983) will be used, because this construct is reflects three out of the five golden rules.

The theoretical concepts displayed in this chapter are treated as "best-practice" from the theory side and will be tested against reality.

Proposition 7: If an EO is present during an organizational change, it stimulates the employees to act and behave innovatively, pro-actively and willingly to take risks (entrepreneurial behavior), which reduces the resistance to change and supports the reorganization.

3. Methodology

The main aim of the methodology section is to create a basic strategy (a road map) regarding how to conduct the research in order to answer the research question in the best way. In research, there are two prominent methods: the quantitative and qualitative approach. Each of them has their own advantages and disadvantages.

The quantitative approach fits best when the phenomenon is observable and can provide credible data (facts). The goal is to transfer the collected data into hard facts and statistics (Saunders, 2012). In order to get reliable statistical results, the research must be done in an unbiased way. This approach enables the researcher to survey large samples in a structured and measurable way. The quantitative approach is a systematic empirical investigation of observable phenomena via statistical techniques (Given, 2008). It is a statistical testing of an existing theory on a specific situation (deductive: top-down).

In contrast, the qualitative approach fits best in situations that aim to identify subjective meanings and social phenomena in order to understand the reality of these meanings. In other words, the qualitative approach looks behind the curtain of specific situations and decisions by answering the "why "and "how" questions (Saunders, 2012). In contrast to the quantitative approach, the qualitative approach is value bounded in that the researcher takes a subjective stance and is part of the study. This approach entails collecting data from small samples, case studies, and in-depth investigations. The focus is on building a new theory on the basis of specific situations (inductive: bottom-up).

This Master's thesis uses a mixture of both approaches. In order to identify research gaps, existing literature was used to design and analyze the research, which "reasons from the general to the particular" (Pelisser, 2008, p. 3). The data collection and analyses were done in a qualitative manner and later the data was quantified in order to make it useable in a frequency table.

The following chapter will provide a more detailed description of the underlying methodology and tools used to answer the research question: "Does the entrepreneurial orientation have an effect on the resistance to change during an organizational change?". The research model is displayed in figure 10.

Figure 10 - Research Model
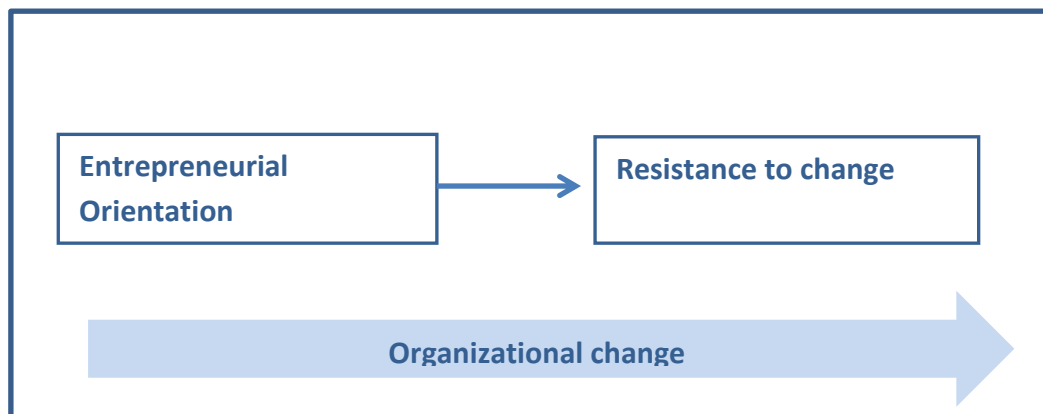
3.1. Research design

The research design of this study is a qualitative case study. This design was chosen because the aim of this study is to understand and explain the relationship between the Entrepreneurial Orientation (EO) and resistance to change during an organizational change.

Along with developing the overarching research design, a researcher needs to decide which research strategy best fits the research question. There are several types of research strategies (experiment, survey, case study, action research, grounded theory, ethnography, and archival research). Yin (2003) found that every research strategy can be used for exploratory, descriptive, and explanatory studies. Saunders (2009) underlines this by stating "[…] we must emphasize that no research is inherently superior or inferior to another" (p. 141).

In practice, this study takes the case study approach and uses some of the quantitative methods in the analyses. The study has the main aim of analyzing the complex situation of organizational change by focusing on manager and employee resistance to change. According to Yin (2009), "[…] the distinctive need for case studies arises out of the desire to understand complex social phenomena" (p. 4), which is the case in this study.

Since this study examines the case company with sub-units of impacted, non-impacted and neutral, it is clear that it drives the embedded case strategy. Saunders (2009) stresses that "[…] if one wishes to also examine a number of logical sub-units within the organization, perhaps the departments or work groups, then one's case will inevitably involve more than one unit of analysis"(p. 147).

The research epistemology outlines the framework of acceptable knowledge in a field of study (Saunders, 2009), which could be positivism or interpretivism. The positivism philosophy focuses on the observation of social facts in order to generate law-like generalizations and is also known as the top-down approach (testing an existing theory against reality). In contrast, the interpretivism philosophy focuses on examining the interaction of social actors in order to get a better understanding of a phenomenon. It is also known as the bottom-up approach (theory building from a specific situation to the general).

In this study, the researcher acts as a participating observer in the company; therefore, the relevant research philosophy is interpretivism and the research is value bounded.

3.2. Data collection

The data collection section describes the strategy of how the data were collected for the study and what tools were used to do so. According to Yin (2003), data from a case study can be collected using six sources of evidence: documentation, archival records, interviews, direct observations, and physical artifacts. This study uses semi-structured interviews (face-to-face) in combination with archival records, internal documents, and observations as the main sources of evidence (Figure 11). The data were collected across all hierarchical levels in the company at one time (cross-sectional), in the time span from January to March of 2015.

Semi-structured interviews were conducted in line with the interpretivist epistemology of this study, of which the central point was to understand the meanings that lie behind the participants' answers (Saunders, 2009). Data from interviews are mainly used in the qualitative research section to explore rather complex as well as subtle phenomena (Denscombe, 2010). Face-to-face interviews are a particularly highly recommended method for collecting in-depth data and observing tacit data. Saunders (2009) states: "Interviews also give each interviewee an opportunity to hear themselves 'thinking aloud' about things they may not have previously thought about" (p. 324). During one interview, a top-level manager underlined this by stating that he never before thought about the golden rules in this context. The nature of the questions, as well as the order, plays a key role. For a sensitive or complex question, a face-to-face interview offers several advantages. For example, there is no reluctance to complete the interview, the response rate is high, and it is a quick and low-cost method, which increases the willingness of the highest level managers to participate in the study. In terms of the advantages, semi-structured interviews are a suitable and adequate method for collecting data and assessing the effects of the EO with respect to resistance to change.

Figure 11 - Used data collection methods

Method	Execution
Archival records	Use of the old organizational handbook, process flow charts and organigrams.
Semi structured interviews	17 semi structured face to face interviews, 15 of the 17 audio recorded. Notes during the interviews.
Internal documents	Use of the current organizational handbook, intranet publications, informal meetings
Observation	Observing of behavior, rituals and the mood of the employees in work situations, such as in meetings and by informal conversations in the coffee corner.

3.2.1. Recruitment

Participants were recruited using purposive sampling and categorized in terms of:

1) Hierarchy: top-management, middle-management, front worker
2) Influenced by change:

- Impacted group: employees who witnessed a change in their daily work life in terms of responsibilities, status, and power.
- Non-impacted group: employees for whom daily work life did not change at all.
- Neutral group: the work council, which has an independent position within the company.

3) Different viewpoints (across hierarchical levels and functions)
4) Diversity: participants displayed a range of experiences (1-40 years of work experience).

In the end, the study resulted in a sample size of 17 persons across all organizational levels and departments. Twenty respondents were sought after, but due to unforeseeable illness amongst two respondents and one being too busy, only 17 persons were finally included. In order to increase the credibility of the study, both interview groups (impacted, non-impacted) were similar in terms of age, education, and power distribution, and therefore reflect a broad part of the organization.

After recruiting respondents, they were categorized into three areas:

1. **Not impacted by the organizational change**: 8 respondents and 4 hierarchical levels, with 2 respondents per level
2. **Impacted by the organizational change**: 8 respondents and 4 hierarchical levels, with 2 respondents per level
3. **Neutral party, chair of works council**: 1 respondent

Therefore, the total sample consists of 17 respondents categorized into three groups. All respondents were asked the same questions in the interview. The interview questions were pre-tested on two employees that did not take part in the study.

3.2.2. Data Recording

In conducting semi-structured interviews, one must be aware of the fact that respondents sometimes speak quickly. In order to collect and analyze data efficiently, the interviews were recorded. Saunders (2009) argues that data recording enriches the data and motivates respondents to take part in a study. Another advantage of data recording is that the interviewee as well as the interviewer can concentrate on asking questions and listening, which also enriches the data. Yet another advantage is that an accurate recorded file allows direct and unbiased quoting, which can be used in the future by other researchers (Saunders, 2009). Next to the theoretical advantages, in the pre-tested interviews, after approximately five minutes, the respondents forgot that they were being recorded and the interview changed into a normal conversation. 15 out of 17 interviewees allowed their interviews to be recorded. The data from the unrecorded interviews was written directly in the interview guide during the interviews.

3.2.3. Role of the Researcher

Since 2009, I have been working regularly for the case company in the position of a working student in various departments of the former commercial resort. I have been treated as a member of the organization and can interpret the organization as an insider. Being an insider provides me with several advantages. My work colleagues speak freely to me because they trust me and I can interpret things, like office gossip, in the proper way. I also have first-hand experience with the organizational culture before the change, and understand its vision, values, routines, artifacts, and beliefs. I am therefore a practitioner researcher and have the advantages of knowledge about the organization and understanding of the complexity of what is going on in it (Saunders, 2009). I also had access to internal documents such as memos,

handbooks, and written information that employees received beforehand. Those documents were helpful in understanding the context of why the company was changing and to what extent the change was planned.

Furthermore, I participated in informal and formal meetings and took part in social activities organized by the case company. Through participating in social events it was possible to see and interpret first-hand how the organizational culture changed.

3.3.   Sampling

There are several sampling techniques which can be used for quantitative or qualitative research. While quantitative studies mainly use probability samples and deal with a large sample size in order to create a representative sample with a high generalizability (Marshall, 1996), qualitative studies mainly use non-probability sampling to focus on particular characteristics.

The availability of the respondents, the timeframe of the study, and the research objective led to the decision to choose purposive sampling, which is a common sampling method for case study research. The chosen method best fits the situation of the case company and the research question, and the sample conforms to predetermined criteria (impacted, non-impacted, neutral) (Blumberg, 2008).

Along with the company supervisor and one employee of the communications department I brainstormed possible respondents who were and were not being impacted by the change and evaluated their potential willingness to participate in the study. Then, the selected respondents were asked if they were available and willing to take part in the study.

The chosen sampling method was limited in that it does not consider all employees and may not adequately reflect the overall mood and resistance to change within the company. Furthermore, the limited number of cases can influence the results and may not be representative and comparable with the overall population.

In contrast to quantitative research where larger samples are preferable, in qualitative studies there are no exact rules. The sample size in qualitative studies is dependent on the research question and objectives, and the sample size and how the sample is used affects the credibility of the study (Patton, 2002). Having the right sample size is important to producing reliable and useful data. According to Lenth (2001), "[…] an undersized study can be a waste of resources while an oversized one uses more resources than are necessary" (p. 187).

The sample size also depends on the degree of data saturation, which is reached when no new information can be added and no new codes can be distributed by adding new data. Guest et al. (2006) conducted a study of sixty women in Nigeria and Ghana and ended up with 109 content-driven codes. They found that 100 (93%) codes were identified after 12 interviews and the remaining nine after 30 interviews. They concluded that most of the data saturation occurred within 12 interviews. Furthermore, Guest et al. (2006) found that for fairly homogenous groups (one organization), 12 in-depth interviews are sufficient. There are several different opinions about the best sample size for a qualitative study. Marshall et al. (2013) reviewed 83 qualitative studies in leading IS journals and determined that single case studies should have a sample size of 15-30. Next to Marshall, Baker and Edwards also did a review and asked 14 senior scientists and five junior researchers "how many" interviews they used as a sample size. The result was that the average range was 12-20 interviews, which is close to Marshall's findings.

In this study, 17 interviews were conducted. After 8-10 interviews, the findings narrowed, which reflects a sufficient level of data saturation.

3.4. Interview structure

The interviews consisted of non-standardized (qualitative) face-to-face interviews. They were semi-structured and conducted in German, the native language of the respondents. An interview guide (appendix 1) was developed and used during the sessions; it started with a short introduction of the researcher and explained the timeframe of the interview. After declaring that all collected data are treated as confidential and that recording the interview was for scientific purposes only and anonymous, the respondents were asked permission to record it. Then, the structure of the interview was explained. The interviews consisted of three blocks and every block had open and closed questions. The blocks contained:

1. General entry questions regarding informations such as the respondents' education.
2. Specific questions related to the field of interest within the block.
3. Reflection questions which asked for comments on the block and whether it should be enlarged for coming interviews.

In total, 17 interviews were conducted and the characteristics of the respondents are displayed in figure 12.

Figure 12 displays that the range of the interview duration was wide (15-58 minutes). This can be explained by the unique personality of each employee. Some people just answered the questions quickly and directly and did not want to talk further, while others treated the interview as a conversation. The interviews were all conducted in the offices of the respondents, face-to-face, behind a closed door. This location was chosen to provide a comfortable zone for the respondent so as to facilitate reliable and non-manipulated answers. The interview strategy of semi-structured interviews was chosen to motivate managers to participate in the study.

Figure 12 - Interview data

Status of change	Number of Interviews	Age distribution	Total interview duration	Range of interview duration
Impacted	8	40,5	270 minutes	20 to 58 minutes
Non-Impacted	8	45,4	250 minutes	15 to 45 minutes
Neutral	1	42,94	32 minutes	32 minutes
Total	17		552 minutes	15-58 minutes

3.5. Analysis

After collecting the data from the interviews, the recorded data and notes from the interview needed to be analyzed and interpreted. After reviewing several theoretical models for analyzing the data, the analysis model of Creswell (2009) was chosen. This model was aligned with the company case. Figure 13 shows the four steps according to which the data analysis was conducted. The procedure of the steps is explained below.

Figure 13 - Analysis model (Creswell, 2009)
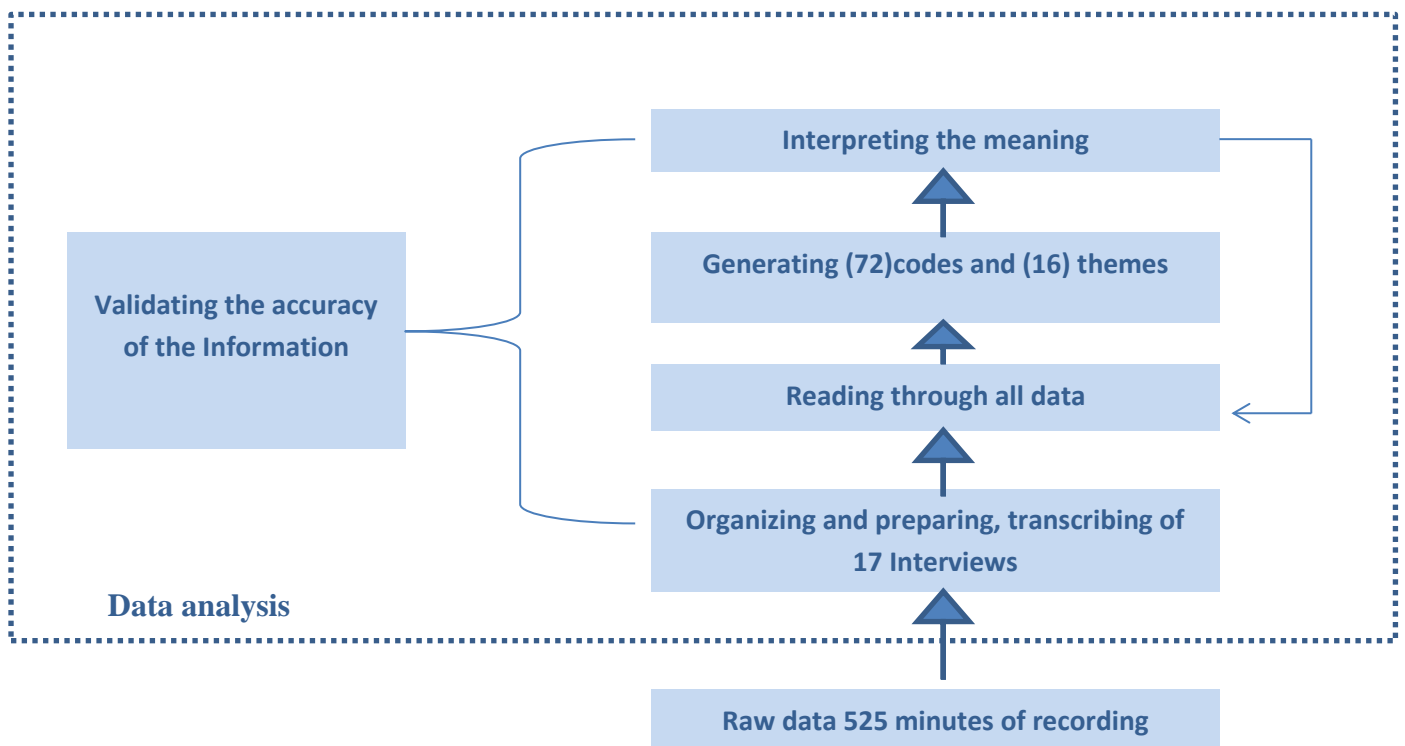
The first step in the displayed model is the transcription of the data, which starts with organizing and preparing, and ends with coding the data. In order to code the verbal data, it needed to be transcribed into written form. The transcription was done shortly after the interviews were recorded. This direct transcription minimized the risk of forgetting and misunderstanding information. Since the analysis was built upon the transcripts, it was important to make a decision about how detailed the transcription of the recorded data should be. This decision was the first step in the data reduction process (Miles & Hubermann, 1994). In this study, all of the recorded interviews were transcribed word-for-word and the expressions (including slang) of the respondents and the native language (German) of the country and the case company were maintained. To avoid misinterpretations and researcher

biases, all nonlinguistic observations, such as facial expressions and intonations, are neither displayed nor relevant to this study. This decision was based on the fact that the interviews were done across all hierarchical levels, and it is quite obvious that respondents that lost power during the change would not act neutrally.

The second step displayed in the model is reading through the data. After the 17 interviews were transcribed into Word files, all transcribed interviews were read. The purpose of the procedure was to split the files into the three pre-defined groups: impacted, non-impacted, and neutral. The written files of the groups were read independently, one group (e.g. impacted) per day. The logic behind this procedure was to get an in depth understanding of the single groups. Notes were taken of the similarities between the groups. In the end, these notes were merged and provided the foundation for creating emergent codes.

In the third step, the transcribed data were coded. In order to further reduce the data, the transcribed data files were categorized and coded. According to Babbie (2007), coding is a significant step for organizing and interpreting textual data. There are several ways to categorize and code data. In this context, it was important that the researcher create or adopt meaningful code names, which could come from technical literature, the interviews, the researchers' knowledge, or a mix of all three (Basit, 2003).

The coding procedure in this study was a combination of predetermined codes which were the themes of the interview and emergent codes from the interview and transcription process.

For this study, the qualitative research software Atlas/ti 7 was used to code the data digitally. In total, there were 72 single (mix of pre-defined and emergent codes) codes which were bundled into 16 themes. Then, the single codes were categorized under 16 major headings, which were structured along the main themes of the interview. For example, the categorization of "Advantage of asset structure" included five single codes (efficiency enhancement, process acceleration, sense of responsibility, strengthen company's position and cross-functional cooperation). This coding procedure was chosen to ensure consistency and to quantify the data, the latter were used to build frequency tables in the analysis and to make the data usable for quasi-statistics. The main idea behind the qualitative codebook was to ensure the consistency of the coding throughout the research. The codebook is displayed in figure 14 and contains the code names, the definitions of the single code, and the places in the transcript where they can be found (Creswell, 2009).

In the fourth and last step, the themes were interpreted. During the transcription process, the data were made anonymous to maintain the privacy of the respondents and to handle the data neutrally in order to avoid researcher bias. Apart from the company supervisors, none of the respondents knew who was participating in the research, and none of the respondents knew whether they were considered impacted or non-impacted. In order to interpret the data in a scientific way, the qualitative data was quantified. According to Maxwell (2010), a qualitative researcher should use "quasi-statistics" to legitimate his findings. Quasi-statistics is the simple counting of the observed data which is used to create frequency tables to identify relationships.

Maxwell (2010) identifies four advantages of incorporating quantitative measures. First, he identifies that using numbers leads to an "internal generalizability" which makes the data more representative and more generalizable. Second, the usage of numbers can provide systematic evidence and potential biases can be identified. Third, using numbers has the advantage of recognizing findings that the researcher and participants may have missed. Fourth, it is an adequate and scientific way to present data and helps to interpret the results supported by the data.

In practice, this research quantified data by counting the frequency of the codes within the coding themes and later calculating the percentages.

Figure 14 - Codebook

Block I : Strategy change

Indicators	Codes
Change in daily work	Change
	No Change
Advantages asset structure	Efficiency enhancement
	Process acceleration
	Sense of responsibility
	Strengthen company's position
	Cross-functional cooperation
Disadvantages asset structure	Conflict of jurisdiction
	Communication effort
	Practical transformation
	Employee insecurity
Change of responsibilities	Yes
	No
Witnessed a reorganization before	Yes
	No
Satisfied with the change	Satisfied
	Not satisfied

Block II : Culture change: Golden rules

Indicators	Codes
Awareness	Yes
	No
	Priority
Priorization	(1=high;4=low)
We have courage…	1
	2
	3
	4
We act as we were…	1
	2
	3
	4
We say what…	1
	2

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	3
	4
We are united…	1
	2
	3
	4
Rules support Reorganization	Yes
	No
Core of change	Blue Box

Block III: Change method	
Indicators	**Codes**
Communication of reorganization	Satisfied
	Improvements
	-Frequency
	-Quality
	Not satisfied
Current status of reorganization	Finished
	Not finished
Current stage of reorganization	Identification stage
	Implementation stage
Personal acceptance changed	Positive
	Negative
	Neutral
Reorganization experienced	Structured
	Chaotic
Execution reorganization	Quick / Fundamental

3.6. Credibility

Reliability as such is not well addressed by this type of qualitative research. Using a non-standardized research method leads to a lack of reliability. This is based on the nature of non-standardized research methods which aim to explore the complexity of one specific topic in a

specific setting at a specific time in line with a specific researcher's personality (Saunders, 2009). Therefore, a case study is difficult to repeat.

The reliability of a case study is in general low; therefore, the reliability evaluation criteria do not apply to qualitative research. Corbin and Strauss (2008) as well as other researchers prefer the term "credibility" as an evaluation indicator. Credibility describes whether the "[…] findings are believable and trustworthy reflections of the participants', researchers', and readers' experience with a phenomenon" (Corbin & Strauss, 2008, p. 302). In order to achieve credibility in this study, a triangulation (interview, observation, archival records, and internal documents) of data as well as the participants' wording were used. Besides the triangulation, the embedded case study design also increases the credibility of the study because the comparisons of the different groups create trustworthiness and reliable findings. The neutral party (work council) in particular was chosen as a control mechanism. As explained in the coding section, the data were coded and then categorized according to pre-determined and emergent code names, which led to an increase in credibility. In order to increase the trustworthiness of the analyses, this study used Computer-Aided Qualitative Data Analysis Software (CAQDAS). According to Maxwell (1997), CAQDAS supports the transparency between the researcher and the transcribed written document, which contributes to more reliable research findings. In this research, Atlas /ti 7 was used to categorize and standardize codes, as well as to analyze the data in a fragmented way. The work experiences of the researcher in the case company allowed a good understanding of the old as well as the new organizational culture, which also increased credibility (Ruël, 2004). The triangulation of the data also increased the validity. Since this is a qualitative case study from a single case in a niche market, it is quite obvious that it is not generalizable across units. Generalization is also not the aim of this study, but the study rather provides new findings for the general processes of change management in historically grown organizations.

Figure 15 - In a nutshell

Research Approach	Qualitative
Research Philosophy	Deductive
Research Design	Explorative
Research Strategy/Unit	Case study with embedded cases
Research Epistemology	Interpretivism, value bounded, the researcher is participating observer
Sampling	Purposive, -judgement sampling
Sample Size	17 Interviews, three groups
Data collection	Semi-Structured Interviews (audio-recorded), observation, archival records
Analysis	Word in word transcript, coding and categorizing through CAQDAS, 17 Interviews, 3 groups, 72 codes, 16 themes
Trustworthiness	Credibility through, triangulation, use of CAQDAS, researchers work experience with the company

4. Results

In this part of the Master's thesis the results of the research will be presented. This chapter is structured according to the theoretical concepts which were used in the theoretical part:

1. Organizational culture
2. Organizational structure
3. Organizational change
4. Resistance to change and Entrepreneurial Orientation

Each of the parts above will be explained with a frequency table and underlined by direct quotes from the interviews. Creswell (2009) recommended to use direct quotes in combination with text in tabular form. It needs to be noted that the direct citations were translated from German to English.

4.1.   Company's organizational culture

The organizational culture of the company was shaped by the E&P industry. The interviewed employees interpreted the changes within the firm over the last decade as minimal, just to the extent as the industry changed. The company was aligned to it.

All companies in the E&P industry were characterized to be highly bureaucratic and highly formalized. One of the interviewees stated:

"*Before the change the company had the culture of a governmental institution, the decision-making and approval for projects sometimes took months".*

Traditionally the different departments and division within the company were independent. One Manager stressed:

"*We had here two embedded sub-cultures, because the company was split into two parts. One part was the commercial resort the other was the technical resort, each of the resorts where independent and had their own CEO. Each of these areas had its own culture".*

The interviewed employees agreed that this split led to an individual mind-set of each area. Furthermore, they claimed that this individualistic thinking led to the so called silo-mentality; departments do not share resources and ideas with other departments and only work in their own interest. I observed this mentality first-hand during my time as a working student, as well

as in non-business activities such as going to the cafeteria for lunch. Here it could clearly be observed that the different departments were not going together. A manager explained:

"Before the change it was not transparent who is responsible for what. Every area sets its own priorities on which they spend their resources. Sometimes the commercial district just shifts the responsibility for a task to the technical resort and vice versa."

Another employee argued:

"We need to get away from this silo-mentality. We are one organization and our overall goal must be working for the good of the entire company".

The Table below shows that in total 11 out of 17 people identified the silo-mentality as the core problem of the existing culture. The interviewed persons see the implementation of the Business Development Unit (BD) as the central tool to avoid the silo-mentality and to enhance solidarity between the departments.

Culture change: Golden Rules		Impacted		Non- Impacted		Labor force		**Total**
Indicators	**Codes**	**Freq.**	**%**	**Freq.**	**%**	**Freq.**	**%**	**%**
Core of change	BD	4	50	6	75	1	12,5	**65**

It is interesting to see that only the half, 4 out of 8 employees, of the impacted group interpreted the BD as the core of the change. One explanation from the interviews was that some parts of the organization prior to the change already worked in close cooperation. With respect to the non-impacted group, 6 out of 8 employees interpreted the BD as the core of the change. One explanation could be that they are still living the silo-mentality, but have a desire to change it. All of the interviewees agreed that the function of the BD was needed to prioritize things and to make the whole organization more transparent and efficient, as well as to stimulate the team-work and exchange of knowledge across the departmental borders. One employee indicates:

"This is the central function of the change and such a function was missing in the organizational model."

In the last six years I have experienced the old culture in my position as a working student, which lead to a good understanding of the culture. The results of the table below were created

by merging my own experiences and observations between October 2014 - April 2015 and information gathered from the interviews.

Figure 16 - Organizational culture old vs. new (Chatman & Jehn, 1994)

Orientation	Prior the change	Estimation after the change
Innovation **(Risk orientation)**	Low innovation culture. Employees do their daily job, according to the rules. No risk tolerance	High innovation culture. Employees should take the risk to go new ways, e.g. 80/20 rule. Risk tolerance culture
Attention to detail **(Precision orientation)**	High-precision culture, classic dictation of the expected accuracy of work. Law and regulation driven industry	High-precision culture, classic dictation of the expected accuracy of work. Law and regulation driven industry (no change)
Emphasis on outcome **(Achievement orientation)**	High achievement orientation, result driven; the way how the results are achieved secondary	Medium achievement orientation, not only result driven, more process-driven. Optimization of existing processes
Emphasis on people **(Fairness orientation)**	Medium fairness orientation, the results that need to be achieved have the main priority. Head count of personnel	High fairness orientation, organization as a family. A hybrid between result driven and employee driven.
Teamwork **(Collaboration orientation)**	Low collaboration orientation, collaboration was positive within teams, lack of collaboration between the technical and commercial resort.	High collaboration orientation, positive relationship with co-workers and managers. Introduction of networking tools in order to create a family-like feeling and to stimulate collaboration
Aggressiveness **(Competitive Orientation)**	Low competitive orientation, based on the niche market and the collaboration with the competitors. No internal competition.	Low competitive orientation, based on the niche market and the collaboration with the competition. High internal competition between the assets
Stability **(Rule orientation)**	High rule orientation, high formalization and bureaucratic by nature.	Medium rule orientation, decreased formalization and bureaucracy

As Figure 16 displayed, the reorganization should steer the company to an innovative, pro-active and risk taking culture. According to the cultural aspects the introduced risk tolerance

(golden rule) should change the culture in order to accelerate the decision-making process to make innovation possible.

A quote from the MD underlined it:

"Better launch things that are to 80% proven instead of doing nothing."

This view was supported by several employees who claimed that projects needs to be finished in order to provide short-term wins as a positive sign of the change.

In order to change the culture the MD launched five golden rules which should help to frame the new organizational culture and should lead the employees during the organizational change:

Figure 17 reflects the main results from the interviews

Figure 17 - Empirical results five golden rules

Culture change: Golden rules		Impacted		Non- Impacted		Labor force		Total
Indicators	**Codes**	**Freq.**	**%**	**Freq.**	**%**	**Freq.**	**%**	**%**
Awareness	Yes	8	100	7	87,5	0	0	**88**
	No		0	1	12,5	1	12,5	**12**
								0
Priorization	Priority							
	(1=high;4=low)							**0**
We have courage…	1	2	25	3	37,5	0	0	**29**
	2	3	37,5	3	37,5	1	12,5	**41**
	3	2	25	2	25	0	0	**24**
	4	1	12,5	0	0	0	0	**6**
								0
We act as we were…	1	3	37,5	3	37,5	1	12,5	**41**
	2	2	25	3	37,5	0	0	**29**
	3	3	37,5	2	25	0	0	**29**
	4	0	0	0	0	0	0	**0**
								0
We say what…	1	2	25	3	37,5	0	0	**29**
	2	3	37,5	2	25	0	0	**29**
	3	3	37,5	3	37,5	0	0	**35**
	4	0	0	0	0	1	12,5	**6**
								0

We are united…	1	2	25	0	0	0	0	**12**
	2	1	12,5	0	0	0	0	**6**
	3	0	0	3	37,5	1	12,5	**24**
	4	5	62,5	4	50	0	0	**53**
								0
Rules support reorganization	Yes	2	25	4	50	0	0	**35**
	No	6	75	4	50	1	12,5	**65**
								0
Core of change	Blue box	4	50	6	75	1	12,5	**65**

The table above shows the results of the interviews. It reflects that 15 out of 17 employees are of the interviewees are aware of the five golden rules. An interesting finding is that the labor force was not aware of it. According to the results the following ranking was built

1st **priority** = "We act as we were owners of the company", for 7 out of 17 employees it is the first priority, 5 out of 17 see it as second priority and for 5 out of 17 it is the third priority. It is interesting to see that both groups (impacted, non-impacted) have almost balanced priorities. It was interesting that during the interviews it could be observed that the employees identified this rule as motivation and invitation to act pro-active in order to innovate.

2nd **priority:** "We have courage for decision and tolerance for errors", for 5 out of 17 employees it is the first priority, 7 out of 17 see it as second priority and 4 out of 17 see it at third priority followed by 1 out of 17 as the fourth priority. The employees stressed that this rule made it possible for them to take risks and that it accelerate the decision-making process.

3rd **Priority**: "We say what we think, we do what we say, we say what we do". For 5 out of 17 employees it is the first priority, 5 out of 17 see it as second priority and 6 out of 17 see it at third priority. This rule was interpreted as a general rule to increase trust across the organization and motivate the employees to break-down the silo-mentality and innovate together with different departments.

4th **Priority**: "We are united in diversity". For 2 out of 17 employees it is the first priority, 1 out of 17 see it as second priority, 4 out of 17 see it at third priority and 9 out of 17 as the fourth priority. It is interesting that only one interviewee sees diversity as a top priority. A possible explanation that could be observed during the interviews was that the employees understood diversity as a mix of different cultures, which has already existed prior to the change. One manager stressed:

"Diversity is an important factor, in our company we have a multicultural workforce since the 90`s, therefore it's not a priority anymore, it is normal for me".

Another interesting result is that only 6 out of 17 of the interviewees interpret the rules as helpful during the reorganization. Even more interesting is the fact that in the group of the impacted, which is normally the target group for the rules, only 2 out of 8 interpret the rules as helpful.

The first three priorities display the construct of the EO. This could be an indicator that the EO construct is present as well as that the employees already changed their mind-set and adapt the entrepreneurial behavior as firm behavior and culture. A more detailed explanation will be in the result part of the EO and the resistance to change.

4.2. How the industry and the country influence the culture

As already pre-displayed in the introduction of this chapter, the company is active in the German exploration and production (E&P) of oil and natural gas industry. The E&P industry is characterized by the fact that resource owner, (granted the right to operate a field) has a variety of contractors as well as joint venture partners in the form of a consortium. Besides the exploration and production of oil and natural gas, the industry also needs to build an infrastructure to extract, and later to transport, the raw oil and natural gas. According to the complexity of the industry, the corporate culture of the companies within this industry has comparable characteristics. The common culture of the organizations is characterized to be highly centralized, standardized and formalized. The industry uses its own knowledge, myths and norms. Due to this strong cooperation within the industry, the standardization and formalization are high. The case company is an old company in this field; celebrating its 125th birthday in 2013 and was one of the organizations which shaped the German E&P industry. Besides the company's age, the average age of the employees is 48,8 years (April, 2015), which may be made the culture resistant to change. As I observed it in the last years at first hand, the general culture is formed by guidelines and procedures of the past. In my prior stays in the company I heard several times the expression

"We did this the last twenty years, according to this procedure, and it worked so it must be right. Why should we change to new procedures?"

According to, new legislations and rules in Germany and an increase of the exploration and production costs of natural gas and oil, the industry is currently reorganizing itself.

Apart from the industry that shapes the organizational culture, also the country plays a big role. It is known that Germans have the mentality to be punctual, rules and regulations driven, have a high level of individualism and are long-term oriented, which results in a change reluctance. One employee stresses:

"[…] This change process was not a German change, it was too fast, this change took the whole identity and culture of the company, we are Germans we need to have regulations, schedules to plan a change and to build on existing structures. This style of change, maybe works in other countries, but not in Germany and in specific not for our company".

An interesting point was that the interviewees who worked for years in foreign countries, or where non-Germans had a different mind-set they identified that the culture and the individual mind-sets of the employees are outdated and need to change.

4.3.   Organizational structure

As already mentioned in the introduction part of this study, the old structure of the company was a historically grown structure with a high degree of formalization, which is displayed in the form of the old organigram in Figure 3.

The results of the interviews and observation will be displayed according to the themes of centralization and decentralization, degree of formalization, the nature of an organizational structure and departmentalization.

Centralization and decentralization: As the organigram already displayed the company had two independent chains of command, one of the commercial affairs and one of the technical affairs. In each of the chains the decision-making process was centralized to the responsible MD, the two MD's together build up the top-management.

It is commonly known that organizations that are centralized in their decision making are most of the time also having a high degree of formalization (Senior & Flemming, 2006), which applies to the company's case. This high degree of formalization is underlined by the standardization of processes and documents. For instance, at the case company they have various management system such as an Enterprise Resource Planning (ERP) -, Health Safety and Environment (HSE) -, Document Management (DMS), - Process Management (PMS)- and Energy Management System. As one interviewee stresses:

"If a person from outside comes to us it could not be clear to him, which of our management systems is the main one, we have a management system that is not certified according the DIN ISO 50001 and therefore officially not usable".

This high degree of formalization leads to demotivation of the employees and make the decision making complex and time consuming. One interviewee stresses:

"In the old structure, I was so busy with filling out process documentation sheets, that I could not focus on my normal work".

Another interviewee underlined it by stating:

"Launching a project or just a single tender, sometimes needed to be approved by 3-4 departments before it was signed and agreed upon. This process was too long."

In accordance to the high centralization and the high degree of formalization the case company has the characteristics to be a highly structured organization by having 6-7 layers between the front worker and the top management. Within this pronounced structure the departments were functionally structured and specialized in a specific field (IT, HR, Drilling), which caused the problem that the departments, most the time, worked individualistic. The old management configured the company to a highly formalized and centralized organization with a tall structure. One employee stresses:

"Both of the prior MD's had the main aim to minimize costs in order to make the organization more efficient."

Due to the above stated characteristics the company could be labelled to have a mechanistic structure. Which is displayed in the old organizational chart in Figure 3.

In order to reorganize the company, the MD made the decision to change the structure to have a decentralized decision making, a lower formalization and decreased the level of tallness. As a next step the MD configured the organization to a matrix structure (displayed in Figure: 3).

As the comparison of the figure above displays, the new organizational structure focuses on the support of the operational units, namely the assets. The organizational chart indicates that the structure has a decreased formalization with a decentralized decision-making and a reduced tallness (3-4 layers). The overall structure changed from a functional to a divisional structure which is configured by using the matrix structure.

The majority of the interviewees identified several advantages of this structural model, which is displayed in Figure 18. In order to avoid confusion about the advantages and disadvantages, the respondents were able to provide multiple answers, leading to the fact that the groups have a higher scale than the group size. The logic behind the procedure was to create a ranking.

Figure 18 - Empirical results strategy change

Block I :Strategy change		Impacted		Non-Impacted		Labor force		Total
Indicators	**Codes**	**Freq**	**%**	**Freq.**	**%**	**Freq.**	**%**	**%**
Change in daily work	Change	3	37,5	2	25	0	0	**29**
	No Change	5	62,5	6	75	1	12,5	**71**
								0
Advantages asset structure	Efficiency enhancement		0	4	50	0	0	**24**
	Process acceleration	6	75	6	75	1	12,5	**76**
	Sense of responsibility	4	50	2	25	1	12,5	**41**
	Strengthen company's position	4	50	1	12,5	0	0	**29**
	Cross-functional cooperation	6	75	4	50	0	0	**59**
								0
Disadvantages asset structure	Conflict of jurisdiction	8	100	6	75	1	12,5	**88**
	Communication effort	6	75	5	62,5	1	12,5	**71**
	Practical transformation	2	25	0	0	0	0	**12**
	Employee insecurity	8	100	6	75	1	12,5	**88**
								0
Change of responsibilities	Yes	5	62,5	2	25	0	0	**41**
	No	3	37,5	6	75	1	12,5	**59**
							0	**0**
Witnessed a reorganization before	Yes	3	37,5	5	62,5	1	12,5	**53**
	No	5	62,5	3	37,5	0	0	**47**
								0
Satisfied with the change	Satisfied	6	75	5	62,5	1	12,5	**71**
	Not satisfied	2	25	3	37,5	0	0	**29**

Change in daily work: As the table above indicates, 5 out of 17 interviewees witnessed a change in their daily work. It is interesting that the groups (impacted, non-impacted) are almost balanced. Especially for the people that were officially seen as impacted by the change, 5 out of 8 indicated that nothing changed in their daily work.

Advantages asset structure: According to the interviews the top advantage of the asset structure is the acceleration of processes (16 out of 17), followed by the cross-functional cooperation (10 out of 17) and sense of responsibility (7 out of 17). The strengths of the company's position within the group and the efficiency enhancement are not seen as a big advantage, only 5 and 4 out of 17 indicated it as an advantage. In this context, it is interesting that only the non-impacted group interpret the efficiency enhancement as an advantage indicated by 4 out of 8 employees.

Disadvantages asset structure: 15 out of the 17 interviewed employees indicate that the major disadvantages are: the internal conflict of jurisdiction and the employee insecurity. It is interesting that both disadvantages are seen by 100% of the impacted group, followed by the increased communication effort with 71%.

Change in responsibilities: 7 of 17 interviewees indicated a change of responsibilities during the reorganization. It is interesting that in the impacted groups, 3 out of 8 employees indicated that their responsibilities stayed the same, but for 5 out 8 employees the responsibilities changed. In comparison, the non-impacted group has as similar ranking in both categories.

Witnessed a reorganization before: 9 out of the 17 interviewees witnessed a reorganization before, 3 out of 8 employees of the impacted group and for 5 out 8 of the non-impacted group did not.

Satisfied with the change: In total, 12 out of the 17 interviewees were satisfied with the change and its execution.

4.4.   Organizational change method

The initiative to change commonly comes from the top management of an organization and is known as top-down approach. According to a management change in early 2014, the new MD quickly took the initiative to reorganize the company. A change plan was developed by the top-management and launched quickly. The interviewed employees indicated that the main objective of the change was that the headquarter thought that the company is not efficient enough and that it needs to be reorganized to increase its efficiency.

One employee claimed:

"The headquarter in Paris thought that we are not efficient in comparison with the other affiliates in EPI, and that needs to be changed."

This top-down approach limited the participation of the employees during the change. The majority of the interviews indicates a lack of participation in the planning as well as in the transformation stage of the change. Especially the middle management claimed that they could not participate in the change as well as that they did not receive enough information about the change. This missing information flow went down the line, the team manager and the frontline workers underpinned this lack of information and non-participation. As consequence the employees were skeptical and afraid of the change.

Figure 19 - Empirical results -change model-

Block III, Change method		Impacted		Non- Impacted		Labor force		Total
Indicators	**Codes**	**Freq.**	**%**	**Freq.**	**%**	**Freq.**	**%**	**%**
Communication of reorganization	Satisfied	3	37,5	3	37,5	1	12,5	**41**
	Improvements							
	- Frequency, Quality	2	25	4	50	0	0	**35**
	Not satisfied	3	37,5	1	12,5	0	0	**24**
Current status of reorganization	Finished	0	0	0	0	0	0	**0**
	Not finished	8	100	8	100	1	12,5	**100**
Current stage of reorganization	Identification stage	6	75	7	87,5	1	12,5	**82**
	Implementation stage	2	25	1	12,5	0	0	**18**
Personal acceptance changed	Positive	6	75	5	62,5	0	0	**65**
	Negative	1	12,5	0	0	0	0	**12**
	Neutral	1	12,5	3	37,5	1	12,5	**24**
Reorganization experienced	Structured	5	62,5	4	50	0	0	**53**
	Chaotic	3	37,5	4	50	1	12,5	**41**
Execution reorganization	Quick / Fundamental	8	100	8	100	1	12,5	**100**

Communication of reorganization: The results from the interviews underline the before stated lack of information. In total, 7 out of 17 employees were satisfied with the

communication. 6 out of 17 employees interpreted the communication should be improved by frequency and quality. 4 out of 17 employees were not satisfied at all with the communication.

Current Status of Reorganization: All of the interviewed employees (17 out of 17) interpreted the reorganization as not finished. 14 out of 17 employees interpreted the current stage as identification stage and 3 out of 17 as implementation stage.

Personal acceptance to the change: 11 out of 17 interviewed employees changed their attitude regarding the change in a positive manner, while for 1 out of 17 employees it changed negatively. 5 out of 17 employees had a neutral opinion about the change.

Reorganization experienced: 9 out of the 17 employees experienced the change as structured while the rest (8 out of 17) experienced it as chaotic.

Execution Reorganization: All (17 out of 17) of the interviewed employees interpreted the reorganization as a quick, fundamental and drastic.

Next to the displayed data from the table, the interviewees had the opinion that the timing and the transformation was not properly chosen. To provide a clear overview the main actions within the change project are displayed along the eight common steps of the theoretical change models in comparison how the impacted and non-impacted group interpreted the actions of those steps. The comparison is displayed in the Figure 20.

Figure 20 - Change model c common steps

Eight common steps	Company's action	Reaction: impacted group	Reaction: non-impacted group
Analyzing and diagnose	The MD solely analyzed and diagnosed that the operational model should be changed in order to increase efficiency	No recognition that the company was analyzed by the MD	No recognition that company was analyzed by the MD
Creation of a vision and common goals	A vision and common goals were developed by the MD	Conflict of jurisdiction (8 out of 8) Communication effort (6 out of 8) Practical transformation (2 out 8) Employee insecurity (8 out of 8)	Conflict of jurisdiction (6 out of 8) Communication effort (5 out of 8) Practical transformation (0 out of 8) Employee insecurity (6 out of 8)
Create a sense of urgency	This step was not fulfilled, delegation, according the Top-Down approach.	Employees had an internal desire to change, old managers returned to DExPro because the change motivated them. Lack of communication, 5 out of 8 are not satisfied. Interpretation as a chance for the future	Employees interpret the change oin a pessimistic view. Lack of communication 5 out of 8 are not satisfied. High degree of uncertainty about the future. Interpretation as a threat for the future
Creation of a guiding coalition	Guiding coalition was developed and consists out of the MD and a core team of four line managers. The MD was the sponsor of this project, and the core team lead the project, no external stakeholder took part.	Low participation during the change of the middle management and lowest level.	Low participation during the change of the middle management and lowest level.
Develop roadmap	The roadmap was developed by the MD, time based schedule and action plan was launched before the change start	Fully impacted by the roadmap, positive attitude according the change. In the beginning insecurity about responsibilities within the new organisational model	Non-impacted from the roadmap, only small fine tuning, such as delegation to a new area manager. Pessimistic thinking why DExPro is changing.
Communication of the change	A communication plan and tool-kit was developed by the guiding coalition. It start with the launch of an organisation handbook and weekly news via the Intranet, monthly information meetings. Q & A sessions	3 out of 8 employees were satified with the communication and 5 out of 8 were not. A factor that the interviewees claimed (2 out of 8) was the frequency and quality of the communication. In beginning a high frequency was present, while in the end non information was launched over weeks. Quality was not enough, no schedules or plans were released	3 out of 8 employees were satified with the communication and 5 out of 8 were not. A factor that the interviewees claimed (4 out of 8) was the frequency and quality of the communication. In beginning a high frequency was present, while in the end non information was launched over weeks. Quality was not enough, no schedules or plans were released
Implementation of the change	According to the developed change plan the implementation of the new culture and structure started in June 2014. The plan focused on the structural reorganization and had the main aim to bundle departments to assets or support-lines	8 out of 8 employees identified the implementation of the the change as radical and quick and that the change is not finished. 6 out of 8 interpreted the current stage as identication stage, while 2 out of 8 interpret it in the implementation phase. 6 out of 8 are satisfied with the change and the acceptance changed for 6 out of 8 positively	8 out of 8 employees identified the implementation of the the change as radical and quick and that the change is not finished. 7 out of 8 interpreted the current stage as identication stage, while 1 out of 8 interpret it in the implementation phase. 5 out of 8 are satisfied with the change and the acceptance changed for 5 out of 8 positively
Reinforce/institutionalize the change	According to the interviews, the company is still in this phase. In April 2015 the MD started to institutionalize the change by reartciculation of the aims and agressive communication of the golden rules	Not started	Not started

4.5.   Resistance to change

This section summarizes the results from the previous sub-chapters on organizational culture, organizational structure and the execution of the change itself.

The interviewed employees have the opinion that the change was too quick and that the communication and information about the planned change were not sufficient. The employees saw themselves lost during the reorganization, as they did not know who was responsible for what and if they are influenced by the change as well. As a consequence, this resulted in a high level of fear of doing things wrong. Especially, the communication flow between the top management and middle management lacked in consistency, which goes consequently down the line. Another result of the interviews, which I also observed by myself, was the uncertainty about the vision and mission of the change. The people were confused what is changing and if they could keep their old territory or if they got replaced or need to move to a new one. Based on this uncertainty, the employees could not identify their own position during the change. 3 out of 8 employees that were officially impacted did not recognized a change, whereas 2 out of 8 employees of the non-impacted group recognized a change.

Figure 21 - Identified reasons for the resistance to change

Identified Reasons of resistance	Interviewed Employees
Self interest of the employees	- Don't want to lose their power and position during the change - Want to keep the status-quo
Misunderstanding	- Employees expected more information about the change - The information about responsibilities in the new organizational form, was not detailed enough - Lack of communication between top-middle management - Lack of communication between middle management-front worker
Low tolerance to change	- German culture creates resistance - Industry sector creates resistance - The prior mechanistic structure creates resistance

	- Insecurity, anger and fear to the unknown future
	- Low participation / involvement within the change process.
	- Aging workforce
Different assessments	- Formulation of the five golden rules too broad, wider interpretation of the rules
	- No short term goals created

4.6.   Entrepreneurial Orientation

The EO construct is a strategic management tool that configures the mind-set of an employee to behave more entrepreneurially. The behavior of employees is influenced by the culture and structure of an organization. The results that correspond to the EO have already been displayed in the prior chapters of this thesis. This sub-chapter highlights the results that are directly related to the EO construct and the five golden rules (Figure 22). The results will be displayed in detail by the original EO construct: innovativeness, pro-activeness and risk taking. Furthermore, it is displayed how this construct helped to decrease the resistance to change by establishing the entrepreneurial firm behavior.

The effect of the EO reflects whether the EO construct influences the employees' resistance to change in a positive, negative, or neutral way.

Figure 22 - Comparison golden rules and EO construct

Golden rules	EO construct Miller
We act as we were the owner of the company	Pro-activeness, risk-taking,
We say what we think, we do what we say, we say what we do	Risk-taking, pro-activeness
We have the courage for decisions and tolerance for errors	Pro activeness, innovativeness, risk-taking

Innovativeness: The interviewed employees provided evidence that the prior structure and culture limited the innovativeness of the case company. As was already displayed in the culture part, the employees stressed that centralization of decision making, high formalization, and the divisional configuration prior to the change inhibited innovativeness. The main obstacles that led to the limitation were the silo-mentality and individualism, the long

decision-making process, and a high formalization of processes. The interviewees claimed that they did not have the time to innovate because they were busy with filling out requests and process documentations. Furthermore, they sometimes had the feeling that innovativeness was not important and not desired in their departments. During my stay in the case company, I experienced the same feelings. Sometimes it took me weeks to fill out all documentation sheets and requests before I could start a tender. I interpret the company to be rigid in decision making and that innovation mostly comes from the external environment.

Due to the new organizational structure and culture and the golden rule, "we have the courage to make decisions and tolerance for errors", this changed. The employees became empowered and motivated to make their own decisions and invest in the unknown. Innovation became favored, which sped up the decision making process and shortened the process flow. For example, the new organizational model promoted some line-managers to area-managers and introduced team leaders between the front workers and the line-managers. One employee explained:

"The introduction of team leaders speeds up the decision-making process and motivates me to bring in new ideas and solutions. Prior to the change, this was not so easy because my line-manager was always booked up and even if I had a good idea it took a while before I could meet him".

The majority of the interviewed employees identified the reduced decision making process and the introduction of team leaders as new ways of providing them with more time to develop technical and process innovations. The impacted group in particular highlighted that they now have more time to focus on the core work instead of filling out process documentation. Furthermore, the newly established matrix-structure forced the people to work together and supported entrepreneurial behavior across the departments.

Pro-activeness: The interviewed employees argued that prior to the liberalization of the energy-market, pro-activeness was not an important issue at the case company since all the players in the market cooperate with each other. Nowadays, the market is liberalized and pro-activeness has become a desired issue for the company. In order to create a basis for the employees to act, the newly introduced team leader plays a key role along with the use of the golden rules, "we have the courage for decisions and tolerance for errors" and "we act as were the owner of the company". Consequently, this empowerment and encouragement of

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entrepreneurial behavior helped the people to accept the change because being proactive in the face of change reduces the resistance to change. One employee stressed:

"After the restructuring into the asset-centric model, the cooperation and communication between the parties in the matrix are higher. The golden rule "We do what we say, we say what we do" provides me with the power to speak up to my line-manager as well as to the colleagues within the matrix. For example, prior to the change I was responsible for small oil fields and if I needed support from other departments such like the geological or drilling one, sometimes they neglected the support because they prioritized the biggest oil fields. As a consequence, I needed to stop working on smaller fields. Nowadays, with the matrix-structure I am in an interdisciplinary team, which is a mix between reservoir engineers, geologists and management people. This motivates me to be pro-active as well as it enables us to discover new opportunities".

The quote above underlines that the EO helped to introduce entrepreneurial behavior, which was desired by the employees prior to the change. As a consequence, the EO reduced the resistance to change.

The MD also stressed the pro-activeness in the organizational handbook: "acceptance of risk taking. Oil and gas are not found by doing nothing". Quotes like this guided and motivated the employees to accept the change during its process.

Risk-taking: During the interviews I observed that the golden rule, "we have courage to make decisions and tolerance for errors" created high awareness and the impacted group that worked in the matrix used it to feel motivated to take risks and to innovate. Consequently, this fostered entrepreneurial behavior. Next to the rule, the MD continuously stressed the importance of risk taking, e.g. "move forward, take risks, even when not everything is perfect", and introduced the 80/20 rule. This rule stated that when 80% of a project is planned, it should be launched. Some of the interviewed people claimed that the formulation of this rule was too vague and was in conflict with the "safety first" rule, which could result in misunderstanding. It is interesting that the workers in the fields interpreted the rules differently than the operational staff, especially the rule "safety first". One employee explained:

"I experienced that the field worker interpret the risk-taking rule in terms of that they don't need to work to 100% according to the safety rules. Another example is that I have to report all drilling, mining and environmental activities to the local mining authority, and these

documents need to be 100% correct. This misinterpretation between the risk-taking and safety first rules leads to confusion."

The interviewees provided examples from their daily work when they used those rules and stated that the rules should be the general mind-set of every employee regardless of the company he works in. One employee explained:

"I don't need five golden rules written on a paper, the rules are just describing normal behavior an employee should have. If I am working in a company, I represent the company because at this moment I am the company. So why should I harm myself? If people harm their employer on purpose, something is wrong with them."

Regarding the employee behavior, all interviewees agreed that the golden rules, which foster the EO, are general behaviors that also somehow existed prior to the reorganization. As a consequence 6 out of the 17 interviewed employees interpreted the golden rules as supportive during the change.

In essence, the results of this chapter clearly reflect that all dimensions of the EO were simultaneously present and supported the introduction of entrepreneurship as a firm behavior. This result is supported by the ranking of the employees, which indicated that the golden rules that support entrepreneurial behavior are top priorities. Since the interviews were conducted during the implementation phase of the reorganization, it is quite logical that some employees misunderstood the golden rules; however, after explaining the rules to them with practical examples, they understood them in the intended way.

5. Discussion and conclusion

The previous chapter displayed the evaluation and results of the empirical finding, which will now be discussed and interpreted in the context of previous research and theory.

5.1. Key findings

This study's main aim is to answer the following research question:

"Does the Entrepreneurial Orientation have an effect on employees' resistance to change during a structural and cultural reorganization?"

In order to provide an appropriate answer to this question as well as to gain an in-depth understanding about the displayed case and the resistance to change, the following discussion

is divided into: organizational culture, organizational structure, organizational change, resistance to change, and entrepreneurial orientation.

5.1.1. Organizational culture

As the theoretical chapter recognized, the identification and change of an organizational culture are influenced by numerous internal and external forces.

The majority of the interviewed employees claimed that the silo–mentality of the departments led to an individual way of thinking in each department (Schein, 1992). It seems that in parts of the case company it was normal that employees work for their own benefit instead of for the organizational goal. This individualistic thinking was especially present in two areas: the front workers (lowest level), who do their job from 9-5, and the senior employees. Another fact is that the mind-set of the employees was split. On the one hand, they were proud of their company, but on the other hand, they were pessimistic and said how bad the company is in comparison to 20 years ago. In order to solve the problems, several programs were launched to stimulate teamwork and networks in order to create a family-like feeling. According to Chatman and Jehn (1994), the culture prior to the change was characterized as low in terms of innovation and collaboration, and outcome and rule-oriented, which led to the conclusion that the existing culture had a high level of resistance and to alter proposition 3.

Organizational cultures that are individualistic, outcome oriented, low innovative, and stable are negatively related to entrepreneurship and the use of the EO as a strategic tool. Those cultures have a high level of resistance to change.

Besides the identification of the levels of the organizational culture, it became clear that the organization is trying hard to create a new culture. The new leader is encouraging the impulse to create and structure a new organizational culture by introducing the five golden rules, in line with Schein's (1992) "primary embedding mechanism". After the stimulation of the leader, the organization was structurally redesigned according to the matrix-structure. During the restructuring process, new myths and symbols, such as the family-like feeling, were continually communicated, which underlines Schein's (1992) "Secondary Articulation and Reinforcement" phase. The interviewed employees claimed that the five golden rules were not visible enough in the company, leading to the interpretation that the Secondary Articulation and Reinforcement phase was primarily used for the structural change. As an example, the operational shift of the employees, to a different building and to a new office at a specific date, was used to set a sign that the change is in process. In April 2015, the MD articulated

and communicated the golden rule "united in diversity" in an extensive way to embed the new culture. This behavior is in line with Schein's (1992) secondary re-articulation phase to manifest the culture. One should be aware that the asset structured matrix model can also lead to the opposite effect. Instead of reaching the goal of diversity, it could create even more homogeneous subculture groups.

After the establishment of formal requirements for a culture change, the organization also needs to focus on the relationship between the employees and the employer. Rousseau (1995) developed a model to identify this relationship, known as the psychological contract (PC). The PC displays an informal contract about what the employees can expect from the employer. During an organizational change, the PC needs to be balanced in order to minimize the resistance to change. Rousseau (1995) stresses the importance that the information about the change be communicated extensively. During the interviews, the employees claimed that the communication prior to and during the change was not good enough. They claimed that during some weeks the intranet was overloaded with information while during other weeks nothing was communicated at all. Furthermore, the employees claimed that there was no clear communication about the future steps in the change project and no information about what would change in the different areas and departments and what would stay the same. This unstable flow of communication may lead to an unbalanced PC. For the group of employees that lost power, a high level of communication is needed. The interviewees supported Rousseau's theory by claiming that the communication frequency and quality during the reorganization needs to be good, which was not the case in the company. Middle management claimed that the communication with top-management was not sufficient. According to Rousseau (1995), a lack of communication influences the PC negatively, which results in an increased level of resistance, which in turn leads to an alteration of proposition 6.

An organization that wants to reorganize its culture needs to communicate the change plan on a steady basis in order to educate employees as to what will be expected from them after the change.

In conclusion, the cultural change of the case company was executed according to the models of Schein (1992), Chatman and Jehn (1994), and Rousseau (1995), and therefore provides evidence for their models. An interesting fact is that the interviewed employees interpreted the five golden rules as the foundation of the culture, especially the entrepreneurial thinking aspect of it, but do not recognize that the rules support the structural organization.

According to the vision and mission created by the MD. The structure is following the changing culture. In essence, the structure needs to change from a rigid, mechanistic structure to an innovative matrix structure to foster entrepreneurship as firm behavior.

The company had in the past a highly centralized and formalized decision-making. Senior (2006) identified that the decision making of an innovative organization needs to be decentralized. At the company, the structural aims of the MD were, on the one hand, to reduce the decision-making process and on the other hand to motivate the employees to innovate. In order to realize these aims the MD decided to restructure the decision-making process of into a decentralized one.

Drucker (1994), Carpenter et al. (2009) displayed that the change of the structure is also influenced by the number of layers/levels (high number of levels = tall, low number of levels = flat) between the frontline workers and the top-management. According to Drucker (1994), the company had prior to the change the characteristics of a tall (6-7 layers) structured organization. The archival records, organigrams and flow charts, interviews and my own observation support this categorization. In order to reduce this tallness, the configuration of a matrix-structure was implemented. The matrix-structure creates a greater freedom and loose supervision of the employees. As a consequence the chosen configuration goes hand in hand with change organizational culture, which indicates that the entrepreneurial orientation was desired.

According to Chonko (1982), the matrix configuration also has disadvantages. One disadvantage is that the loose supervision can create confusion and uncertainty about the supervisor's expectations During the interviews, it could be identified that the interviewed employees, regardless of their hierarchical position, are confused and unsure what will be expected from them and what their responsibilities are. Senior (2006) identified this confusion and insecurity as normal behavior when a structure is decreased in tallness. Based on the latter, it is normal that people need to get used to the changes, at the company it is the case with the new freedom and increased independence.

In order to complete a structural change, one needs to be aware of the departmentalization of the structure. Due to the change in the E&P industry, this changed from being predictable and stable, into a non-predictable and non-stable environment. The organizational structure needs to be aligned with the changing environment. For the company this means to change to a

matrix structure which crosses the functional structure with the divisional one in from of a grid (Carpenter et al., 2009; Utterback, 1994). In practice, this was done in clustering the company in units. On the operative site into four geographical units (the assets) which have a divisional structure and are independent from each other. The operational units were supported by four specialized business support units (e.g. geosciences) which have a functional structure. This is in line with Hollenbeck et al.'s (2002) findings of the functional departmentalization, to enable a quick reaction and alignment to the changing environment.

As the final step, the new structure needs to be aligned with the external environment (Utterback, 1994). In practice, the company had the main goal of reconfiguring the prior mechanistic structure into a matrix structure. For the firm, it meant that the divisional parts of the organization (Assets) were supported by the functional (e.g. Geosciences, Purchasing). According to Senior and Fleming (2006) such a configuration is needed to make the organization flexible and thus suitable for entrepreneurial thinking, in combination with maximizing efficiency and minimizing costs.

According to the experiences of the interviewed employees, the change was mostly positive. They especially highlighted that the decision-making process became shorter and that they had more freedom in their daily work. The interviewees also noted negative aspects regarding the change, such as insecurity and conflict of jurisdiction. It is quite interesting to note that most of the mentioned negative aspects perfectly mirror the differences between the mechanistic and matrix configurations. This could be an indicator that the change of the structure is not yet finished. Another factor could be that the employees did not see themselves influenced by the change, which is also normal during a change. In essence, a change from a mechanistic to a matrix-structure is quite tricky because the mechanistic structure is characterized by a high resistance to change (Utterback, 1994).

5.1.3. Organizational change

So far, we acknowledged that the company's change process was in accordance with the theoretical change approaches. In order to put these theoretical plans and approaches into practice, several authors developed various practical models. As displayed in the theory section this thesis uses its own model that contains the eight common steps from those models.

The prior discussion in the culture and structural part indicates that the old leadership style was driven by close supervision, in which the leader is responsible and promotes compliance

through rewards and punishment. Due to the exchange of the management, the new leadership style changed to a transformational leadership, in which the leader is proactive and motivates his followers to put the organizational goals first. According to Botero and Van Dyne (2009), the transformational leadership style focuses on internal resources and increases the Leader-Member-Exchange (LMX) by empowering and motivating them to think in an entrepreneurial way. The concept of the transformational leadership reflects the construct of the EO from the managerial level. As a consequence, the resistance to change is decreasing. At the company, the most obvious tool of this leadership style was the introduction of the five golden rules and the continuous articulation and promotion of the family-like feeling. These changes of the leadership styles support the theoretical model of Botero and Van Dyne (2009).

Besides the leadership style that sets the impulse to change, the internal and external environments create a need for change. Senior and Fleming (2006) found that the external as well as the internal environment can create a desire to change. The interviewees underlined that the change was driven mainly by the internal factors. The company was neither in a crisis nor had problems surviving in the market. A change launched from the internal environment is commonly a small scale and incremental change (Senior & Fleming, 2006). This was the case at the company, where the MD's main aim was to make the organization more efficient by reorganizing it internally. As the interviews showed, the change was quick and drastic. It changed parts of the organizational structure and culture at the same time. This indicates that the change had the nature of being a discontinuous change (Luecke, 2003; Grundy, 2003). Such a discontinuous change is most of the time driven by a planned change approach, which was also the case at the company. The interviewees claimed that the information and communication within the exploration phase was not intense enough. This lack of information and communication resulted in insecurity and sometimes fear which consequently leads to a resistance to change. The information from the interviews and the case itself lead to an alteration of Proposition 6.

In a discontinuous change, high communication frequency and quality decreases the level of employee resistance. The employee group that lost power or territory during the change needs to get the opportunity to participate in the change.

They also claimed that the transition between the planned phase and the action phase was too quick. The results from the interviews also showed that the majority indicated that the company is still in the implementation or action phase. Senior (2002) and Dunphy and Stace (1993) identified the scale of a change. Since the change was a major shift of multiple

divisions at one time it has the scale of a modular transformation. Another point that needs to be discussed concerns the time and the content of the change.

According to Huy's (2001) findings, it was a complex large scale rapid change. Based on Huy's (2001) findings, the change in the company started with commanding, followed by socializing, continued with teaching, and ended with engineering. It is quite interesting that it has the same combination as British Airways (BA) used in their turnaround change in 1981. In comparison with British Airways there are some overlaps such as the development of a family climate, which is at the company also present. As a consequence, Huy's (2001) proposition to start large scale change with commanding was present at the case company's practices, and is in line with the results from the case.

As a next step the operational transformation of the company will be displayed. It is done in accordance with the developed model of the eight common change steps as described in the theoretical section.

According to Lewin (1946), Kanter et al. (1992), Judson (1991), Galpin (1996) and Luecke (2003), the first step to start an organizational change is to analyze and diagnose the status quo, in order to identify the main problem. In practice, the new MD analyzed the structure and culture by observing the organization for 10 weeks. He diagnosed that the structure and culture need to be changed to increase the efficiency of the company. In more detail, the MD diagnosed that the existing sub-cultures and the silo mentality interfered with the company's efficiency.

As a next step, the creation of a vision and mission of the change was necessary in order to provide an idea, which route the change will take (Lewin, 1946; Kanter et al., 1992; Kotter, 1996; Judson, 1991; Galpin, 1996; Luecke, 2003; Kübler-Ross, 1969). In the company this was done solely by the MD. He created the overall vision to change the culture, as well as the strategy. The stated vision and mission was to create a sense of urgency and make the employees ready (motivate, create awareness) for the change in a psychological manner.

Kanter et al. (1992), Judson (1991), Bullock and Batten (1985), Kübler-Ross (1969) and Galpin (1996) identified the importance of creating a sense of urgency, because if the employees are not aware and don't interpret the change as needed, the resistance to change stays or even increases. At the company, the creation of this sense of urgency lacked. The interviewees claimed that at the beginning of the change, they didn't understand if only parts

or the complete organization was changing and why the organization was changed at all. This lack of creating a sense of urgency may have strengthened the resistance to change.

Kanter et al. (1992), Kotter (1996), Armenakis (1999), Kübler-Ross (1969), and Luecke (2003) found that it is important to create a guiding coalition in order to guide the change as well as to reduce the resistance to change of the participants. At the case company, this guiding coalition consists of the MD and four line-managers, and does not include external stakeholders. One criticism could be that no external stakeholder participated in this step. Another one could be that no divisional leader was involved. According to the theory, this incompleteness of the guiding coalition may have influenced the structure and design of the change, as well as the resistance to change of the divisional leader. The main job of the guidance is to create recommendations on how the change should happen. Due to the incompleteness of the guiding coalition at the company, the recommendations that influenced and structured the further change process only had an internal perspective, perhaps leading to further incompleteness of the communication and knowledge flow and increasing the middle management's resistance to change.

According to Kanter et al. (1992), Judson (1991), Galpin (1996), and Bullock and Batten (1985) a road map of the change needs to be developed on the basis of the recommendations of the guiding coalition. At the company, the MD developed a time-based activity schedule before the start of the change. This behavior clearly stands against the aforementioned theory and should be viewed as critical. As a next step, the change needs to be communicated efficiently, both within the guiding coalition and across the organization. The communication is an important tool to keep the commitment of the employees up as well as to create commitment in the employees that are against the change. In practice, the interviewees claimed that they were not satisfied about the frequency and quality of the communication before and during the change. The interviewees claimed that the communication between the top-management and middle management was not good enough. As a consequence, the communication between middle management and the front workers was also interpreted as insufficient. According to the interviews, the lack of communication is still a problem. The communication of the five golden rules is especially lacking in consistency. The management board has since identified this problem and started with the re-articulation of the golden rules more extensively.

Kotter (1996), Armenakis (1999), Bullock and Batten (1985), and Luecke (2003) stress that the execution of the change is an important point. They argue that the implementation stage as

a next step is crucial to the success or failure of the change. The authors argue that it is important to provide short term successes with the change in order to keep the employees motivated for the next steps of the change. In the company's case error made by the lack of communication is influencing this step as well. The results from the interviews show that there is a misinterpretation of the current stage of the change: some employees interpret it as implementation phase while others interpret it as identification stage. As a consequence, they misinterpret the short successes. Sometimes they don't even recognize that a result, results from the change. The point in which the interviewees all agreed is that the change is not finished, therefore there is no reinforcement or institutionalization of the change yet.

In conclusion, the practical change management models, which are used by the case company in the fields of leadership, voice behavior and the environment, support the listed theoretical models. In contrast, when it comes to practical execution, the eight common steps model was barely or not at all supported. Since this change was still a success, it leads to the rejection of the theoretical proposition 5.

5.1.4. Resistance to change

In the previous sub-sections, indicators that can lead to resistance were mentioned. The discussion in this section will partly review them in a contextual way.

The ADKAR model has overlapping points with the eight common steps of the change models. These findings were discussed with Kotter and Schlesinger's (2008) four reasons of resistance.

Kotter and Schlesinger (2008) identified the parochial self-interest and individualistic thinking of the employees for their own best interest instead of the company's best interest as a reason for resistance. In the case company, we already discovered that the culture was individualistic and driven by the silo-mentality. This is also supported by the interviewees, who stated that they didn't want to lose their current power or position because of the change. According to the theoretical models of Hiatt and Creasey (2003) and Kotter and Schlesinger (2008), in such a situation intensive education and communication is needed, to create awareness of the change. Furthermore, both of the authors argue that the employees need to participate within the change in order to motivate them to create a personal desire to change. As the results in the cultural and structural discussion already showed, that the main problems at the company were the mechanistic structure, the individualistic thinking, and the lack of

communication. On the other hand, the short time planning and six month transformation also influenced the change process and the resistance to change.

Next to the individualistic thinking of the employees, some signs or messages were simply interpreted in an incorrect manner. Kotter and Schlesinger (2008) phrased this as "misunderstanding" and identified it as a major reason why people resist. In practice, the interviews showed that the instruments for the culture change, the five golden rules, were articulated too broadly and that various employees had various differing interpretations. Within the structural reorganization, the misunderstanding was that the interviewed employees did not understand why the company needed to change. As a consequence, no desire to change was created in the first step. They did not understand why a profitable organization needs to change. Furthermore the interviewed employees didn't understand that the company was changing, but that people should do their jobs as usual. According to Hiatt and Creasey (2003), and Kotter and Schlesinger (2008) this problem would not have occurred had the employees gotten educated in order to create knowledge to understand the change. Therefore the misunderstanding of the employees can be seen as a consequence of the lack of education and communication from the awareness and desire phase.

Kotter and Schlesinger (2008) identified that the level of tolerance to change may create a resistance to change. Logically, people with a high level of tolerance are open for change and new things and accept new things quicker, which results in a high acceptance. People with a low level of tolerance, try to block the complete change. As already displayed in the cultural and strategic part, the company was influenced by its mechanistic structure and the elderly workforce (Utterback, 1994). Combining all these characteristics, there is a strong indication that tolerance to change at the company was low. As the last identified reason for resistance to change, Kotter and Schlesinger (2008) identified the different assessments of the change. Here we need to remember that the culture of the company was analyzed in the earlier parts as individualistic. The results from the interviews underlined this point. The respondents just assessed the changes in their own working environment, so if there was a problem in their individual area they questioned the total change.

According to Hiatt and Creasey (2003), and Kotter and Schlesinger (2008) employees need to have the ability to change their habits, behaviors, and thinking according to the change in order to increase the level of tolerance. This can be done by facilitation and support of the employees with training sessions, listening hours, Q&A sessions, or with manipulation and formal agreements. If all of these don't bring the desired success the employees will be forced

to accept the change. According to the interviewees the company had listening hours as well as Q&A sessions, but the employees did not use them. The short transformation time and the insecurity of the interviewed employees during the change may be an indicator that the company partly forced them to accept the change. The interesting point here is that in the end 11 out of 17 interviewed employees see the change as positive and accept it. Besides the positive acceptance, 12 of the 17 interviewees are satisfied with the total change. The shift from anger/depression to acceptance/integration is displayed in the figure below.

Figure 23 - Change status
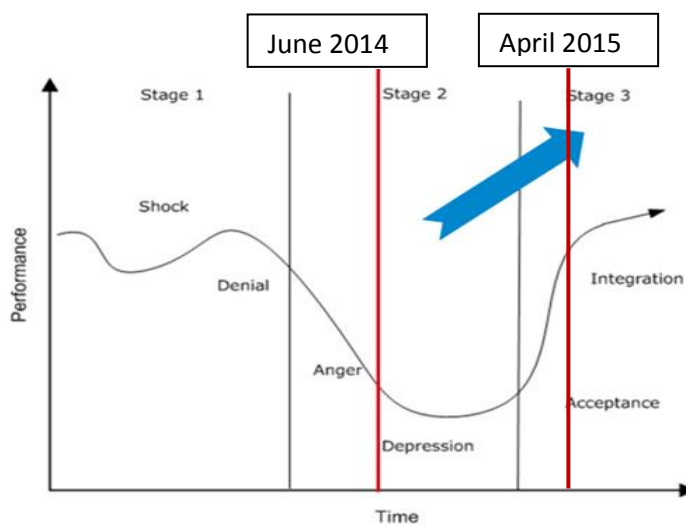
Next to the models it can be clearly observed that the resistance to change of the top-management was driven by the fear of losing their old power and territory. The discovered defense mechanism was identity-oriented marking, in which the managers that lost power and parts of their territory often kept their doors closed. Others that got promoted, e.g. from line → area manager, always kept their doors open and were pro-active. This example would be an indicator that the top-management's territory was infringed upon. This would also explain why the group had an increased level of resistance.

In conclusion, it is quite obvious that the theoretically identified reasons which lead to resistance to change are present at the case company. According to the theory, the lack of communication before and during the change strengthens this resistance. Consequently, as a theorist, one would think the resistance to change increased during the change. But in fact the resistance of the employees more or less completely disappeared. Only 2 out of the 17 interviewed employees interpreted the change as negative. A possible reason could be that the mind-set of the employees was indirectly changed during the structural change. Another one

could be that they did not experienced disadvantages from the reorganization. The findings in that step also lead to the rejection of the theoretical proposition 5, and indicates that under the use of the EO the five steps of the ADKAR model are not solely relevant in decreasing resistance.

5.1.5. Entrepreneurial orientation

The Entrepreneurial Orientation (EO) is a construct, which has the main aim of stimulating the employee's mind-set to think and act as if they own the company. In organizations, the EO is mostly used to create awareness and to motivate employees to be more responsible and act for the best of the company. According to Rauch et al. (2009) the construct of the EO influences the employees to increase their innovativeness, risk taking, and pro-activeness, which is in line with the transformational leadership style. The core issues of the EO are included in the transformational leadership as well as in the structural change to the matrix-structure. The five golden rules of the company contain the construct of the EO (innovativeness, risk-taking, pro–activeness). During the interviews it became clear that the interviewed employees ranked the three golden rules that fostered the EO construct with the highest priorities. Especially the rule "We act as though we are owners of the company" received the highest priority. The second highest priority for the employees was "We have the courage for decisions and tolerance for errors" which they interpret to be pro-active, innovative, and risk-tolerant. This is an interesting finding because to be risk-tolerance is in conflict with the most important rule: "safety-first." As already displayed in the result part, this conflict may lead to confusion, especially for the workers in the fields. A result which is quite questionable is that the interviewed employees did not recognize a relationship between the five golden rules (EO construct) and the structural change. A possible reason could be that the interviewed employees interpreted the structural change as the main dimension of change, while the cultural change just snuck into their mind-set and changed it in a subtle manner. One fact which may support the latter reason is the non-promotion of the five golden rules, excluding "safety-first". This was maybe done on purpose. Another finding that also supports the latter reason, is that the mix of all used models, transformational leadership, configuration to a matrix structure, and the decentralized decision making, contains the construct of the EO. Summing it up, the five golden rules which contain the EO construct supported the corporate change in a way that manifest in displaying general behaviors along the guidelines of the corporation. Manifesting it in the guidelines has the advantages that the employees know what will be expected from them as well as implementing a legal foundation to which they could be

referred. Consequently, the employees' fear and anxiety decreased and the desire to be more pro-active, innovative, and risk-taking increased, leading to an acceptance of the change.

The conceptual model below displays the influences of the EO during an organizational culture and structure change. The model provides new insights about the relationship between EO and the resistance to change as well as the interrelationships between the variables.

Figure 24 - Entrepreneurial orientation during corporate change
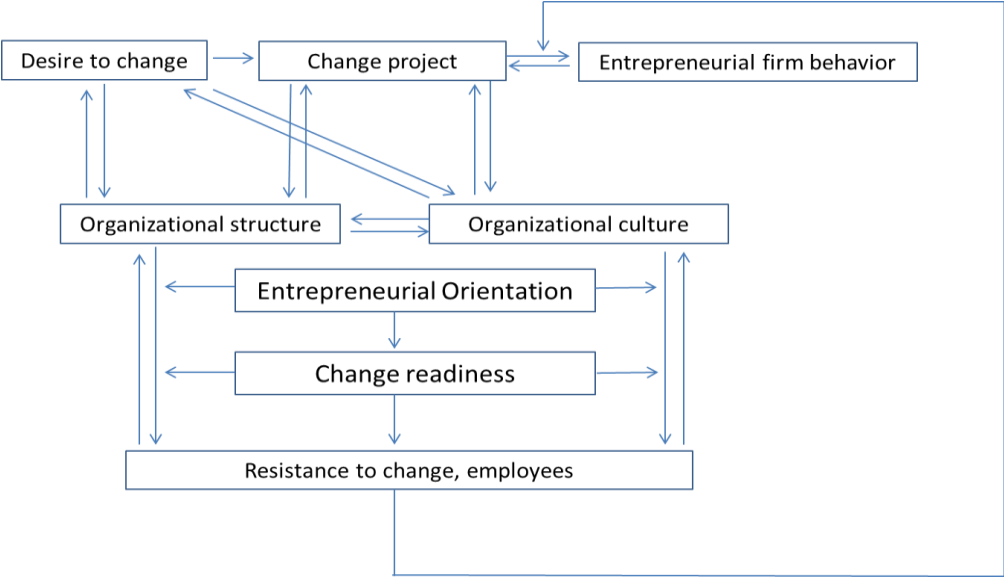
The desire to start a corporate change has a relationship with the existing organizational culture and strategy, most the time the structure or culture need to be changed. In the next step a change project will be announced and launched, which also has a relationship with the existing organizational culture and structure. In order to change the culture and structure the resistance to change need to be low. The case study indicates that the EO has a direct influence on the change readiness of the employees as well as indirect influence on the resistance to change. As a consequence the low resistance to change support or may even moderate the relationship between the change project and the finished change. This model visualizes the main findings from this study and underpins the usefulness of EO as strategic tool to change the firm behavior

This leads to the conclusion that the EO construct has an influence on the resistance to change during an organizational change and that this construct is present, which is completely in line with the theoretical proposition 7.

5.2. Limitations

The case study as overarching research design has several limitations which may have influenced the results. One should be aware that a case study is difficult to replicate which lead to the low generalizability of the results. Next to it, the subjective view and interpretation of the researcher may lead to a researcher bias which can influence the results.

At first, the big organizational size, the decentralized structures of the company, and the E&P industry typical organizational structure with many contractors hindered the random sampling approach. Due to this and the limited time of this study it was not possible to identify the total population of the company. The selection of the interviewees was done as purposive sampling and partly were commanded by the company's thesis supervisor, which could lead to a biased sample. Consequently the sample may not adequately represent the overall situation within the company.

Secondly, the results are lacking generalizability because the company is active in a niche market in Germany. Another issue that limits the generalizability is the timing of the study, the data collection was done at a time when the change was just launched. One should be aware that the collected data from the interviews is maybe influenced by third factors, such as personal issues, which are not displayed in this study. If this had been done at another time, the results may have been different.

Thirdly, during the interviews the respondents dealt with hypothetical issues: what they thought the change should bring. This guessing may lead to a lack of evidence and attribution, since guessing does not always project the real situation. The average age of 42 years may also limit the generalizability, because younger people could have different opinions.

Fourth, my long experience in the company could lead to an observer bias, in terms that my subjective opinions may have intruded upon the interpretation and assessment of the collected data.

In conclusion, this study used various techniques to increase credibility: 3 groups of employees, use of CAQDAS, quantifying of qualitative data (quasi-statistics), and frequency tables. Even after using all of these techniques and tools it is still a qualitative case study which limits the generalizability. But that was also not the desired goal of this study.

5.3.   Conclusion

The analyzed and discussed organizational change of the case company, provides a state of the art example of how an industry-driven organization could change its structure and culture. This study not only reflects the change process of the case company, it also provides new insights into the area of the entrepreneurial orientation (EO) and the resistance to change.

Within this study, various models from various theoretical areas were used and supported by the practices of the case company. In general, this study supported that the construct of the EO has an effect of the resistance to change by changing employees' mind-set. In the case company the use of the golden rules (EO construct) as the main instrument to change the existing culture to support a structural change was successful. Hence, the EO construct could lead to a decrease in the level of resistance of the employees and may be labeled as a change management construct which limits undesired behaviors and chaos during a reorganization. Several research areas with several conceptual frameworks were interpreted and displayed, showing that an organizational change is a complex process and different for every organization and industry. An interesting point which was present in every concept or research area was the importance of communication during a change, which was somehow the biggest problem in the case company.

The main findings are:

First, the interviews and observations show that the entrepreneurial orientation construct (innovativeness, pro-activeness and risk taking) are present at the case company and that this construct supports the break up of the existing sub-cultures within the organization.

Second, my own practical change model was developed which combines the overlapping dimensions of the nine most cited and renowned structural change models. This simplified model provides guidance to plan and monitor an organizational change for managers.

Third, the results indicate that the EO construct might be used as a tool to change the employees' mind-set, even when not all steps of prominent change models (e.g. ADKAR model) were achieved. These findings provide change agents and managers practical guidance, which saves time and keeps the motivation of the employees high.

Fourth, another main result is that the EO influences the resistance to change in terms of the change readiness of the employees for a structural change. An interesting point is that the

study explored that the top and middle management has a resistance to change, which is paradoxical because that group normally delegates the change.

The fifth main finding underlines the importance of the communication prior to and during a reorganization, in terms of quality and frequency. In more detail, this research underpinned the importance of good communication between the top and middle management in order to avoid resistance.

This study clearly shows that the reorganization is still a bumpy ride for the employees, as is usually the case when old historical companies are changing e.g. the reformation of the German steel industry. The identified problem was the prior individualistic culture and a mechanistic structure of the organization, as well as the workforce that was used to it. It is quite obvious that the employees that developed and shaped the company in the last decades, want to stick to their culture and structure and keep their territory. In the end the majority of the employees were satisfied with the change and interpreted the final result as positive. This positive result is a clear indicator that the EO as a managerial tool has an influence on the resistance to change. In the company's case it affected the change in a positive manner.

From my point as an observer and insider, I can say that the current reorganization totally changed the organization's set-up, spirit, behaviors, communication, responsibilities, and daily work for everyone. Even when the results of the study show that for the majority of the people nothing changed, as an insider like me, you see, feel, and interpret that the change makes a big shift towards entrepreneurship. A practical example, which underlines this new entrepreneurial behavior is that the company is nowadays investing a lot of money to support networking across the organization with the introduction of a team leader and the increased responsibility of all employees, even myself as a working student. In my opinion the company is doing this because they have identified that they have to find a way to attract generation Y workers. Activities such as the young professional program, speeches, and networking are now open for students, which prior the change was not the case. The increase individual motivation to innovate, be pro-active and just to take the risk without fear, is a desired result from the top-management. In informal talks with my work colleagues, especially during the young professional meetings, I discovered that they love the new freedom and the empowerment which the change brought to them. Furthermore, they stress that an entrepreneurial behavior is normal and desired from them. In my opinion, this change was needed to shift the company into the 21st century, and to provide the employees a set of tools and freedom for the future.

5.4.   Future research recommendations

Future research should be conducted in two areas.

First, the new insights gained during this study supported that the EO has an influence on the resistance to change. The research gap that needs to be closed is that various models from various research areas contains parts or the complete EO construct:

- Transformational leadership enhances the pro-activity and innovativeness
- Organizational structural configuration enhances risk-taking, pro-activity, and enables innovativeness
- Organizational collectivism culture enhances risk-taking, pro-activity and enables innovativeness
- Organizational change models (eight common steps) enhance pro-activity and risk-taking

Due to my literature review, I identified that there are several approaches to structuring a change and that there is no clear-cut distinction between the research areas. After the analyses of several case studies in the field of organizational change and reorganization, I identified, that most of the times several approaches were used during a change, as in this study. Future research is needed to identify which of the above stated areas has the biggest impact during a change project.

In context to the this the study and the existing theoretical models show that organizations are following the trend to be entrepreneurial. In last decades several major organizations followed this trend by changing organizations to be more innovative, pro-active, and risk-taking. The problem that rises up now, is that safety guidelines and requirements are still the most important issues in an organization, which is paradoxical to guidelines that encourage tolerance for errors and risk taking. In the underlying case study, the management introduced, on the one hand, entrepreneurship as firm behavior, to encourage risk-taking, but on the other hand the first priority is safety first. This conflict between organizational functions and general rules is an interesting research direction, to gain new insights how individuals and organizations deal with this paradox.

Additionally, future research should also focus on the different interpretations of the change tools, such as the five golden rules, because it could be recognized that field workers interpret the rules differently from the office worker. It is quite logical that an office worker interpret risk taking differently than a worker operating on the oil rig.

Future research may explore if the change should be structured and communicated differently, for the different groups within the organization.

Based on the previous discussion, it is hard to identify which is the leading model. The case study reflected the use of various models which contain the aspects of the EO construct or aspects of entrepreneurship. The use of different models which more or less have the same content could lead to confusion and misunderstandings. Furthermore, it may provide guidance as to which models fit. Future research is needed to provide an overview which of the stated models has the biggest impact on the employee's mind-set.

Second, a research gap that I identified was that research on the resistance to change mainly focuses on the resistance of lower-level employees. This study indicates that the resistance to change is present in top-management, which is paradoxical because normally the top-management creates the incentive to change by developing and scheduling a change plan. One possible explanation could be the psychological ownership of senior managers that are in the top-management and feel disrupted in their territory. Future research should focus on the top- and middle-management resistance with the interaction of territoriality and entrepreneurship. The area of change management is of especially high interest if the use of entrepreneurship can decrease the level of resistance at the top-management, since entrepreneurial behavior could maybe increase the willingness to change of managers that lose power and territory.

Third, the research direction of the influence of third parties within a cultural change should be researched. Due to my observation over the last six years I recognized that the amount of consultants within the company significantly increased, especially for strategic projects such as the current reorganization. The fact that large companies nowadays cooperate largely with consulting companies, sometimes over decades, should be researched, especially how this external subculture influences the organizational culture. I observed that the people that work closely together with a consultant, or which have the lead over a team of consultants, sometimes adapt their culture. Research is needed that focuses on the effect or influence the consultant culture has in periods of change as well as periods without change. This may bring useful insights to the area of strategic change management as well as to the area of knowledge transfer.

5.5. Practical implications and recommendations

First, the management needs to communicate future changes in an earlier stage with a higher frequency and quality to spread the information across the organization. Furthermore the

organization needs to design and publish detailed, activity-based action schedules about the change and the shift of responsibilities. Documentation and communication of detailed process-charts is highly recommended in order to avoid confusion and misunderstandings.

The functions and the responsibilities of the Business Development and Planning division and the interplay with Assets need to be documented and published in detail. For the organizational parts that work in the matrix structure, process views need to be developed that display a clear picture of the responsibilities of assets and support lines, as well as the hierarchical intersections. This would minimize conflicts and support the collaboration between top-management and line management.

The organization needs to ensure that employees get trained and educated prior to future changes. It is important that employees have the knowledge and tools to understand the future steps of the change, otherwise they may misinterpret things, resulting result in a high resistance. The management also needs to stimulate the employees' participation in future changes, helping to create a personal desire to support the change.

To implement the new culture and the family-like feeling, it is recommended that to promote the five golden rules more aggressively. The rules should be visibly present across the organization in the form of posters, flyers, or calendars. In order to minimize the range of interpretation, the golden rules should be explained by simple, practice-oriented examples, such as by employees who show how they are living the rules. This may lead to a steady motivation to act according to the rules as well as to instill them in the mind-set. The organization should publish the achievement of short-wins and milestones, and directly relate it to the reorganization.

In general, I recommend that the organization should set-up regular management meetings for the top-management, between top- and middle- management and asset meetings in order to ensure regular, transparent, and quick decision making. These management meetings need to ensure the communication and transparency between the parties. The middle managers should especially be involved in the decision-making process of change issues. A monthly roundtable in which future actions are planned and decided would be an efficient and cheap solution.

The organization needs to monitor the new matrix-structure closely in order to prevent the emergence of new subcultures and silo-mentality within the assets and the support-lines. I recommend a monthly Asset meeting, in which all involved parties of the asset and the support-lines are present. During these meetings a detailed, activity-based schedule of future

activities, including the process flow and responsibilities, should be developed. Such meetings increase the transparency and the communication between the involved parties.

Due to the fact that the Business Development and Planning (BD) division is seen by the majority of the interviewed people as the core of the change, the company should interview the employees when the BD is fully implemented about whether the expectations that they had about the BD are fulfilled and if they are satisfied.

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Appendix - Interview guide

Mein Name ist Emanuel Zimmer, ich studiere Betriebswirtschaftslehre und Innovationsmanagement an der TU Berlin und der Universität Twente. Derzeit bin ich Masterrand in der Abteilung SQ und schreibe meine Abschlussarbeit zu dem Thema Unternehmenswandel, hierzu führe ich einige Experteninterviews durch.

Meine Forschungsfrage lautet:

„Welche, Unternehmenskultur relevanten, Faktoren erhöhen die Akzeptanz der Mitarbeiter in der Implementierungsphase einer betrieblichen Reorganisation"

Das Interview wird ca. 20-35 min. dauern.

Zur Durchführung des Interviews möchte ich Ihnen einige Erläuterungen geben:

➔ Da allen Befragten die gleichen Fragen gestellt werden, kann es vorkommen dass manche Fragen nicht spezifisch zu Ihrer Situation passend erscheinen. Ich bitte Sie dies im Voraus zu entschuldigen.

➔ Ich werde ein Diktiergerät mit laufen lassen - dies dient rein zur Kontrolle meiner Mitschrift, sind Sie damit einverstanden?

➔ Generell werden alle erhobenen Daten aus diesem Interview vertraulich behandelt und für die Zwecke der Wissenschaft anonym ausgewertet. Die Daten werden nicht an Dritte weitergegeben.

Ich habe meine Fragen folgend gegliedert:

Zu Beginn ein paar Fragen zur Person

➔ Block I: Reorganisation

➔ Block II: Unternehmenskultur

➔ Block III: Rückblick und Zukunft

Haben Sie noch eine Frage, bevor es los geht?

Ich schalte nun den Rekorder an.

Geschlecht: □M   □W

Berufsstand: □ Kaufmännischer Bereich □Technischer Bereich

Hierarchie: □N-1   □N-2   □N-3   □N-4

Bitte erläutern Sie mir doch kurz Ihre berufliche Laufbahn und Ihr jetziges Aufgabenfeld innerhalb von der Firma.

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Wir kommen nun zum ersten Block: Reorganisation

Wie sehen Sie Ihre eigene Rolle im Unternehmen, vor der Reorganisation und jetzt?

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Was sind aus Ihrer Sicht die wesentlichen Vorteile der neuen Asset-zentrierten Organisation (AZO) von der Firma?

Vorteile
☐Effizienzsteigerung
☐Beschleunigung von Geschäftsprozessen, kürzere Wege in der Kommunikation
☐Erhöhtes Verantwortungsbewusstsein
☐Bereichsübergreifende Zusammenarbeit, Förderung Teamwork
☐Stärkung der Position von in der Gruppe/Konzern
☐Sonstiges, bitte um Erläuterung
☐Ich sehe keine Vorteile

Welche Risiken sehen Sie bei der AZO, und warum sehen Sie diese? Was wären mögliche Gegenmaßnahmen?

Risiken	Warum ?	Mögliche Gegenmaßnahmen
☐ Kompetenzkonflikte, Machtkämpfe		
☐Höherer Kommunikationsaufwand		
☐Schwerfällige und lange Entscheidungsfindung		
☐Schwer abschätzbare Auslastung des Mitarbeiters		
☐Unsicherheit/ Angst der Mitarbeiter		
☐Sonstiges, bitte um Erläuterung		
☐Ich sehe keine Risiken		

Haben sich Ihre Aufgaben/Zuständigkeiten durch die Reorganisation verändert?

☐Ja

☐Nein

Falls Sie die obere Frage mit JA beantwortet haben, was hat sich verändert? Waren die Veränderungen aus Ihrer Sicht positiv oder negativ?

Haben Sie bereits in Ihrer Vergangenheit eine Reorganisation eines Unternehmens miterlebt?

☐Ja

☐Nein

Falls Sie die obere Frage mit JA beantwortet haben, gab es Gemeinsamkeiten? Was war bei anders?

Sind Sie zufrieden mit den bisherigen Anpassungen?

☐Ja, vollkommen

☐Ja, überwiegend

☐Ich bin nicht wirklich zufrieden

☐Nein

Falls Sie die obere Frage mit Nein beantwortet haben, warum sind Sie unzufrieden?

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Kommen wir nun zum zweiten Block: Unternehmenskultur, 5 goldene Regeln

Sind Ihnen die fünf goldenen Regeln der Unternehmenskultur bekannt?

☐Ja

☐Ja, aber ist nicht vollkommen klar für mich

☐Nein

Was denken Sie warum die neue Unternehmenskultur auf diesen 5 goldenen Regeln aufgebaut ist und gelebt wird?

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ten,

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Goldene Regeln	Priorisierung in Ihrem Arbeitsbereich 1-4 1= Hoch 4= Tief	Wird diese Regel in Ihrem Bereich gelebt?

Wir handeln, als würde uns die Firma gehören		☐Ja ☐Nein
Wir sagen was wir denken, wir machen was wir sagen, wir sagen was wir machen		☐Ja ☐Nein
Wir sind in Vielfalt vereint		☐Ja ☐Nein
Wir haben den Mut zu Entscheiden und tolerieren Fehler		☐Ja ☐Nein

Bitte geben Sie mir doch ein Beispiel aus Ihrem Alltag wie die goldenen Regeln bzw. welche goldene Regel dort gelebt wird (ausgenommen „ Sicherheit geht vor")

Haben Sie noch Anmerkungen in Bezug auf die goldenen Regeln?

Kommen wir nun zum dritten Block: Rückblick und Zukunft

Rückblickend auf die letzten 5 Monate, fühlten Sie sich bei der Reorganisation gut informiert?

☐Sehr zufrieden mit der Kommunikation

☐Zufrieden mit der Kommunikation

☐Kommunikation hätte besser sein können,

☐Informationstaktung

☐Benutzte Medien

☐Kommunikation war unzureichend

☐Informationsqualität

☐Informationstaktung

Wie sehen Sie den derzeitigen Stand der Reorganisation?

☐Reorganisation ist abgeschlossen und ich akzeptiere diese nicht

☐Reorganisation ist abgeschlossen und ich akzeptiere diese

☐Reorganisation ist nicht abgeschlossen, und ich akzeptiere diese

☐Reorganisation ist abgeschlossen, ich bin aber unsicher wie ich mich zu verhalten habe

☐Reorganisation ist nicht abgeschlossen, ich bin unsicher wie ich mich zu verhalten

habe

Wie haben Sie in den letzten Monaten die Implementierung der Reorganisation erlebt?

Haben Sie noch weitere Anfragen oder Anmerkungen?

Zum Schluss möchte ich mich ganz herzlich für die Zeit bedanken, die Sie uns zur Verfügung gestellt haben!