"Opportunities and threats of organizational change in MNCs"
Table of contents

TABLE OF CONTENTS ........................................................................................................... I

LIST OF FIGURES .................................................................................................................. IV

LIST OF ABBREVIATIONS .................................................................................................... V

1. INTRODUCTION ................................................................................................................ 1

1.1 PROBLEM SETTING ..................................................................................................... 1
1.2 AIM OF THE THESIS .................................................................................................... 2
1.3 METHODOLOGY .......................................................................................................... 3

2. BASIC CONCEPTS AND DEFINITIONS ........................................................................... 4

2.1 THE CONCEPT OF ORGANIZATIONAL CHANGE ...................................................... 4
  2.1.1 ORGANIZATIONAL DEVELOPMENT ................................................................. 6
  2.1.2 CHANGE MANAGEMENT ................................................................................. 9
  2.1.3 TRANSFORMATION MANAGEMENT ............................................................... 11
  2.1.4 COMPARISON OF OD, CM & TM ................................................................. 13

2.2 ORGANIZATIONAL CHANGE PRACTICES ................................................................ 15
  2.2.1 CARNALL’S COPING CYCLE ....................................................................... 16
  2.2.2 KOTTER’S STAGES OF CHANGE ................................................................. 17

3. OPPORTUNITIES AND THREATS OF ORGANIZATIONAL CHANGE ...................... 20

3.1 OPPORTUNITIES ........................................................................................................... 20
  3.1.1 CHANGE READINESS .................................................................................... 20
  3.1.2 OPENNESS TO CHANGE ............................................................................. 24
  3.1.3 FURTHER OPPORTUNITIES ........................................................................... 26

3.2 THREATS ....................................................................................................................... 26
  3.2.1 RESISTANCE TO ORGANIZATIONAL CHANGE ......................................... 27
  3.2.2 COMMUNICATION PROBLEMS .................................................................... 29
3.2.3 DEALING WITH EMOTIONS .................................................................................................................. 32
3.2.4 AMBIVALENCE TOWARDS CHANGE ............................................................................................... 36
3.2.5 FURTHER THREATS ............................................................................................................................ 37

4. CHANGE AGENTS AND CHANGE FACILITATORS INFLUENCING
ORGANIZATIONAL CHANGE .................................................................................................................... 38

4.1 THE CONSULTING COMPANY CONECTA GMBH & CO KG .............................................................. 41
4.2 EMPIRICAL EXAMINATION – QUESTIONNAIRE .................................................................................... 42
4.3 EMPIRICAL ANALYSIS OF THE QUESTIONNAIRE .................................................................................. 43

5. IMPLEMENTATION OF THE THEORY INTO PRACTICE - CASE STUDIES ........................................... 51

5.1 CASE STUDY 1: COMPANY A .................................................................................................................... 51
5.1.1 INITIAL SITUATION ............................................................................................................................. 52
5.1.2 CHANGE PROCESS .............................................................................................................................. 52
5.1.3 OPPORTUNITIES & THREATS .......................................................................................................... 53
5.1.4 OUTCOMES ........................................................................................................................................ 54
5.1.5 MY POINT OF VIEW ........................................................................................................................... 57
5.2 CASE STUDY 2: COMPANY B .................................................................................................................... 59
5.2.1 INITIAL SITUATION ............................................................................................................................. 59
5.2.2 CHANGE PROCESS .............................................................................................................................. 60
5.2.3 OPPORTUNITIES & THREATS .......................................................................................................... 63
5.2.4 OUTCOMES ........................................................................................................................................ 64
5.2.5 BAYER’S POINT OF VIEW ................................................................................................................. 65
5.3 COMPARISON OF THE CASE STUDIES ................................................................................................. 66

6. CONCLUSION AND OUTLOOK ................................................................................................................. 71

6.1 CONCLUSION ........................................................................................................................................ 71
6.2 EXAMINATION OF THE HYPOTHESES ............................................................................................... 72
6.3 OUTLOOK IN ORGANIZATIONAL CHANGE ......................................................................................... 74

7. REFERENCES .......................................................................................................................................... 75
List of figures

FIGURE 1: "CHANGE EQUATION" (CARNALL 2007, P. 210) 4
FIGURE 2: "THE TWO LEVELS OF OD SUCCESS" (PRAMMER 2014, P. 24) 5
FIGURE 3: "THE ORGANIZATION AS A TRANSFORMING ENGINE" (BASADUR ET AL. 2012, P. 670) 8
FIGURE 4: FIVE PHASES OF CHANGE MANAGEMENT (KRÜGER 2009, P. 70) 10
FIGURE 5: "COMPARISON OF THE THREE APPROACHES" (PRAMMER 2009B, P. 10) 14
FIGURE 6: "RELATION OF ORGANIZATIONAL CHANGE MANAGEMENT APPROACHES" (PRAMMER 2009B, P. 8) 14
FIGURE 7: "KOTTER’S 8 STAGES OF CHANGE" (KOTTER 2007, P. 126) 18
FIGURE 8: "MULTILEVEL FRAMEWORK OF THEANTECEDENTS AND CONSEQUENCES OF READINESS FOR CHANGE" (RAFFERTY ET AL. 2013, P. 113) 23
FIGURE 9: TYPES OF RESISTANCE 28
FIGURE 10: "CONCEPTUAL MODEL OF COMMUNICATION DURING ORGANIZATIONAL CHANGE" (ELVING 2005, P. 134) 32
FIGURE 11: "A COGNITIVE-EMOTIONAL MODEL OF INDIVIDUAL REACTIONS TO PLANNED ORGANIZATIONAL CHANGE" (LIU & PERREWÉ 2005, P. 266) 35
FIGURE 12: "SIMPLE ILLUSTRATION OF CHANGE MANAGEMENT" (BETTER BUSINESS LEARNING 2015) 40
FIGURE 13: GENDER OF CONSULTANTS 43
FIGURE 14: JOB EXPERIENCE AS CHANGE FACILITATORS 44
FIGURE 15: OPPORTUNITIES OF ORGANIZATIONAL CHANGE 45
FIGURE 16: THREATS OF ORGANIZATIONAL CHANGE 46
FIGURE 17: MOST FREQUENT MANAGEMENT ERRORS DURING ORGANIZATIONAL CHANGE 47
FIGURE 18: MOST FREQUENT POSITIVE ACTIONS OF THE MANAGEMENT DURING CHANGE 48
FIGURE 19: CHANGE FACILITATORS PERCEIVED BY STAFF 50
FIGURE 20: AVERAGE SCORES OF THE QUESTIONS ASKED 54
FIGURE 21: ILLUSTRATION OF THE GENERATION PROBLEM AT THE ORGANIZATION IN CHANGE 56
FIGURE 22: CHANGE PROJECT TIME LINE 60
FIGURE 23: SIX MODULES OF INPUT (JANES ET AL. 2001, P. 159) 61
FIGURE 24: THREE STAGES OF "MIRACLE" (JANES ET AL. 2001, P. 179) 62
**List of abbreviations**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASA</td>
<td>attraction, selection, attrition</td>
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<tr>
<td>CEE</td>
<td>Central and Eastern Europe</td>
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<td>CM</td>
<td>Change management</td>
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<td>MNC</td>
<td>Multinational company</td>
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<td>OD</td>
<td>Organizational development</td>
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<td>RAP</td>
<td>Reflective Adaptive Process</td>
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<td>TM</td>
<td>Transformation management</td>
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<td>ULTRA</td>
<td>Using Learning Teams for Reflective Adaption</td>
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1. Introduction

Due to my student job at the consulting company CONECTA which is focusing on leadership development and change processes within companies, I have become aware of the issues which employees are playing in the development and on the performance of a multinational company. A highly interesting topic where employer and employees play an important role is organizational change. It is very common nowadays to implement changes in the organizational structure as the environment is changing faster and faster and therefore international organizations have to adapt to the changes more quickly in order to stay efficient. Such an organizational change process goes hand in hand with several opportunities but also with several threats for the company. For example, resistance to the organizational change imposed by the management of the company can be seen as some kind of threat which most probably will have consequences on the performance of the firm. Therefore it is very important to analyze possible opportunities and threats in an organizational change process in order to be able to design the change process as effective as possible. Overcoming resistance to change is a major task in this context; however, avoiding the creation of resistance would be better though. Additionally, from what I have experienced, it is more and more common that organizations of any kind are seeking help from consultants and very often change processes are accompanied by a consulting company. Consequently, the role of a consulting company providing help to a firm in organizational change is a very interesting aspect which suits perfectly to the topic. On one hand the perception of employees against consultants is of interest in organizational change processes but on the other hand the view from the other side; from the management consultants itself may be informative as well.

1.1 Problem setting

Like it has been already noticed by Heraclitus, an ancient Greek philosopher, more than 2500 years ago: “The only thing that is constant is change.” (Heraclitus quoted by Lorz, 2008, p. 357) For that reason human beings are confronted with change throughout their whole life in every circumstance. Therefore, change is an essential part throughout every person’s life; it can be seen as a challenge of life which everyone has to manage. Consequently, every company is confronted with change throughout its existence. Change as such can be seen as opportunity or threat; however, it is important to be aware of possible advantages and disadvantages an organizational change process can entail. For example, the concept of resistance to change is frequently mentioned in connection
with organizational change. (Oreg 2006, p. 73) The main reason today for an improper implementation of a change process in an organization can be addressed to resistance. Therefore, managing resistance can be seen as challenge for the managers to achieve essential outcomes from a change process. In connection to this it is important to be able to comprehend the components of the concept of resistance to organizational change. (Bovey, Hede 2001, p. 372) However, resistance to change may not be the only threat of an organizational change process, there definitely do exist more threats. As everything has negative and as well positive effects, there have to be some opportunities which go in hand with an organizational change process. As a consequence it is important to analyze the factors which are influencing change in an organization and categorize them into opportunities or threats if possible. Especially the categorization of change agents and consultants, also called change facilitators, may be very interesting as they can be seen as both positive and negative influences for an organization’s change process. Furthermore, there exist different views: employees and managers most probably will have a different perspective to the change process than the consultants. Unfortunately, the viewpoint of change agents and change facilitators is not yet very popular.

1.2 Aim of the thesis

As it becomes more and more important for multinational companies to implement organizational change due to environmental change, it is essential to examine the process as such in order to identify the opportunities and threats which go in hand with a change process. Additionally, it is important to have a closer look at the resistance to change as it might be a factor hindering a successful change process in a company. Many companies seek the help of external consultants and therefore it is necessary as well to have a look on the role consulting companies are playing in a change process.

In my master thesis I want to examine the opportunities and threats of an organizational change process, with the focus on resistance to change and how it could be overcome or even be avoided. Moreover, I want to point out which impact management consultants have on a multinational organization’s change process. Furthermore, I am interested to get a deeper insight on the topic of the viewpoint of external change facilitators. Because of this, the master thesis focuses on the different viewpoints of all parties involved in an organizational change process. Also, the terms ‘change agent’ and ‘change facilitator’ are differentiated in order to be aware of the two different points of view.
In order to achieve a better understanding of the aim of this master thesis, three hypotheses are formulated:

Hypothesis 1: “Organizational change brings opportunities and development as well as threats and conflicts for the company.

Hypothesis 2: “Lack of emotional support of the affected employees and inadequate communication promote resistance of the employees and prevent the implementation of the change to its full extent.”

Hypothesis 3: “Change facilitators play an important role in an organization’s change process, because they can be seen as support.”

1.3 Methodology

My master thesis consists mainly of two parts, a theoretical part, where all important concepts and aspects of organizational change, especially its opportunities and threats and resistance to organizational change are discussed. Furthermore, it focuses on possible ways to overcome the resistance, which have been proposed in the business literature. One chapter also focuses on the role of consulting companies which are actively accompanying an organization’s change process and how they are experiencing the organizational change process of their clients. With the help of a questionnaire the viewpoint of external change facilitators is highlighted. In the second part of the thesis the theory is applied to the praxis and the organizational change processes of two international companies are described in form of case studies which, together with the questionnaire, represent the empirical part of the master thesis. Due to the cooperation of the consulting company CONECTA GmbH & Co KG; I had the possibility to get information of organizational change processes from two different firms. Both of these have been accompanied in their change processes by consultants of the company CONECTA. A comparison of the two case studies gives an overview of each company’s approach to implement organizational change. Through the literature study, the questionnaire for the consultants and the results of the case studies the hypotheses will be examined.

In favor of the readability the masculine form is used uniformly in the whole master thesis for both male and female designations.
2. Basic concepts and definitions

This chapter addresses the basic concepts and definitions of this master thesis. First of all, the concept of organizational change is introduced, as it forms the basis for this master thesis. In this context, three approaches which are linked to organizational change are defined and compared. Additionally, practices dealing with organizational change are introduced to obtain a better understanding of the main idea of this thesis.

2.1 The concept of organizational change

“Organization change is as old as organizations themselves.” (Burke 2008, p. 27) In connection with the change quote of Heraclitus this quotation underlines the high importance of organizational change. As the concept of organizational change already exists for a long time, a range of its characteristics has been analysed and developed.

Carnall (2007) states in his book, that “…change creates risks, uncertainties and costs…”. (Carnall 2007, p. 210) The problems which arise during a change process have emotional and financial components. As a consequence the “change equation” presents all the important factors which have to be considered when entering into a change process. The equation is shown in figure 1, the abbreviation ‘EC’ represents the “energy of change” (Carnall 2007, p. 210), ‘A’ is short for the “dissatisfaction with the present situation” (Carnall 2007, p. 210), ‘B’ represents “the level of knowledge of the practical steps” (Carnall 2007, p. 210) which have to be considered and ‘D’ measures “the shared vision” (Carnall 2007, p. 210). According to the equation, the higher the unhappiness in the company, the higher the information of convenient actions and the higher the common idea about the change is, the more power is needed to be able to finish a change process successfully.

![Figure 1: "Change equation" (Carnall 2007, p. 210)](image)

Furthermore, organizational change can be differentiated into “evolutionary” and “revolutionary” change, whereby nearly all change processes are of the “evolutionary” type. Usually, change is a continuous process which aims to improve the company’s current situation. However, less than five percent of all change processes occur suddenly
and therefore are of the “revolutionary” type, what most probably promotes chaos and resistance. In order to cope with both types of organizational change, it is important to manage a change process appropriately, for this matter different approaches of managing change have been developed. (Burke 2008, pp. 21-22; 65-71) Due to the purpose of successful implementation of organizational change, the management of different “...levels of content and social integration...” (Prammer 2009b, p. 4) is necessary. Prammer (2009b) defines the successful management of a change process as a function of “quality of content” and “acceptance”. (Prammer 2009b, p. 4) Moreover, those components for successful change are related to the “content level” and “the social integration level” (Prammer 2009b, p. 4) as depicted in the figure below.

![Figure 2: “The two levels of OD success” (Prammer 2014, p. 24)](image)

Considering the matter of a change process, it is important to deal with appropriate topics and results. At the same time it is necessary to focus on the approval of the introduced changes by the people involved. When applying the aspects mentioned for the change process management, the result will lead to a more successful implementation of organizational change. (Prammer 2009b, pp. 3-5)

In addition, the above mentioned factors are not the only success factors for organizational change. Several other aspects, for example the approach of “organization development” have been established, relating to organizational change. (Burke 2008, p. 40-42) In context with this the management of change and transformation are mentioned as well. However, these three approaches are often seen as identical as their delimitation is not apparent. (Janes et al. 2001, p. 3) Because of this each of these three approaches is described separately in the subsequent chapters.
2.1.1 Organizational development

The concept of organizational development, abbreviated OD, which has occurred for the first time already more than 70 years ago, can be seen as a traditional tool for designing change processes. (Janes et al. 2001, p. 4) “OD is a comprehensive and multidimensional concept...” (Karakaya & Yilmaz 2013, p. 323) which “…is harmonizing personal and organizational goals...” (Karakaya & Yilmaz 2013, p. 323) Therefore, the objective of OD is “…improving organizations and making them more effective.” (Basadur et al. 2012, p. 667) The OD approach fosters the involvement of employees in an organizational change process. (Burke 2008, p. 42) Furthermore, OD is a “process-oriented” approach which is used in an organizational change process. (Prammer 2009b, p. 2)

Moreover, OD tries to enable the potentially hidden competencies of the company and its employees in order to be able to react to environmental changes. The employees are the key players of the OD approach to organizational change as the realization of changes is subject to their commitment. The instruments used in order to achieve organizational development are for example: coaching, supervision, training workshops, educational seminars and learning in general. (Prammer 2009a, p. 20) According to Basadur et al. (2012) the instruments of OD can be grouped in four categories, namely:

1. “diagnostic interventions” (Basadur et al. 2012, p. 674)
2. “process interventions” (Basadur et al. 2012, p. 674)
3. “individual interventions” (Basadur et al. 2012, p. 674)
4. “structural innovations and interventions” (Basadur et al. 2012, p. 674)

The term “intervention” can be described as a determined achievement in order to “…create and facilitate change…” (Romme 2011, p.10) in a company. The first category introduced by Basadur et al. (2012) is used for gathering necessary figures by means of tools, for example “survey feedback” and “confrontation meeting”. The second category aims to influence the conduct of the firm with methods such as “team building” and “inter-group meetings”. “Individual interventions” are tools for personal development, for instance due to “counselling and coaching” and as well “training and development” the employees are forming an essential part in the change process because of their learning activities. New employees are also part of that thanks to “recruiting and selection”. The fourth category “structural interventions” aims to build a novel plan of action with the help of introducing for example a new “job design”, a better “performance management system” and a “reward system”. (Basadur et al. 2012, pp. 674-675)
An advantage of OD definitely is the involvement of the company staff in the change process as this facilitates the implementation of a change project. Furthermore, OD can be seen as a continuous process with evolutionary character which is focused on protecting the company’s cultural aspects. The more commitment of the employees in terms of continuing education and individual as well as universal development in the organization, the more successful the organizational development approach is. (Prammer 2009b, pp. 5-7)

On the other hand, it must be admitted that the OD approach also has certain disadvantages, for example the long-term orientation which implies that OD processes have a very long development phase due to the involvement of the whole company staff. Additionally, improvements achieved through OD most probably do not differ very much from the initial business practises as most employees tend to have an aversion towards major changes. (Prammer 2009b, pp. 8-9)

Organizational development expects an organization to be a “transforming engine” (Basadur et al. 2012, p. 670) which is open to changes in the surrounding environment. A so-called “open system organization” is able to convert environmental changes, no matter if they are of internal or external nature, into advanced business actions which are leading to more effective firm performance and consequently secure the survival of the company. An organization with both an “economic and social system” is shown in the figure on the next page; such an “open-system model” takes account of environmental consequences.

As depicted in figure 3 the “internal environment” is all about changing business “structures”, the evolution of the company’s “culture” and the behaviour of its “dominant coalition”, that means the company’s managers. Due to the internal influences a firm has to adapt its business practices like a “transforming engine” in order to achieve the desired “outputs” which on one hand are of economic nature like being a profitable company with “return on investment”. On the other hand there do exist as well so-called “outputs” of personal nature, for example “job satisfaction” and fair compensation for the efforts provided by the company’s employees. These “outputs” are influenced by “the external environment” which is comprised by the firm’s “...customers, the ecology, the government, competitors, suppliers, technology,...” (Basadur et al. 2012, p. 669) Consequently, these factors influence the economical and personal “inputs” which an organization is investing in. On this way the circle is closed because then the internal factors do matter again and subsequently the whole changing process starts again. This aspect of OD proposes a never-ending organizational change process in which the company’s employees are involved all the time. (Basadur et al. 2012, pp. 669-670)
Figure 3: "The organization as a transforming engine" (Basadur et al. 2012, p. 670)

Karakaya & Yilmaz (2013) subdivide the theory of OD into “micro” and “macro level" whereby the “micro level” deals with internal factors and the “macro level" focuses on external aspects similar to the concept of the “transformational organization" of Basadur et al. (2012).

In addition, OD is a so-called “bottom-up” approach, as the employees within a company develop solutions with which the management agrees upon. (Prammer 2009b, p. 8)

Generally, “OD produces highly integrated solutions whilst development often takes long...". (Prammer 2009b, p. 2) Additionally, the results of OD are only subject to incremental innovations which, however, are consequently widely accepted by the staff of an organization as they have been part of the change process. (Prammer 2009b, p. 2) In other words, “OD is a conscious and planned act of change jointly performed by managers, change experts and employees...” (Karakaya & Yilmaz 2013, p. 323)
2.1.2 Change management

In contrast to organizational development, change management is “content-oriented” (Prammer 2009b, p. 2), which implies that it is focusing on solutions for change processes, not taking into consideration the acceptance of the change implemented by the employees. CM, short for change management, is exercised by company external agents and supervisors. With the help of CM it is possible to introduce essential and as well pioneering changes, but unfortunately these changes may not be admitted by the employees because they are not really involved in the change process. (Prammer 2009b, pp. 2-5) Change management became very popular in the 90s, (Al-Ani & Gattermeyer 2001, p. 13) at that time US consulting companies like “McKinsey” and “Boston Consulting Group” started to exercise CM as a “...method of change in organizations,...” (Prammer 2009b, p.7) The external consulters, who are implementing change on this way, focus on business processes which make a company more efficient, especially in terms of revenues and expenditures. In order to achieve this goal, it is necessary to modify the old ways of daily business processes and as well to adjust the company’s culture. In the literature this method is called “Frame-Breaking” because previously used strategies and structures are resolved and replaced by superior practices. (Prammer 2009b, p. 23)

The advantage of CM is the possibility of implementing radical and innovative changes, however, on the other hand due to the externally driven management, the acceptance of the change is not really supported by the organization’s employees. As a consequence, the fast implemented radical change most probably is only a short-term solution without success in the long-run. (Prammer 2009b, pp. 2-9)

CM can also be called a “top-down” approach, as the change is decided by the top management or even external consulters and the employees, who are farther down the hierarchy, have to accept and exercise the new way of doing business. (Prammer 2009b, pp. 7-8)

Krüger (2009) has introduced a model for change management in five phases, which are “initialization, conception, mobilization, implementation, stabilization”. (Krüger 2009, p. 69) This model is depicted in figure 4. For each phase the two most essential tasks have been assigned, that means ten tasks have to be exercised in total whereby each task can be further subdivided. (Krüger 2009, p. 70) Moreover, a CM process is all about the need, the willingness and the capability for change, those three aspects are very important and are part of the five stages. The need for change is the first step and therefore part of the first stage of Krüger’s change process in CM. Furthermore, every change process has to be
addressed like a simple business process and therefore CM has to stick to the business instruments “plan, manage and control”. (Strikker & Bongartz 2006, pp. 9-10)

As depicted in the figure above, before the implementation of a change process, three more phases have to be considered already beforehand. Krüger’s five phases are quite similar to Kotter’s eight stages of change which are mentioned later in this chapter. Krüger’s model offers at first sight a simple strategy for successfully handling a change process due to limiting each of the five phases with only two major tasks, but in fact the model consists of many more aspects.

In Krüger’s first phase it is essential to examine the need for change whereby it is important to develop an idea behind the change. Additionally, the activation of change supporters can only be achieved through the formation of so-called ‘change coalitions’ which should involve internal and as well external stakeholders who are determined to influence the whole change process and as a consequence are responsible for the initiation of the change process. In the second phase, the ‘conception phase’, the goals of the planned change have to be set and therefore it is important to assign responsibilities and tasks to the group of change supporters. Consequently, decisions can be taken and tools and instruments have to be considered in order to develop a set of measures for change. The next stage is about convincing the employees to support the change. This can be achieved through encouraging the change via appropriate behaviour of the
managers. In the fourth stage the main concerns have to be considered, such a priority can be for example the immediacy, which implies that first costs are decreased and afterwards competitive advantages are built. Furthermore, it is of importance to reach short-term achievements because due to this it is possible to gain the trust of the persons involved in the change process. In the fifth and last phase of Krüger’s model the change goals have to be incorporated into the daily management of the company in order to provide sustainability of the change. (Krüger 2009, pp. 69-83)

As a general rule, CM is mostly applied for radical changes which have to be implemented fast due to the changing environment in large and as well multinational organizations.

### 2.1.3 Transformation management

“Transformation management (TM) is a third option to initiate, shape and handle processes to design business operations.” (Prammer 2009b. p. 9) TM tries to unite the advantages of both OD and CM, through this way their disadvantages are barely experienced any more. Addressing change with the TM approach therefore results in acceleration of the procedure and at the same time the acceptance of the change is high among employees. Moreover, due to TM radical changes are possible and they can be also long-term efficient. In addition, there is space for the integration of employees and as well for external consultants, which fosters a successful collaboration leading to an efficient organizational change. (Prammer 2009b, pp. 9-10)

Prammer (2009a) mentions ten specific features of the TM approach and assigns each of those features with three criteria of change, namely, “acceleration, integration and change of patterns” (Prammer 2009a, p. 40) The table below depicts the relation between the specific features of TM and the change criteria. There are three different types of contributions to change, namely, high, middle and low contribution. The higher the contribution of one specific feature to one of the three criteria of the change, the darker is the box coloured in the table below. Every specific feature of the TM-approach contributes at least to one of the three change criteria in a high amount. Nearly all of the ten mentioned specific features promote to a high degree the “change of patterns”. Half of the specific features are contributing to a high extend as well to the change criteria “integration”. (Prammer 2009a, p. 40)

For instance the TM-specific feature “implementation against affected people” provides a high contribution to “acceleration” and to “change of patterns”, obviously, there is nearly
no contribution to “integration”, because working against someone cannot be seen as integrative. (Prammer 2009a, p. 40)

<table>
<thead>
<tr>
<th>specific features of TM</th>
<th>acceleration</th>
<th>integration</th>
<th>change of patterns</th>
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<tr>
<td>external interruption of patterns, evolutionary reappraise</td>
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<td>differentiated incorporation of affected people in all process phases</td>
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<td>implementation against affected people</td>
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<td>forward displacement of the transfer of results</td>
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<td>organized closures and openings</td>
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<td>theming of line patterns</td>
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<td>use of external instruments in the “social setting”</td>
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<td>external intervention on content-level</td>
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<td>actively placed business process orientation</td>
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<td>specification of a strict transformation project management design</td>
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Table 1: TM specific features and their impact on the three criteria of change
(Prammer 2009a, p. 40)

In general, “…TM is about the mutual fruitful exchange of know-how between those concerned within the organization and external consultants…” (Prammer 2009b, p. 9) It is neither a “top-down” (Prammer 2009b, p. 20) nor a “bottom-up” (Prammer 2009b, p. 8) approach as it represents the interaction of both approaches and as well combines change inspired internally and externally. (Prammer 2009b, p. 8)
2.1.4 Comparison of OD, CM & TM

The three approaches mentioned before are different ways to address organizational change. According to the special needs of an organization one of the three approaches has to be chosen in order to manage the change process, keeping in mind each approach’s advantages and disadvantages. The methods can be analyzed in three categories which determine the success of a change process, namely, “integration of solution”, “acceleration of finding solution” (Prammer 2009b, p. 10) and “option for solutions leading to change of pattern”. (Prammer 2009b, p. 10) The first category “integration of solution” (Prammer 2009b, p. 10) deals with the involvement of employees in a change process, the more the company’s personnel is integrated in the change, the higher is the acceptance of the jointly found solution for change. The category “acceleration of finding solution” (Prammer 2009b, p. 10) is about the pace of change, how quickly a change process can be implemented or on the other hand how urgent an organizational change is needed. The third category “option for solutions leading to change of pattern” (Prammer 2009b, p. 10) represents the possible amount of different alternatives which could be applied in order to achieve organizational change. (Prammer 2009b, p. 10)

As depicted in figure 5, TM is situated in-between OD and CM. Whereas OD offers the highest degree of solution integration, TM has the most solution options leading to change and CM provides the fastest solution finding. Each approach is the leader in one success category. Therefore, according to the priority a company has when implementing a change, the suitable approach has to be chosen. A firm which needs to change very quickly due to fast changing market conditions should select the CM approach. On the other hand, if there is no time pressure and no need for radical changes the OD approach would fit best. In-between those two contrasts, TM tries to involve both categories where CM and OD are leaders in and additionally offers more alternative ways how to change. Due to this evidence TM should be chosen when the priority lies on a high amount of alternative changes and when the firm wants to benefit from the advantages of both CM and OD as well. Prammer (2009b) as well has published a second figure in context with the three approaches of organizational change management, which shows their relation and their most important characteristics. This figure is depicted on the next page too and introduces a more consultant based view of the topic. TM clearly is identified as option which lies in-between the approaches of OD and CM. (Prammer 2009b, pp. 9-11)
Figure 5: "Comparison of the three approaches" (Prammer 2009b, p. 10)

Figure 6: “Relation of organizational change management approaches” (Prammer 2009b, p. 8)
Prammer (2009b) has designed an illustration which is summarizing all three change management approaches and their most important characteristics, here depicted in figure 6. CM colored in red is also called a “solution design” which is realized by external consultants on a top basis. The aim of the external consultants is to achieve change through “Frame-Breaking” (Prammer 2009a, p. 41), which means to break up the daily routine, and giving advice to the staff concerned. (Prammer 2009a, pp. 30-46)

On the other side, the approach of OD colored in green, represents more or less the opposite of CM, as it is achieved by persons inside the company on a bottom up basis. Furthermore, it is called a “process design” which implicated the long-term orientation of OD. Here organizational change is achieved with the help of so-called “internal reflection” and through “counseling”. (Prammer 2009a, pp. 30-46)

The third approach TM, is like already has been mentioned, situated in-between the other two approaches. This is as well illustrated in figure 6 where TM is colored blue and positioned horizontally. TM makes use of both internal and external consultants and is organized by an interaction of the top down and as well the bottom up approach. In this case both consultancy approaches “advising” and “counseling” are applied in a combined way. (Prammer 2009a, pp. 30-46)

2.2 Organizational change practices

Due to research conducted, several specialists have developed ways to achieve a better understanding of organizational change and its components. Some authors have studied the process of organizational change as such; others have proposed concepts for a successful implementation of a change project and some try to explain the correlation between the influencing factors of organizational change. The following sub-chapters describe some important research outcomes, namely “Carnall’s coping cycle” (2007) which can be connected with the “stages of dying” (Kubler-Ross 1969) and the famous eight stages of change of Kotter (1996) which are comparable to the five phases of change management introduced by Krüger (2009) and Lewin’s (1947) three phase model which has already been developed many years before all of the other stage models concerning change.
### 2.2.1 Carnall’s coping cycle

Carnall (2007) has created the so-called “coping cycle”, which consists of five phases, namely:

1. “Denial” (Carnall 2007, p. 241)
4. “Adaption” (Carnall 2007, p. 241)
5. “Internalization” (Carnall 2007, p. 241)

Initially, people do deny that their organization is undergoing a change. Subsequently, when persons have realized the alterations, they tend to defend their prior way of doing their job in order to gain more time for coping with the change procedure. In the third stage people begin to understand the inevitability of those modifications and start to accept it. The fourth phase involves the adaption to the alterations implemented and people try to solve upcoming problems within the change process and therefore the change can become effective. In the last stage employees internalize the new way of doing their work and the changed organizational structures turn into standards. (Carnall 2007, p. 240-244)

Organizational change provides provocations to the employees and confronts them with negative feelings as for example concern and pressure. On the other hand it also offers positive aspects, as for example presenting chances for workers and making it possible to look forward to more favourable conditions than before. (Carnall 2007, p. 120) These aspects mentioned by Carnall (2007), in other words threats and opportunities to organizational change, are discussed in detail in the third chapter of this master thesis.

Organizational change can as well be compared to the five stages of dying according to the psychiatric specialist Elizabeth Kubler-Ross (1969), which do differ slightly from the stages mentioned above. The five phases are as follows:

1. “Shock and denial” (Kubler-Ross 1969 quoted by Burke 2008, p. 91)
2. “Moves to anger” (Kubler-Ross 1969 quoted by Burke 2008, p. 91)
5. “Acceptance” (Kubler-Ross 1969 quoted by Burke 2008, p. 91)

A person will go through these five stages when he has to face a change in an organization, especially when he is directly affected by it. The very initial reaction is
“shock” which, as a result, decreases the productivity of an employee, followed by “denial”, what implies that employees deny that change is happening and stick to the old ways because they are afraid of the “new way”. The second stage is called “moves to anger”, in this stage a person is using anger and criticism as an instrument to blame the upcoming alteration. In the following phase people also start to “bargain or postpone” incidents, when someone grasps that the change is actually taking place he enters into the “depression” phase, where productivity and performance will be at a minimum level. “Acceptance” is the last phase, where persons start to realize that those modifications are nothing negative but rather something beneficial for them and their work as well and as a result the productivity starts to increase. However, it should be considered, that not every stage or phase is experienced after each other, for example it is possible as well that someone never enters the “depression” phase and directly enters the “acceptance” phase. (Kubler-Ross 1969 quoted by Burke 2008, p. 91)

Although, there are slight differences in the two models mentioned above, both come to the conclusion that in the end organizational change is be established and the changes become part of the environment in the company.

### 2.2.2 Kotter’s stages of change

The famous Harvard article “Leading change” of Kotter states eight big errors which most probably are made in a change process. Consequently, out of these errors Kotter (1996) has derived eight stages which have to be considered for a successful implemented change. The figure below shows the stages chronologically. (Kotter, 2007, p. 126)

According to Kotter (2007) competent people are no exception in making errors during an organizational change process. Therefore, it is important to keep in mind the eight stages of change depicted in the figure below.
At the beginning of a change process it is essential to be aware of the present market conditions and potential difficulties or chances going in hand with it. Keeping these features in mind it is possible to create a so-called “sense of urgency” without which a considerable amount of companies already fail in their change efforts. Additionally, it is of high importance to have a powerful team who is able to guide the transformation, this is meant by the second stage “forming a powerful guiding coalition”. In the third stage a vision has to be created in order to get an idea in which direction the change is going. Furthermore, strategies for reaching the new vision have to be developed. According to Kotter (2007) a good vision has to be describable and understandable in just five minutes. After the conception of a vision it is essential to communicate it to the employees with the help of all available channels of communication. Even more effective is the so-called “walk the talk” (Kotter 2007, p. 128) method, where the change leaders are behaving according to the new vision in an exemplary way. In the following phase, the fifth stage, barriers for the new vision have to be removed. Such barriers can be managerial constructions which no longer fit to the change or even persons who are not in favour of the change implemented. In case of personnel not willing to change it is not necessarily required to dismiss them, empowering them to follow the modifications as well is an option in this case. As a change process is very time-consuming, it is essential to proof the success of the alteration after at least one year. This has to be done in the sixth stage with the help of generating observable performance improvements in the short run. Employees concerned with the change process also should be honoured in order to avoid resistance to the change. After this stage, the change process is not yet finished. In order to achieve a
sustainable change, even more inconveniences have to be addressed and special attention has to be laid on the promotion and recruiting of employees as those persons have to live the new vision. The last stage is called “institutionalizing new approaches”, which means that the new way of doing business has to be embedded in the culture of the company and the managers have to behave accordingly to the changed environment. (Kotter 2007, pp. 125-131)

Furthermore, Kotter´s model is based on the three phase model of Lewin called “unfreezing, moving and freezing” which has been developed “in the 1940s and 1950s”. (Strikkert & Bongartz 2006, p. 9) (Burke 2008, p. 142) Therefore, the stages one to four are subject to dissolve the current situation which as well is the matter in Lewin´s “unfreezing” phase. Kotter´s stages five to seven deal with the implementation of novel practices like in Lewin´s “moving” phase and the last stage of both models have the purpose to embed the change into the company´s culture or in other words to “freeze” the change. (Strikkert & Bongartz 2006, p. 9)
3. Opportunities and threats of organizational change

In this chapter the components influencing organizational change are discussed and categorized into opportunities and threats. The importance of those factors is very high, as according to Beer & Nohria (2000) most change processes in the past failed and “...only 30% led to successful organizational change.” (Devos et al. 2007, p. 608) Therefore, it is significant to be able to distinguish opportunities and threats in an organizational change process and possibly take advantage of them when avoiding the threats to become evident.

A special focus has been set on resistance to change as it is a widely discussed factor in the organizational change literature.

Opportunities and threats are part of the SWOT analysis, which has been developed in the Harvard Business School in the 1960s. (Chermack & Kasshanna 2007)

As it seems to be difficult to categorize change agents and consultants, whether they are an opportunity or a threat, we will have a closer look on this topic in the next chapter.

3.1 Opportunities

The term ‘opportunity’ represents something positive in connection with organizational change: Opportunities can be seen as chances, new options or possibilities to improve a company’s current situation. In fact, organizational change is meant to offer opportunities for a company, however, negative outcomes are possible as well.

In this sub-chapter only the positive outcomes, the opportunities which are related to organizational change, are described in detail. The opportunities which have been identified in connection with organizational change are change readiness, openness to change and some further opportunities which are described below.

3.1.1 Change readiness

The term “change readiness” is defined as one person’s “beliefs, attitudes, and intentions regarding the extent to which changes are needed and the organization’s capacity to successfully undertake those changes” (Amenakis et al.1993, p. 681 quoted by Rafferty et al. 2013, p. 111) It has been examined in the literature that “change readiness” represents the most common constructive approach in connection with organizational change. Furthermore, the concept of “change readiness” consists of two different features,
namely, “cognitive and affective”. (Rafferty et al. 2013, p. 111) Those two differentiations result in distinctive activities and associations. Though the definition of Armenakis et al. (1993) mentioned above does only include the cognitive feature, it is still the most popular definition of the term and many authors have based their explanations on it. (Rafferty et al. 2013, pp. 111-114)

Another aspect which has to be considered when talking about “change readiness” as opportunity of organizational change is the distinction between individual and collective “change readiness”. (Rafferty et al. 2013, pp. 112-116)

On the individual side the “cognitive components of change readiness” (Rafferty et al. 2013, p. 114) are as follows: a necessity for alteration, a belief of effectiveness and the perception of an advantageous improvement for an employee. When an individual has experienced the above mentioned cognitive aspects he is ready for a change process. On the other hand, the “affective components of change readiness” consist of different types of feelings, for example, “...love, hate, delight, sadness, happiness,...” (Rafferty et al. 2013, p. 114) Consequently, positive feelings towards the change entail an individual’s readiness for organizational change. Therefore, readiness for change on the individual level can be described as “...the extent to which an individual or individuals are cognitively and emotionally inclined to accept, embrace, and adopt a particular plan to purposefully alter the status quo.” (Holt et al. 2007, p. 235 quoted by Rafferty et al. 2013, p. 115) (Rafferty et al. 2013, pp. 114-116)

The collective type of change readiness can be further subdivided into readiness for change within a “work group and organizational readiness for change”. (Rafferty et al. 2013, p. 120) Each of them has cognitive and as well affective components, for instance, the “individual change readiness” (Rafferty et al. 2013, p. 113) mentioned before. Furthermore, both of them, work groups and the whole organization, consist of several individual persons who are influencing each other. Consequently, the collective change readiness is interlinked with the individual one. Within a group of persons who are working together, shared ideas are enlarged and, therefore, the probability of a successful change implementation is higher than for a group of several individuals. This aspect refers to the cognitive part of “work group change readiness” (Rafferty et al. 2013, p. 117). The affective part within work groups consists of feelings which are experienced together in certain situations or when a group member’s mood passes over to his team members. Positive collective emotions are leading to improvements on group performances and are decreasing the conflict potential. In such a situation a change process can be implemented more successfully. (Rafferty et al. 2013, pp. 113-120)
One step further, the readiness of the whole organization has to be considered. On the cognitive side a framework developed by several authors from 1987 to 1995 tries to explain the relations between employees and an organization. The so-called “ASA framework” (Rafferty et al. 2013, p. 118) what is short for the “…processes such as attraction, selection, and attrition…”, (Schneider 1987 in Rafferty et al. 2013, p. 118) proposes the traditions and the characteristics of a company. It has been examined that employees catch the attention of a company which follows their own interests. On the other hand, people who meet the expectations of a company because they have the same features are more likely to be selected by the firm. Hand in hand with the aspects mentioned, attrition, the last component of the “ASA-framework” (Rafferty et al. 2013, p. 118) argues that people who are not fitting to a company’s culture are more likely to leave the firm. As a consequence and according to the framework, companies do have employees with comparable features and behaviours. Due to this fact, readiness for change is available more easily. The second aspect, the “affective responses” (Rafferty et al. 2013, p. 119), goes in hand with joint feelings of the whole firm. In connection with this the culture of the company has to be mentioned as it “…informs, guides, and disciplines the emotions of employees within an organization…” (Van Maanen & Kunda 1989 in Rafferty et al. 2013, p. 119) However, feelings may disturb productive business activities and therefore organizations have certain rules and regulations to avoid an overruling of employees` emotions. Nevertheless, the management, the individuality and the culture of a company as well are fostering the increase “…of consistent collective affective responses to organizational change events.” (Rafferty et al. 2013, p. 120) (Rafferty et al. 2013, pp. 116-120)

The figure on the next page depicts the reasons and outcomes which the concept of “change readiness” entails on both individual and collective level and as well shows their interrelations.
Organizational change drivers such as: “...industry changes, technological changes, and government regulation modifications...” (Rafferty et al. 2013, p. 121) represent external pressures on the organizational side and are assigned to be the initial group of antecedents. The second group, namely, “internal context enablers” are for instance communicative and management practices. The first two groups are valid for both the organizational and the individual level. And the last group depicted in figure 8 is named differently for the two levels: “personal characteristics” on the individual side and “group composition characteristics” on the collective side.

In order to achieve employees’ readiness for change, certain requirements have to be considered. For instance, involving employees into the change process and proper communication about the change have a positive impact on “change readiness”. Furthermore, it has been examined that “...high-quality change communication increases acceptance, openness, and commitment to change.” (Rafferty et al. 2013, p. 122) Another important factor is the matter for change. The more aspects are supposed to be changed, the lower is the readiness for change among the staff. All those prerequisites mentioned are different instruments for managing change procedures and are assigned to act as “internal context enablers” on the individual level of “change readiness”. Considering the “work group level”, it has been examined that the head of the team has a major impact on
all members as his attitude towards change guides the whole group´s viewpoint. Therefore, teams with a positively positioned manager experience a pleasing work atmosphere which fosters an increased willingness for alteration. In such groups the confidence in each other is high, optimistic feelings are shared and every kind of topic can be discussed including talks about organizational change. On the other side, if all the mentioned preconditions are not given, if the head of the team has negative feelings concerning the change, the labour group´s willingness to transform will decrease. One level higher, on the “organizational level”, it is all about the head of the company and his attitude towards change. Leaders who are welcoming change in a way that the whole staff becomes aware of the necessity for a change process have the ability to convince all employees to be ready for the change. The organization´s culture does have an impact on the change readiness as well, for example, entrepreneurially focused companies are more willing to enter into an organizational change process, as progress is one of their main business activities. (Rafferty et al. 2013, pp. 121-126)

To conclude, “readiness for change” is said to be an opportunity for organizational change. A company with employees who are ready for change and therefore willing to undergo changes in their daily business concepts will be able to successfully implement adjustments and make profits thanks to the improved business concepts. On the other hand, not being ready for change will cause severe problems during the change process. Therefore, a company should try to establish the prerequisites for change readiness on all the three levels mentioned before. The more people are convinced of the necessity for change, the readier they are for any kind of transformation and the easier the implementation of change can be achieved and subsequently the success of change is higher too.

3.1.2 Openness to change

Like “readiness for change”, “openness to change” is seen as supportive action of the staff for organizational change. Employees who prefer innovation and alteration, prefer as well independence as all of the aspects mentioned are part of a person´s “…openness values.” (Oreg & Sverdlik 2011, p. 338) “Openness to organizational change” (Devos et al. 2007, p. 609) can be defined on the one hand as “willingness to support the change” (Devos et al. 2007, p. 609) and on the other hand as “positive affect about the potential consequences of change.” (Devos et al. 2007, p. 609) One step further Miller et al. (1994)
has examined that openness seems to be a “necessary initial condition for successful planned change”. (Miller et al. 1994, p. 60 quoted by Devos et al. 2007, p. 609)

According to Devos et al. (2007) three aspects, namely, “content, context and process” (Devos et al. 2007, p. 608) are influencing openness to change. Concerning the content of change several authors have proposed different perspectives, however, basically the content is meant to be the type of change. Distinct types of change are, for example, “radical change”, “convergent change”, “incremental change” and “transformational change”. (Devos et al. 2007, p. 610) The forms of change mentioned deal with the pace and the kind of change. Whereas “incremental change” (Devos et al. 2007, p. 610) implies only minor alterations for an organization, “radical change” “…encompasses short, compact periods of major disruption”. (Devos et al. 2007, p. 610) In general, it can be said that the more negative consequences, for example, staff cuts go in hand with the change, the more the concerned employees are threatened and not open for the change. (Devos et al. 2007, p. 610)

The second important factor, the context of the change, has to deal with the trust employees have towards their managers. It has been examined that it is very important to create “…a trusting relationship between managers and employees as the basis for organizational change initiatives”. (Devos et al. 2007, p. 611) Organizational change has to be legitimized by the management in a way that the involved staff is ready to maintain the change. Otherwise, employees take actions against the change because feelings of “…anger, frustration, and anxiety…” (Devos et al. 2007, p. 611) are caused by the change process. (Devos et al. 2007, p. 611)

The last aspect, the process of organizational change, has to do with the implementation of the change. As already discussed in chapter two organizational change consists of several stages in which emotions, for instance, “uncertainty and insecurity” (Devos et al. 2007, p. 612) can arise. In order to avoid those feelings it is important to involve the staff in the organizational change process as employee participation represents a supporting factor of openness for change. Therefore, it can be said that the more the staff is involved in the change process and the more the employees have the feeling of being an important subject during the change, the higher is the rate of successful implemented changes. (Devos et al. 2007, pp. 611-612)

According to the study conducted by Devos et al. (2007) the three aspects mentioned before are evident for openness to organizational change. In detail, openness to change is positively related to “…a nonthreatening organizational change…” (Devos et al. 2007, p. 622) which represents a “content-related” (Devos et al. 2007, p. 622) factor. Furthermore,
the contextual aspects, trust in management and a positive change history together with the possibility of employee participation during the change as process factor, as well are fostering openness to change. (Devos et al. 2007, pp. 622-625)

3.1.3 Further opportunities

Another opportunity of organizational change is the survival of the company due to adapting to the changing environment. On account of to change the long-time survival of an organization can be guaranteed. Furthermore, “[o]rganizational change has the capacity to alter the culture…” (Smollan & Sayers 2009, p. 459) which as well may be necessary in order to adapt to the environment and therefore represents a further opportunity. Although, changing the culture may be a very emotional experience, once completed it represents an important factor for the long-time survival of a company. (Smollan & Sayers 2009, pp. 440-460) Another aspect which implies organizational change is, for example, innovation. Due to new technologies the daily business routines have to be adapted in order to be able to apply the latest technology which is of advantage for an organization. In this context companies are capable to grow and expand. Hand in hand with innovation goes the ability to optimize business transactions and become more cost efficient. (Author unknown 2012, pp. 27-28)

3.2 Threats

The opposite of opportunities are threats which represent negative aspects that can occur in an organizational change process. Threats can also be seen as some kind of risk which possibly might occur. It lies in human nature that something new, a change in patterns, is threatening the persons affected. Therefore, it is essential to identify possible threats of organizational change in order to be able to set measures which are avoiding them before they become critical for a company. A behavioural response to something new is resistance. Hence, it is a major threat to organizational change which is focused in detail in this sub-chapter. Resistance to organizational change often is the reason why change processes are failing and accordingly threats as such can be seen as possible sources of failure. Further threats are concern communication, emotions, ambivalence towards change and the performance in a change process. All those menaces have one aspect in common, namely, the involvement of humans who can be seen as key factors for implementing change. As already has been identified in the 1990ies: “If people do not
change, there is no organizational change.” (Schneider et al. 1996, p. 7, quoted by Devos et al. 2007, p. 608) Therefore, people are of major importance in an organizational change process and predisposed to cause several threats during the change.

3.2.1 Resistance to organizational change

The concept of resistance to change is regularly mentioned in connection with organizational change. Generally, it is used to explain failures of alterations in different organizational divisions as for example in business administration or manufacturing. (Oreg 2006, p.73)

Various authors have defined resistance to organizational change in different ways, for example Smollan (2011) revealed that resistance to change has various dimensional aspects, according to him it contains “affective”, “cognitive” and “behavioral” dimensions. Resistance is seen in the literature as an “observable behavior”, as it is easier to perceive than emotions and thoughts which definitely are of concern in a change process as well. However, resistance to change is not only an action; it is something further than conscious behavior which expresses different reactions of employees to the ongoing change. The cognitive element of resistance to change is the interpretation of the change for a single person. The affective element concerns the feelings of someone about the change. Both of the mentioned elements affect the behavior of a person. (Smollan 2011, pp. 829-830)

Furthermore, Hultman (2006) distinguished between “active” and “passive” resistance by the way someone is responding to change; based on it, “…being critical, finding fault, ridiculing, appealing to fear, using facts selectively, blaming/accusing, sabotaging, intimidating/threatening, manipulating, blocking, undermining, starting rumours and arguing” (Smollan 2011, p. 829) can be viewed as “active” resistance. The passive form consists of behaviors like “…agreeing verbally but not following through, failing to implement the change, procrastinating, feigning ignorance, withholding the information…”. (Smollan 2011, p. 829) Giangreco and Peccei (2005) stated that the type of resistance of most middle managers is passive; for example when they do not support the implementation. (Giangreco, Peccei 2005 quoted by Smollan 2011, p. 832) According to Bovey and Hede (2001) resistance can also be differentiated into “overt” and “covert” resistance. Openly communicative behavior by a certain resisting person, which is clearly observable, is of the “overt” kind of resistance. However, “covert” resistance is hidden and covers behavior revealed by an unknown person. For example, the passive form of
resistance is of a “covert” kind as the actors behind are not discernible. (Smollan 2011, p. 832) Nonetheless, it is possible to cover “covert” resistance with “overt” agreement to the change, so that the manager perceives that the change has been accepted by his employees. (Ezzamel et al. 2001; Prasad & Prasad 2000 quoted by Smollan 2011, p. 832) According to Smollan (2011) “…resistance to organizational change can be seen as a construct of many dimensions…” (Smollan 2011, p. 832) which partly cover each other and most probably are not visible for the people concerned.

Another distinction of resistance can be made between the “conscious” and “unconscious” type of resistance. It deals with the response of employees to imposed change. The “unconscious” type of resistance is more common as “…perception, emotion…”, “…anxiety, denial and inertia…” (Smollan 2011, p. 831) are of this type of resistance. Sometimes “unconscious” resistance may be unreasonable as well. On the other hand, “conscious” resistance implies being aware of your own response to the change.

In the figure below the above described different types of resistance are summarized:

![Figure 9: Types of resistance](image)

Based on Oreg’s study (2006), “trust in management” has an impact on employee’s emotions, on their behavior and on the rationality thinking about the change process.
Regards to Wanberg and Banas (2000) it has been assumed that the more people have information about the change, the more it will cause them to accept the change better and therefore resistance will decrease. (Wanberg & Banas 2000 quoted by Oreg 2006, p. 94) However, according to Oreg (2006) the more information employees get about the change, the more they will resist the change and stand against it as resistance depends on the essence of information provided. An employee will resist something when he has a fine reason to do so. For example if he loses his job because of the change, the more information is provided to him, this information is going to make him stand harder and resist even more just to stop and avoid it. On the other hand, it should not be overlooked that the amount of information plays an important role as well, too many information, as well as not enough of information will cause resistance. (Oreg 2006, pp. 93-94) Moreover, resistance occurs in every level of hierarchy and it is not only first-level employees who are resisting, managers resist as well when they feel that the content of their job is less motivating and when losing their authority and power may be an outcome of the implemented change. (Smollan 2011, p. 842)

According to research done by Bovey and Hede (2001), there is a relationship between irrational ideas and resistance to change. Those persons, who have more irrational ideas, are more expected to resist the change. Based on Beck (1988), irrational ideas are pessimistic ideas filled by a “negative self schema” about a person itself and his life activities. (Beck 1988 quoted by Bovey & Hede 2001, p. 373) In order to reduce irrational ideas, it is recommended that a person starts to take responsibility for what he does instead of blaming and becoming engaged and participating in the activities. (Bovey & Hede 2001, p. 380)

To conclude, resistance to organizational change represents a major threat for an organizational change process. Therefore, it is very important to overcome resistance or even better to avoid it. However, several other factors like for example ineffective communication during the change process and the emotions of the employees concerned are promoting resistance to change as well.

3.2.2 Communication problems

According to several authors “…communication should be a key component in the effective implementation of any change initiative.” (e.g., Connor, 1992, Hultman, 1998 quoted by Stanley et. al 2005, p. 457) Furthermore, it has been examined that the
communication in a change process is a key factor in the process of managing resistance to organizational change. (Stanley et. al 2005, p. 457) Due to the facts mentioned before it can be concluded that communication is an essential factor in an organizational change process and problems in the communication represent a threat and could lead to the failure of restructuring.

In the business literature, on the one hand, inefficient communication is seen as a “restraining force” which is threatening the realization of organizational change. Moreover, problems in the organizational communication are frequently mentioned as reason for the unsuccessful completion of organizational change processes. (Author unknown 2012, pp. 27-28) Furthermore, inefficient management of communication during a change can cause “…rumors and resistance to change…” (Elving 2005, p. 129) On the other hand, proper communication in a changing organization can “…prevent resistance to change, or at least try to reduce this.” (Elving 2005, p. 131) Without doubts it can be said “…that organizational change communication is a crucial element in employees´ positive response to change.” (Author unknown 2012, p. 28)

The topic of change communication involves the change agents´ and the change facilitators´ way of communicating. In the business literature the change agent is often seen as the responsible person for proper change communication. Furthermore, as change agents are professionally qualified people to implement change they have to elucidate to the employees the necessity of change through several different communication channels, for example: “presentations, general information meetings, memos…”. (Author unknown 2012, p. 29) In this context communication is seen as “the instrument of change”. (Author unknown 2012, p. 29) To facilitate organizational change with the help of communication the business literature proposes different approaches of change communication, namely, a “linear communication model” and a “participatory communication model”. (Author unknown 2012, pp. 29-31) Obviously, both of the mentioned approaches have advantages and disadvantages.

On one side, linear communication implies that information is spread from a management person or change agent to the employees concerned but not the other way around. It is a so-called top-down communication mode to inform the staff about organizational changes not paying attention to the responses of the personnel involved. This aspect of the linear approach can be seen as disadvantage because “…organizational change is not a one-way communication process.” (Author unknown 2012, p. 30) Furthermore, the risk of over-communication is present. However, on the other hand, there are several advantages of the mentioned linear communication approach, for example, it is a fast and efficient mode
of information dissemination. Moreover, the formal communication from management leaders definitely is an important factor for the reduction of uncertainty felt by the employees concerned by the change. (Author unknown 2012, pp. 29-31)

The second approach, the so-called “participatory communication model” (Author unknown 2012, p. 31) proposes that “information is shared or exchanged between two or more individuals…”. (Author unknown 2012, p. 31) As organizational change “…is a continuous open-end, cumulative and unpredictable process of aligning and re-aligning one organization to its changing environment” (Burnes 2009 in Author unknown 2012, p. 31) this sort of communication approach is seen as more suitable. Furthermore, the company staff is supposed to actively participate in an organizational change procedure which is possible when applying “participatory change communication”. (Author unknown 2012, p. 31)

According to the findings in the business literature it is more advisable to apply “…a participatory communication approach…” (Author unknown 2012, p. 34) instead of “…top-down organizational change communication…”. (Author unknown 2012, p. 34) Due to this the probability for a successful implemented organizational change is higher.

The figure on the next page depicts the relationship of communication and change relevant factors. As illustrated the two types of communication are influencing two aspects, namely “uncertainty and job insecurity” and “readiness for change” (Elving 2005, p. 134), which are leading to successful organizational change in the end. The author proposes that negative aspects like “uncertainty and job insecurity” are influencing “readiness for change” in a negative way. These depressing elements are affected by the communication in a company which has two major objectives. On one side communication is used to provide and diffuse information among the staff and on the other side communication within an organization seeks to “create a community”. (Elving 2005, p. 132) Other authors as well have concluded that “[c]ommunication creates a shared meaning that facilitates a particular change.” (Author unknown 2012, p. 31) The creation of a society among the employees of a firm is only possible when the information shared with them is the same for everyone. Otherwise it is not likely to achieve a common mindset. Consequently, both types of communication are linked to each other and as a result influencing the organizational change process as such. (Elving 2005, pp. 131-132)

However, it has to be mentioned that the proposed model on the next page has one limitation, specifically, that it has not yet been empirically tested due to the lack of willingness from organizations to participate in such a study. It only proposes a theoretical
model keeping in mind already published business literature answers to the topic of communication during an organizational change process. (Elving 2005, pp. 134-136)

![Conceptual model of communication during organizational change](image)

**Figure 10: "Conceptual model of communication during organizational change" (Elving 2005, p. 134)**

As conclusion, it can be assumed that communication is very important in an organization, especially during an organizational change process. Well informed employees are more likely to get involved in the process instead of resisting the change. Therefore, communication problems are a major threat of organizational change. In order to avoid the failure of the change process, it is of importance to provide the necessary information about the change to the employees concerned and to communicate the planned changes in a proper way. However, it has to be mentioned, that “[c]ommunication is not the only key factor of successful organizational change.” (Elving, 2005, p. 135)

### 3.2.3 Dealing with emotions

“Change is fundamental about feelings;...”. (Duck 1993, p. 113 quoted by Smollan & Sayers 2009, p. 435) This implies when organizational change occurs in a company it is obvious that among the employees concerned emotions relating to the change process arise. Those emotions can be negative, for example, “frustration, anger, and fear…”. (Liu & Perrewé 2005, p. 263) Not being able to deal with those emotions represents another factor for the failure of organizational change processes. Furthermore, communication and emotions are closely linked to each other as communicated information about the change reduces the worries and as well the uncertainty of the employees. (Liu & Perrewé 2005, pp. 263-264) An organizational change process “…has the potential to trigger positive and
negative emotions…” (Smollan & Sayers 2009, p. 436) and, additionally, the culture of an organization is influencing emotional behaviors throughout a change process as well. The aspects which are triggering emotions during an organizational change process are various, among others it is “…the speed, timing and frequency of change…” (Smollan & Sayers 2009, p. 436) that causes different feelings by the employees concerned. Therefore, it is of high importance for managers and change agents or facilitators to be able to deal with diverse emotional responses which are occurring during a change process. However, this might be a difficult task because often employees are hiding their emotions in front of the management. (Smollan & Sayers 2009, pp. 440-443) According to the study conducted by Smollan & Sayers (2009) both optimistic and harmful emotional responses to organizational change have been perceived by the parties involved in the change process. Though, negative emotions occur more frequently in every stage of the change event than positive ones. Some negative emotional responses have been noted, for instance, in circumstances where the change process and its goals have been perceived as unreasonable by the staff. As a consequence, it is of major importance to handle the feelings which arise among the employees during an organizational change process. They are present in every step of change and, therefore, it has to be paid special attention to them. (Smollan & Sayers 2009, pp. 448-454)

The most frequently used model dealing with emotions in a change process is the “transactional model of stress and coping” from Lazarus (1991). The author has examined that employees assess change events in two phases, namely in “primary and secondary appraisal”. (Liu & Perrewé 2005, p. 265) Moreover, it has been examined that every feeling causes certain consequences in the behaviour of the persons involved. For instance, actions of prevention and escape are the consequences of fear, inaction and abandonment and those are caused by the feeling of “sadness”. (Liu & Perrewé 2005, p. 265) The examples mentioned are all concerning negative emotions, contrary positive emotions influence the behavior of individuals as well. Feelings like happiness can improve the self-confidence of a person. According to research conducted on the topic of emotion, it can be distinguished between different aspects, in particular, “hedonic tone and level of arousal”. (Liu & Perrewé 2005, p. 265) It can be differentiated between positive feelings, for example, “…joy, trust, excitement, anticipation and surprise…” (Liu & Perrewé 2005, p. 265) and negative feelings, for instance, “…grief, fear, anger and disgust…”. (Liu & Perrewé 2005, p. 265) This difference is referred to hedonic tone which describes the “pleasantness of emotions”. (Liu & Perrewé 2005, p. 265) The second aspect, the “level of arousal”, explains the concentration of the feelings experienced in a
range from high to low intensity. It has been examined that emotional reactions are differing during the whole change process. Initially, the emotions concerning the organizational change process are assigned to a high level of arousal. Therefore it is significant to manage the emotional behaviour of the staff already at the launch of a change process. (Liu & Perrewé 2005, pp. 265-275)

The figure below illustrates the possible individual reactions to implemented organizational change in a company. It is derived from Lazarus´ (1991) “theory of emotions”. (Liu & Perrewé 2005, p. 265) As depicted in the figure, communication plays an important role in every stage of the change. The emotions which can occur during a change process are as follows: “happiness, pride, sadness, guilt, shame, frustration and anger”. (Liu & Perrewé 2005, p. 266) The first two emotions introduced represent positive feelings and all the other emotions are assigned to be negative feelings. All the emotions mentioned before are influencing the attitude and the behavior of the employees. The model below proposes four different types of “subsequent behaviors and attitudes”, namely, “exit, voice, neglect and loyalty”. (Liu & Perrewé 2005, p. 266)
According to the study conducted by Liu & Perrewé (2005) the emotions depicted in figure 11 have been linked to certain later actions (Liu & Perrewé 2005, p. 274):

- anger & shame $\rightarrow$ exit
- frustration, happiness & pride $\rightarrow$ voice
- sadness $\rightarrow$ neglect
- happiness, pride & guilt $\rightarrow$ loyalty

(Liu & Perrewé 2005, p. 274)

All feelings with one exception, namely “happiness”, are generating only one consequent action. With the assistance of the model described before, managers should be able to handle the emotions which are arising during an organizational change process. One
main tool for coping with feelings has been identified to be appropriate information. In other words, it is important to communicate in a proper way to decrease the feeling of uncertainty and consequently achieve a higher acceptance for the change among employees. (Liu & Perrewé 2005, pp. 274-277)

Generally, it can be said that "...feelings of anxiety, negative emotions, uncertainty and ambiguity among employees..." (Devos et al. 2007, p. 608) are, between others, major causes for the failure of a planned organizational change.

3.2.4 Ambivalence towards change

The term “ambivalence” is defined as “...an attitude comprising both positive and negative reactions to an object...”. (Oreg & Sverdlik 2011, p. 337) This refers to the fact that ambivalent employees both have negative and positive attitudes when experiencing an organizational change process. On one hand, such people are supporting the change event and on the other hand, are resisting it at the same time. Subsequently, ambivalent attitudes and feelings are perceived as uncomfortable. (Oreg & Sverdlik 2011, pp. 337-338)

The literature concerning organizational change differentiates between two types of change, in particular, enforced and non-obligatory change. The first type is said to cause ambivalence among employees who then are struggling with themselves whether to resist or to support the change process. Additionally, ambivalence to organizational change can occur when change agents are involved in the process, as employees may have mixed feelings about their participation. Another aspect in this case is the change agent itself. It does matter a lot if it is an internal or an external change agent. While internal change agents only cause ambivalence among the staff, external change agents cause ambivalence for employees and as well for some managers. If more unsure persons work for the same company, it will get more difficult to impose change. However, in comparison with resistance to change it is more preferable to deal with ambivalence, as personnel with mixed feelings is easier to influence as both negative and positive options are considered by the persons. (Oreg & Sverdlik 2011, pp. 337-346)

As a conclusion it can be said that the difference between ambivalence and resistance to change is very small, but ambivalence to change is easier to overcome than resistance to change.
3.2.5 Further threats

Another threat for organizational change is ‘employee cynicism’, which represents a pessimistic position that “…has cognitive, affective and behavioral components.” (Stanley et. al 2005, p. 430) In this context, in the literature the term “organizational cynicism” has been defined as “a negative attitude toward one’s employing organization” (Dean et al. 1998, quoted by Stanley et. al 2005, p. 430) In addition, cynicism has already been related with organizational change and defined as “change-specific cynicism” which “…is a disbelief of management’s stated or implied motives for a specific organizational change…”. (Stanley et. al 2005, p. 436) (Stanley et. al 2005, pp. 430-436)

Furthermore, cynicism has to be distinguished from skepticism which also can be related to change and, therefore, is defined as “change-specific skepticism” which is “[a] general doubt[s] about whether a change will be effective.” (Stanley et. al 2005, p. 436)

However, it has to be admitted that skepticism and cynicism are somehow linked to each other as they both have a similar background. The two concepts contribute to each other. Skepticism fosters cynicism and vice versa. Moreover, it has been examined that resistance to change can be initiated by “employee cynicism”. For this reason, it is necessary to overcome cynicism as well as to overcome resistance to organizational change. Although it might be a time-consuming achievement, it clearly contributes to a successful implemented organizational change process. (Stanley et. al 2005, pp. 453-458)
4. Change agents and change facilitators influencing organizational change

A change agent can be defined as an individual who “...[is] responsible for identifying the need for change, creating a vision and specifying a desired outcome, and then making it happen”. (Ford et al. 2008, p. 362 quoted by Iveroth 2010, p. 87)

It can be differentiated between internal and external change agents, whereby internal change agents are “managers within the organization” (Prediscan & Bradutanu 2012, p. 7) and external change agents are “specialists from outside”. (Prediscan & Bradutanu 2012, p. 7) Obviously a “mixed team” (Prediscan & Bradutanu 2012, p. 7) with internal and external change agents can be formed to implement an organizational change process and may also be the best option. (Prediscan 2004 quoted by Prediscan & Bradutanu 2012, p. 7, Caluwé & Vermaak 2002, p. 255) According to the literature, consultants can be seen as external change agents; however, there is a need for further differentiation: Consultants who are guiding or facilitating a change process, can also be called change facilitators but not change agents. The consultants of the company CONECTA are all change facilitators as they do not propose the change in terms of traditional CM. Their aim is to act as facilitators with the help of the approaches of OD and TM.

Caluwé & Vermaak (2003) see change agents as “...one of the most important factors in effecting change...” (Caluwé & Vermaak 2002, p. 255) According to Prediscan & Bradutanu (2012) “...change agents can represent a force generating resistance to change...”. (Prediscan & Bradutanu 2012, p. 6) In some cases, inappropriate communication of change agents can lead to resistance of the employees concerned, as they are losing their confidence in the agent. In this context, it is necessary for the change agent to articulate the “need for change” (Prediscan & Bradutanu 2012, p. 9) to the company staff and often agents fail to achieve a broad understanding among the employees. Another interesting detail is the tendency of change agents to ignore the negative facts and to highlight only the positive aspects of a change process. This may result in increasing resistance of the employees concerned. However, if a change agent is able to present rational messages to the staff affected and can acknowledge his errors, the resistance to change is much lower of course. (Prediscan & Bradutanu 2012, pp. 8-10)

In this context the big question is who is a good change agent and which skills are required. Several authors have examined the necessary capabilities a change agent should acquire and did come to the conclusion that very differentiated ones are crucial. With the assistance of a literary review more than 80 abilities have been identified, whereas, not all of them are seen as necessary. Some re attributed only to more
professional experiences. Another important factor has been identified, namely, the fact that not all people are able to become good change agents. There are some capabilities, for example, individual features which in fact cannot be learnt. Other skills only can be achieved to a certain extent, therefore, it can be assumed that not everyone is capable to fulfil the job of a change agent. (Caluwé & Vermaak 2002, p. 259)

Furthermore, external change agents and facilitators are only temporary present during the organizational change process. However, the achieved changes have to be continued as well after the change facilitator has completed his contract and left the company. Unfortunately, most companies are not able to sustain the change after completion of the change process. Therefore, Looney et al. (2011) have analyzed with the help of the so-called “ULTRA study” which is short for “Using Learning Teams for Reflective Adaption” (Looney et al. 2011, p. 16), the aspects which promote sustainable change. First of all, it is of importance to educate an internal facilitator who takes over the tasks of the external facilitator when he has left. In this context, “Reflective Adaptive Process (RAP) meetings” (Looney et al. 2011, p. 17) play an important role. Such meetings are promoted by the external facilitator and held during the change process in order to reflect the changes with the staff concerned. It turned out that the more meetings have been held by the external facilitator, the higher is the probability that the meetings are continued afterwards with the help of the internal facilitator. These RAP meetings held on a regular basis together with the existence of an internal facilitator who has been coached by the external facilitator represent important factors for creating sustainable change. (Looney et al. 2011, pp. 15-21)

The figure on the next page represents an easy description of the concept of change management. A consultant from CONECTA has brought it to my attention. It illustrates his comprehension of his job as change facilitator. In brief the basic principles of change management are described. All factors influencing a change process, namely, “technologies, market conditions, stakeholder expectations, input costs, customer demands and competition” (Better Business Learning 2015) are mentioned. Those aspects are driving change further as it is necessary to adapt to the changing environment in order to survive. However, the staff concerned and the reactions to organizational change as well have to be considered. According to the illustration four different types of characters, videlicet, “critic, victim, bystander and navigator” (Better Business Learning 2015), are the response to an organizational change process. From those four different types of persons the “navigator” (Better Business Learning 2015) is the only one who can
cope with the change. All other types are either totally against the change or ignoring that something new will come. Consequently, in order to successfully be able to implement organizational change in a company, so-called “change navigators” (Better Business Learning 2015) should be present in the changing firm. In figure 12 nine different ways of how a “change navigator” (Better Business Learning 2015) can be created are depicted. Several of the options listed, have already been discussed in this master thesis in chapter 2. (Better Business Learning 2015)

Figure 12: "Simple illustration of Change Management" (Better Business Learning 2015)
4.1 The consulting company Conecta GmbH & Co KG

The company has been founded in 1976 and since then is offering coaching-, training and consulting- services. Special focus is laid on management and leadership development trainings. In the 1990ies the consulting company began to specialize in the guidance of change projects and therefore the consultants can also be seen as “change facilitators”. In this context “development from within” (Conecta 2014a) became the leading aspect when working with clients. This implies using the drive and power from the inside of an organization to change because CONECTA has discovered that the solution lies within the system and only has to come to the surface. With the beginning of the 21st century the company has started to focus more on neurobiological factors, for example, “...ways of thinking, learning, emotions and social behaviour...” (Conecta 2014a) in their consulting technique. (Conecta 2014a)

CONECTA has national as well as multinational organizations as their clients. Most of them are companies in Austria and Germany and during the last years the consultants have worked more frequently also in CEE countries and China. (Conecta 2014a)

Today the company has nine consultants who at the same time are the managers and owners of the firm. In addition to the nine main consultants, the company works together with several affiliate consultants who have their own and often one-man consulting companies. The consultants have published numerous books and articles about different topics in context with consultancy in the past years. Some of them are dealing with organizational change and thus are part of the literature used for this master thesis.

The consulting company CONECTA has been very successful in the past years and earned high surpluses. Their client list is very long and currently includes among others, multinational organizations, for example, Deutsche Bank, Porsche and Johnson&Johnson. (Conecta 2014b)

In general, the consultants are travelling a lot and working at the company buildings of their clients. However, several workshops and trainings take place at seminar hotels, for gaining the full attention of the employees. At the CONECTA office, especially consulting meetings and individual coaching sessions take place. Some German clients even make one-day trips to Vienna in order to get coached.

Due to the increasing internationalization the trainings and workshops are offered in English as well, however, most of the clients are from the German-speaking area.
4.2 Empirical examination – questionnaire

In order to attain a more profound insight on this master thesis’ topic the literature review from the first part is undermined with some empirical examinations in this second part of the master thesis. The first empirical part concerns the viewpoints of consultants in connection with organizational change which have been figured out with the assistance of a questionnaire. The full questionnaire, which I have developed, can be found in the Appendix at the end of the thesis.

The one and only simple reason for choosing to conduct a questionnaire has been the fact that I have been working for the consulting company and therefore had contact to several consultants. As I know from my working experience at the company, all consultants are very busy and do not have time for extra-tasks, thus, I decided to keep the questionnaire short to get a high response. Accordingly, the questionnaire only consists of six questions plus one box to tick concerning the gender of the consultant. Four of the six questions are open questions because I rather wanted to profit from the enormous knowledge of every consultant than to limit their answers by only listing three possible answer options. In fact, this resulted in a variety of answers which will be discussed in detail in the following subchapter.

The target group of this questionnaire are all consultants working for the consulting company Conecta GmbH & Co KG as all of them are familiar with the accompaniment of change processes within multinational firms. However, as the company itself only has nine consultants I expanded the questionnaire distribution to the affiliated consultants working for the company. Overall 15 questionnaires have been sent to the company’s internal e-mail accounts of all consultants. The nine main Conecta consultants received the questionnaire already in mid-May 2014. The other consultants did get the questionnaire about one month later. As I have already expected, the returning of the completed questionnaires has taken a while. Whereas some consultants immediately have sent me the filled in questionnaire, others needed another reminder to return the questionnaire. In early July 2014 I have been able to collect ten completed questionnaires and in August an eleventh filled in questionnaire has made the collection completely. At this time I decided to refrain from a third reminder for the four missing questionnaires. As ten answered questionnaires have been the initial goal, one more than expected is even better and eleven questionnaires are sufficient for an analysis in context with the master thesis’ topic.
4.3 Empirical analysis of the questionnaire

In total eleven out of 15 questionnaires have been answered and returned to me. Therefore, the response rate is about 73% which is quite high but comprehensible as I know all the consultants personally and they have been pleased to help me. Unfortunately, four of them have not returned the survey most probably due to their lack of time caused by their high commitment to their job. However, the eleven answered questionnaires form a solid basis for the following empirical analysis of the topic.

The figure below depicts the percentage of women and men who have returned the questionnaire. In total five female consultants and six male consultants have participated in the survey. Having in mind that the four missing questionnaires have been distributed only to men it is possible to conclude that there are more men working as consultants dealing with organizational change for the consulting company CONECTA than women. The general trend might as well be that there are more male than female change facilitators, however, due to the chosen persons questioned within one company and its affiliates, the sample cannot be seen as representative in this context. Thus, a general statement concerning the distribution between the genders of consultants cannot be made.

![Figure 13: Gender of consultants](image)

The second question asked in the questionnaire concerns the consultants work experience in connection with organizational change or in other words as change facilitators. As can be seen in figure 14, most of the consultants have been working for several years as change facilitator consultants. In total, nearly 82% of all consultants who have answered the questionnaire have a work experience of 16 years or even more.
Extremely interesting is that about 36% of all consultants are already working more than 25 years in this business which means nearly their whole professional experience, assuming that only the mature consultants around the age of 60 are able to tick this answer. Only two out of eleven consultants have less than 15 years of work experience. Therefore, it can be assumed that the following questions have been answered with extremely high background knowledge.

Figure 14: Job experience as change facilitators

The following questions are the openly asked ones which make the analysis a little bit more extensive than the two topics evaluated before. As mentioned before, the open question format has been chosen on purpose in order to be able to profit from the consultants’ vast experience and gain an even broader insight on the topic. Special focus is laid on the coinciding answers mentioned by several consultants, however, even only once-stated answers are examined.

The next figure depicts the frequently mentioned opportunities which can be achieved due to organizational change. Among them, especially long-term survival has been stated by nearly 73% of all consultants questioned. Consequently, according to the consultants’ experiences, long-term survival can be seen as the most important opportunity which goes in hand with organizational change processes. This might be the case because adaption to the changing environment is necessary for surviving. Behind the top answer
innovation and growth & development have been stated each five times. These two factors are representing the options not only surviving in the environment but being able to improve the daily business process with the help of organizational change. Closely behind these two opportunities, optimization is named four times. Optimization in this sense can be assigned to process optimization and financial optimization, which as a consequence lead to a more efficient organization. The last opportunity which has been referred to more than once is cultural change. Although, it can be seen as threat, the consultants questioned did assign it rather as opportunity than as threat. In their eyes cultural change is something positive even if it represents the last stage of change as has been described in chapter two.

Further opportunities which have been stated only by one consultant are, on the one hand, the separation from inappropriate employees, mangers and customers and, on the other hand, the acquisition of new potentials. When changing the processes in an organization it is natural that those who are against the changes will leave the company, but the changes may attract other people who fit better to the firm. Moreover, it is possible to achieve transparency when clearly communicating the direction and goal of the change. Figure 16 depicts the mostly mentioned threats, videlicet, dealing with emotions,
resistance to change, communication problems, loss of potentials and key employees, and inappropriate change concepts. More than the half of the consultants asked has examined resistance as a major threat of organizational change. This goes in hand with the existing change literature which also names resistance to change as a possible factor for the failure of change processes within organizations. This fact is described in detail in chapter three of this master thesis. Nearly 40% of all consultants have mentioned the aspect ‘dealing with emotions’ which, therefore, ranks on the second position. As has already been pointed out in chapter three, emotions are present in every change process and therefore it is necessary to deal with them. However, this is no easy task and for that reason emotions are often ignored and consequently represent a major threat in an organizational change process. On the third position three different threats are rated, as nearly 30% of all consultants named each of the three factors. Those threats are problems in the communication, loss of potentials and inappropriate change concepts. Each of them can trigger the change process to fail. Especially, the problems in the communication are a big issue in every change process. In chapter five the case studies among other things show the communication problems in the praxis. The exact percentages for the five mostly mentioned threats are shown in the figure below.

![Figure 16: Threats of organizational change](image-url)
Other threats identified by the consultants are lack of acceptance, declining performance, loss of motivation, uncertainty and confusion among employees, stress and anxiety.

Additionally, the questionnaire for the change facilitators included two questions concerning the management of the organizations in a change process. The aim of the questions was to figure out which problems are promoted by the leaders and which aspects are handled properly by the management in the course of an organizational change process. As the change facilitators of CONECTA have already accompanied a vast amount of companies in transition they can evaluate ideally the strengths and weaknesses of company managers.

The figure below illustrates the most frequent errors made by the managers of a firm in an organizational change process from the viewpoint of the external consultants of CONECTA. The percentages have been calculated taking into account the amount of responses of the facilitators questioned. As colored in blue the main mistake made by the leadership concerns the topic of communication during the change event. In this context, several problems with communication have been mentioned, namely, communicating with the wrong persons, informing the staff mistimed and of course insufficient communication about the change. Furthermore, the goal of the change and the path to reach the goal is often not communicated sufficiently. Additionally, the reason for initiating an organizational change process is barely announced.

![Figure 17: Most frequent management errors during organizational change](image-url)
The second main error which has been mentioned by the consultants concerns emotions. Managers mostly underestimate the emotions of the employees which arise during the change process. The missing comprehension of the seriousness to pay attention to the emotional setting of the staff is seen as a major mistake which can be made by the management in the course of a change process. Another main point which can be assessed as a leadership error is the fact that often no common mindset concerning the changes among the executives is visible. In order to gain the commitment of the employees to support the change, the managers should act as role models and adapt their habits according to the implemented changes in the organization. The fourth piece of the cake in figure 17 is further divided into two parts, videlicet, into trust and acceptance. Both of them are somewhat related to the missing role model function of the leaders as without proper behaviour of the management the employees concerned will not accept the ongoing changes. Furthermore, due to unprofessional actions the employees are losing their trust into the management. As a consequence, all of those management errors discussed, are potential factors threatening the successful implementation of an organizational change process.

On the other hand, the external change facilitators questioned have identified some aspects which frequently are done well by the management. The responses including the frequency of the same answers are illustrated in the figure below.

![Figure 18: Most frequent positive actions of the management during change](image)
The three most mentioned aspects each have been stated by nearly one quarter of all consultants or in other words by 24% of the facilitators. As an especially important aspect seen by the consultants is their employment by the management of organizations in change. As a result, the changing companies are gaining an external view which in most cases is necessary in order to successfully implement organizational change. Together with the employment of external change facilitators goes the ability to form change teams which as well is positively absolved by the management. Furthermore, the development of content concepts and the initial idea and energy to change are the other two most frequently named aspects which can be counted as positive actions of the management during organizational change. The fourth mentioned factor is the formulation of change goals which is done well by the management in many cases. However, it is necessary to differentiate between the formulation of the goals and the way to get there. The consultants asked only stated that the goal formulation is done well but not the plan how to achieve the goals. As has already been articulated this aspect represents a potential communication problem. It is one of the major tasks of change facilitators to share the planned changes with the employees affected and how they are going to be achieved. The last factor mentioned, even though only 9% of all consultants asked have expressed it, is the communication of the need for change. As already has been discussed it is of major importance for a successful change implementation that the leaders explain why the company has to change and that without the change a survival of the organization cannot be guaranteed. Fortunately, the managers of changing firms have become aware of this important aspect and have found a way to present and communicate the organizational change issues to the staff. When examining the last two articulated aspects together it can be said that all in all the managers seem to be capable to start an organizational change project keeping in mind the most important aspects especially at the beginning of a change process. The executives are making proper decisions when starting the change. Additionally, the decision to employ external change facilitators as well is made at the beginning of a change process and implies a facilitation of the change as the external consultants are providing their knowledge. The external viewpoint, furthermore, includes an objective sight on the change and can prevent making mistakes.

All the analyzes in this chapter are based on the answers of the consultants from the consulting company CONECTA and, therefore, represent a special point of view on the topic of organizational change and its opportunities and threats together with the positive and negative management actions which have been experienced by the consultants.
The last question asked has been included in the questionnaire to examine the consultants’ experiences and impressions in context with the employees’ perception. All change facilitators interviewed have ticked the same box, namely, that they have experienced to be perceived by employees rather as ‘supporter’. Consequently, all consultants have not experienced that employees blame them to be responsible for the organizational change and the threats which go in hand with the change process. In other words, the consultants have not felt to be the ‘guilty person’, but to 100% as “supporter”, which is depicted in the figure below.

![Figure 19: Change facilitators perceived by staff](image)

The result of this question surprisingly is unanimous and does not correspond with the literature in which change agents mostly are seen as reason for resistance to organizational change. Nevertheless, we have to keep in mind that in the case of the questionnaire only change facilitators have been asked and it turned out that for this kind of external consultant, negative feelings of the involved employees are not existent. Another reason for this result could be that the employees successfully were able to hide their negative feelings against the change facilitators in their presence. However, it has to be kept in mind that it is widely known that consulting companies are charging high amounts for their advice and employees often question themselves why this is necessary. Consequently, this may be a reason for perceiving external change agents or facilitators as ‘guilty persons’.
5. Implementation of the theory into practice - Case studies

In order to provide further insights from the organizational change practice including experiences of consultants from the consulting company CONECTA, this chapter focuses on two different multinational companies’ change processes which have been accompanied by CONECTA consultants. Both cases describe the organizational change processes including the opportunities and threats which have occurred during the change. Additionally, the role of the consultants is examined, taking into account the chosen organizational change management design. Each company’s case is described in a separate sub-chapter and to conclude both cases are compared to each other. As introduction of each case study the company is introduced briefly in order to be able to gain deeper insights on the organization’s business field and the decision to change. Due to reasons of confidentiality the company name of the first practical case study cannot be stated and, therefore, the organization is called ‘company A’. The second case study describes an organizational change process which has taken place at the pharmaceutical company BAYER. In contrast to the first case study, the second study can be referred as the BAYER case study because it has already been published in a book written by three CONECTA consultants. Nonetheless, in order to have consistent sub-chapter headlines, I decided to refer to ‘company B’, where B is short for BAYER, in the second case study.

5.1 Case Study 1: Company A

Company A is situated in the ‘money business’. It is present especially in CEE and in some Asian countries and, therefore, it can be called a multinational company. Furthermore, the organization worldwide employs a large number of persons and consequently is defined as a large company. The firm has already been founded in the 19th century and therefore since then several organizational change processes have been necessary to survive and adapt to the changes in the environment.

In this master thesis the latest organizational change project which is not yet finished is examined.
5.1.1 Initial situation

The company has been organized in a decentralized way with several office buildings especially in the capital city of Austria, Vienna. In order to survive environmental changes and additionally to become more efficient the leaders of the organization have decided to employ an external change agent who developed a major organizational change plan. Its main point is the reorganization of the company into a centralized structure. As a consequence costs can be saved and the organization becomes more efficient than before. The change event is projected to last for several years as the scope of the process is complex and to some extent conflicts with the company’s culture.

The consulting company CONECTA entered into the change process in autumn 2013 and today still is present in the company as the change process is not yet finished. Their task in the change management process is to facilitate the implementation of the change and to advise the project team. The team of CONECTA consultants consists of two change facilitators and two to three external network consultants who sometimes are present all together but mostly work on their own. Additionally, at the beginning I have been present in several circumstances as well and, therefore, I have been able to gain some personal impressions which form an important part of this case study.

5.1.2 Change process

The organizational change project has been presented to the management already by the end of 2012. With the beginning of the year 2013 the change process has been started in a CM style. An external change agent has established the change concept and instructed the change project team to implement it accordingly. As it turned out that there might have arisen some difficulties during the implementation phase, the management of the organization decided to ask a third and independent party for assistance, namely, the consulting company CONECTA. The team of CONECTA consultants was asked to analyze the current situation of the change project taking into account the thoughts and emotions of the involved managers and give advice to return to the right path again. However, the change process as such still is following the CM approach even if the CONECTA consultants are introducing a glance of the TM approach with their work.

For that reason, 43 employees of the company, mostly managers but as well project managers and employee representatives were asked for interviews. The interviews have
taken place in a short time frame, videlicet, from the end of October 2013 until mid-
December 2013. Those conversations have been addressed to the change process and
consisted of a questionnaire with additional open questions. Each interview lasted an
average of two hours and in addition to the interviewing consultant and the interviewed
person, a third party has been present whose task has been to take notes of the interview.
In several interviews I have been the person taking notes which formed the basis for the
final recommendations of the consulting company CONECTA for the management of the
organization in change. Most of the interviews started with a general picture of the change
project from the viewpoint of the employees questioned, including their emotions, doubts
and thoughts concerning the project. After being aware of the big picture, five questions
have been asked which should be answered with the help of a scale from zero to ten,
where zero means ‘not relevant at all’ and ten ‘very important’. Those questions
addressed the change project goals, the importance of the change, the project team and
its work, the viewpoints of the managers and employees and the probability of success of
the change project. Additionally to ranging the importance of the topics concerned,
general comments to the questions were welcomed as well. The questionnaire ended with
some open questions concerning recommendations of the employees for the project team
and worst case scenarios which should be avoided. After the interview the notes have
been showed to the interviewed person and on this way the consultant gained the
permission to use the content of the interview for building hypotheses. The results from all
the 43 interviews form the basis for the hypotheses developed and the proposed
recommendations which have been presented in a report before Christmas in 2013. Of
course, the anonymity of the employees interviewed has been granted; otherwise no valid
results would have been obtained. Anonymous quotations from the conversations have
been used to illustrate and to confirm the hypotheses built. The results acquired by the
consulting company CONECTA are described in detail in the following sub-chapter.

5.1.3 Opportunities & Threats

In general, the change project seems to be on a good way, most of the persons
concerned have a positive attitude towards the change project. This aspect can be seen
as opportunity of the change process. However, one main threat, namely, the
communication in connection with the change project, represents a possible reason for
resistance to organizational change which could result in a failure of the implementation of
the change project. Furthermore, another threat of organizational change, videlicet, the
emotions of employees, is as well harming the change process. Therefore, the recommendations of the consulting companies for the changing organization are: Dealing with the emotions of the employees in an appropriate way which means to take it seriously and to address their fears and doubts. Another very important factor is the communication which since the beginning of the change process has been lagging behind. In order to successfully implement the change project, it is necessary to intensify the communication about the change process on both the management and the employee level.

5.1.4 Outcomes

The results which have been presented to the management of the company in change by the consulting company CONECTA are described in this sub-chapter. The figure below depicts the average scores of the questions asked which should be answered with the help of a scale from zero to ten.

As the figure above shows, the average scores of the questions asked, range all on the positive side of the scale. However, among the relatively good scores, the work of the project team has achieved the worst score. On the other side, the clearness of the goals has achieved the highest score. All other questions range from a score of approximately 6.6 to 7.8. Nevertheless, behind the scores some more detailed information has been gathered for each question.
Concerning the probability of success it turned out that the interviewed persons are not sure about the success criteria and how the success of the project could be measured. On the other hand, the employees think that the change project will be presented as successful to the external environment of the organization without any doubts. However, several uncertainties about the situation are present inside the company; especially the relocation is questioned a lot by the employees. In this context the internally seen success probability is quite difficult to clarify.

Regarding the viewpoints of the different groups in the organization, namely, the managers and the employees, it can be mentioned that both of them are accepting the change in a cautious positive way. Nonetheless, loyalty conflicts are present, especially because the managers themselves are directly affected by the implemented changes. Furthermore, the change management program has been initiated by the directors of the company who definitely are not endorsing the changes to the extent which is needed and, therefore, managers and employees have problems with following the change process.

The work of the project team can be seen as weak point because the team has not been following a joint structure but has rather published different information for distinctive target groups. Consequently, fears concerning the complexity of the project have arisen. In addition, the differences in the communication have lead to loyalty conflicts of the employees.

Concerning the goals of the change project and their clearness, the interviews have shown that as main goal cost savings have been identified. However, it does not seem to be clear how these savings can be verified afterwards. Furthermore, the staff has doubts about the achievement of the aims as they seem to be too ambitious and the change project as such too complex. As regards, the reduction of personnel costs, which is planned to be achieved only through retirements of the elder employees, the staff is worried that after the reorganization planned personnel cuts will be applied to achieve the goal. Regarding non-financial aims as, for instance, the vision behind the change, the employees do not really know about those goals. On the other hand, the change project is seen as role model for the whole multinational organization, however, officially this has not been communicated as a goal of the project. Another important factor which bothers the employees is the cultural change which has to go in hand with the organizational change process, as the culture of the company is very traditional and seems to get harmed due to the changes.
The last question asked by the consulting company CONECTA deals with the importance of the change project and how it is perceived by the employees. Generally, the change project is seen as very important for the organization. The younger and more involved people are rating the importance of the project more positively than the elder employees. The transition from a decentralized organized company to a centrally organized one is a major step and the management itself has to be redefined. The generation of the 50 year-olds has characterized the decentralized organization for years and therefore, it can be called ‘their era’ which now is coming to an end. Clearly, in this situation of enormous change the emotional status of the people involved has to be considered. Thus, it is important to continue the change process with respect, clearness, attentiveness and empathy for the staff.

![Figure 21: Illustration of the generation problem at the organization in change](image)

The figure above illustrates the problem of different generations who are caught up together in the changing company. Both generations form a group which has different interests than the other group, however, those groups have to work together in order to successfully achieve the implementation of the change. Additionally, it is said that a transition between the generations is taking place at the organization from the 50 year-olds to the 40 year-olds and this of course is causing problems. One main issue has been the different perceptions concerning the joint designing of the project each generation had for a long time. Whereas the 40 year-olds always have been thinking about how the goal
could be achieved together, the 50 year-olds have understood this as discussion whether or not this goal should be followed. Unfortunately, this misunderstanding between the generations has caused problems. The generation of the 40 year-olds has perceived the reactions of the 50 year-olds as resistance to the change and as a consequence they have started to defend themselves against the elder generation. In the eyes of the older generation, the younger generation should communicate on a clear and appreciative level. As this has not been the case the 50 year-olds have perceived the younger generation as disrespectful and their actions as naive. Moreover, several stakeholders are waiting for the younger generation to fail as they are overtaxing themselves with the cultural change.

The mission of the consulting company CONECTA has been to advice the organization in change. Some of those advices are described in the following sentences. On the emotional side it has been recommended to focus more on the communication and to be aware of emotions arising in the change process. Businesslike topics, for example, changes in personnel should be addressed with priority in order to achieve certainty for the employees. The most important advice given is to reformulate the vision of the organizational change project so that it is understandable for the employees. In addition, it is necessary to point out the possible consequences for the company if the change project will not be implemented. By doing this the need for change becomes visible for the whole staff and resistance to change could be avoided.

All in all, the advices given by the consulting company CONECTA are based on Kotter´s stages of change which are described in chapter 2 of this master thesis. As Kotter (2007) has already discovered some time ago, it is necessary among others to begin a change process by communicating the need for change and to have an easily understandable vision. (Kotter 2007, p. 126) This also applies for the organization described in this case study. The consultant’s task is not to invent something new but rather to bring in an external and objective view on the change process and to point out the potential areas for improvement.

5.1.5 My point of view

As I have been involved in the project of the consulting company CONECTA I will describe my personal impressions which I have gained being present at several interviews. First of all, I have been very surprised by the way most managers have been talking about the change process. Contrary to my expectations, the managers who have
been older than 50 years have talked relatively open about their feelings, their doubts and their thoughts concerning the change process. Some of them seemed to feel worried about the changing situation and additionally had the impression that their knowledge is not wanted any more, especially because they have not been asked for advice in the change project. Others seemed to be very calm and only have been observing the ongoing organizational changes. This sort of managers has decided to retire if the changes do not fit their expectations. On the other hand, the younger generation has not talked so much in the interviews. I had the impression that the younger ones did not dare to talk freely about their feelings and doubts. They have been afraid of losing their jobs. Consequently, the interviews with the younger employees, the generation of the 40-year-olds, were shorter than the interviews with the 50-year-olds.

Regarding the content of the interviews I have been surprised as well; I did not quite understand why the lack of communication has been dedicated as the most important problem because everywhere is being talked about the importance of communication. Taking into account the eight stages of change from Kotter (2007) mentioned in the first part of this thesis, it clearly gives an overview of requirements and prohibitions in organizational change processes and nearly every manager should have heard about these facts in his education. Therefore, I have been surprised that the solution to the problem is so obvious and that the project team of the organization has not been able to solve this on its own. Furthermore, due to the fact that the company makes business for already more than a hundred years it is obvious that it had to go through several organizational change processes which probably have experienced the same problems.

On one hand it, seems so overt and easy to solve the communication problems, on the other hand it needs the intervention of an external consultant to identify the threats jeopardizing the change process. In this case it has been necessary that a third party intervened and identified the problems which have been arisen in the course of time as the negotiation level between the different groups in the company has worsened.

As conclusion, being part of the project has been very interesting for me and I have been able to gain a practical sight on the topic of this master thesis additionally to the theoretical knowledge,
5.2 Case Study 2: Company B

The BAYER Company has been founded in 1863 as a start-up of only two men in Germany who have been handling the product dyestuff. Surprisingly, the firm developed so well in its first time that already by the end of the 19th century international expansion has been possible. With the time the growing organization has added further business fields and has become a chemical organization. BAYER’s most popular product, “Aspirin”, has already celebrated its 100th birthday in the 1990ies. At the end of the 20th century the large company had to undergo a transformation process due to the changing environmental circumstances. This transformation process, at least a part of it, forms the basis of the case study. (Bayer 2014a)

Nowadays, more than 150 years after the foundation of the company, it is a successful multinational organization in the chemical and pharmaceutical industry. Despite the international success, Europe still represents the main market for the company. In 2013 BAYER achieved € 15.1 billion of sales only in Europe. Nearly 66% of all European BAYER employees work in Germany, this means 35,300 employees are German out of totally 53,600 BAYER employees in Europe. The Asian-Pacific market represents a high growth potential for the organization, in this region sales have been up to € 8.6 billion in 2013. Moreover, the company is also present in North America, Africa and Latin America, in the latter market BAYER is already present since more than 110 years. (Bayer 2014b)

5.2.1 Initial situation

The transformation process at BAYER, which is described in detail in this case study, started in 1993 and has been completed more than five years later. The business division concerned was the pharmaceutical division of the company with more than 1,500 employees. Initially, the change process has not been planned to be a transformation process, but afterwards it has been identified to be one. The implemented change involved that by mid-1994 two separate business departments, namely, production and engineering, had to merge into a new department called technique. Due to that fact the two department managers were seeking the support from the consulting company CONECTA. After some preliminary meetings CONECTA’s offer to accompany the change process was signed and the project started in September 1994. (Janes et al. 2001, pp. 147-151)
5.2.2 Change process

The transformation process at BAYER started 1993 with the organizational development project “ERNST” which was an internal project without any external consulting expertise. Afterwards the consulting company as external consultants joined the change process and started the project “INPUT” which was followed by the project “MIRACLE” where internal consultants were involved as well. The figure below shows the chronological order of events of the transformation process at BAYER from 1993 to 1999.

As the OD project “ERNST” was carried out without the assistance of any external consultants, only the most important factors will be mentioned. The project has been initiated due to personnel changes at the managing level and its aim was to become a more efficient company and gain the involvement of the whole staff. “ERNST” is the German abbreviation for “development by providing timely new location specifications” (Janes et al. 2001, p. 198). With the help of internal consultants workshops have been organized and a strengths and weaknesses analysis has been conducted. For the identified weaknesses, possible solutions have been elaborated. Altogether, the OD process has turned out to be very successful and several improvements have been achieved with the help of BAYER’s employees. (Janes et al. 2001, pp. 198-200)

The consulting company CONECTA entered into the transformation process in 1994 with the order to accompany the project “INPUT” which is in German short for “integration of production and engineering” (Janes et al. 2001, p. 200) and involves the merger and reorganization of the departments, production and engineering. An important factor for BAYER has been the participation of its employees in each stage of the change process. This represents definitely the first indicator and reason for the later identification as transformation process.

Figure 23 shows the chronological order of the six modules in which the "INPUT" project has been divided.
The first module consisted of leadership interviews which have been conducted by the team members of the project team itself who have been coached beforehand by the consultants from CONECTA in interview management and evaluation. Subsequently, in a multi-day meeting the evaluations have been analyzed and consequently the hypotheses have been formed. The third module consisted of several so-called ‘project-location-workshops in which topics, for example, optimization, project management and networking have been elaborated. Very important in this stage of the project have been the two decision meetings which have been hosted by the consultants of CONECTA. In these meetings the project teams and the decision-making body have been asked to present results and solutions to the existing problems. Furthermore, several other events, like for instance project team meetings and orientation meetings have been organized. After seven months a final presentation of the project “INPUT” ended the conception phase and started the implementation phase which has been strongly supported by the staff. (Janes et al. 2001, pp. 158-164)

The project “MIRACLE”, which in German is short for “material flow, information flow, resources, work organization, controlling, logistics and efficiency control” (Janes et al. 2001, p. 201), completed the project trilogy. Its aim was the implementation of “INPUT” which has been divided into three stages. These three phases are depicted in figure 24. (Janes et al. 2001, p. 179)
In the first stage several important parameters to facilitate change, for example, costs have been analyzed and presented to the staff. The second step has been the conception of options and the elaboration of a plan for the achievement of the change. The final and the third phase, in which the consulting company CONECTA helped BAYER to implement the change, completed the project “MIRACLE” (Janes et al. 2001, p. 188). Due to the fact that the consultants of CONECTA entered the project in the last phase and in the previous two stages several different teams have worked separately, it was necessary to analyze the previously developed results. This has been done in the first workshop of the third stage, where additionally a general process goal and the division of the tasks together with a time line have been elaborated. Nine months later the consulting company has been instructed to evaluate the course of the project and to plan further steps within the framework of another so-called ‘review-workshop’. Another three months later a second ‘review-workshop’ has been held in which the final steps have been developed. With this workshop the project “MIRACLE” ended and as a next step the elaborated changes had to be applied to a group of 65 employees in a selected area of the company. Those employees should learn to work in teams, but as well the managers should be able to work together. Therefore, the consultants accompanied workshops for team development for the 65 employees and for the managers of the new build department as well. (Janes et al. 2001, pp. 179-187)

Additionally to the three main projects, an intense training series for managers has been introduced as it seemed that the managers had deficits in proper communication. This series started after the completion of “INPUT”, and continued until the first steps of the
project “MIRACLE” had been done. In those trainings the consultants included several different topics which are essential for being a successful manager. For example the motivational factors for employees have been discussed and as well “conflict-management” has been taught. (Janes et al. 2001, pp. 164-175)

5.2.3 Opportunities & Threats

An opportunity in this change project was definitely the high involvement of the employees concerned and the collaboration with the consultants of CONECTA. For both parties the managers of the company and the consultants, it has been very important to generate a good change climate in the company. Thus, the first step after the “Kick-off-Meeting” has been the presentation of the project, where the consulting approach and the planned changes have been introduced to the staff. One of the most important aspects of the presentation has been the fact that the consultant’s job is only the facilitation of the change event and not to dictate the content. Moreover, an occasion to get answers for questions concerning the change process has been launched even before the official project start. (Janes et al. 2001, pp. 153-158)

Already at the beginning of the project the CONECTA consultants had to deal with two major challenges which could have stopped the change process right at the start. On the one hand, the concerned divisional manager was not present at every meeting and, on the other hand, BAYER wanted to involve two internal consultants without prior announcement. Luckily, the first challenge did not turn out to have a negative effect on the project and for the two internal consultants a new task has been assigned, namely, they became members of the decision-making body which has been founded in course of the project. Thanks to the successful dealing with the challenges the accompaniment of the change process by CONECTA could go on.

Another difficulty, which has occurred to the surprise for the consultants during the final project presentation, could have turned out to be a reason for resistance to the change, but it did not: A department manager has been of the opinion that the change concept could be implemented in four to five months, as he thought that it still had to be determined. In fact, it already had been specified and was planned to be implemented in two to three weeks. This department manager has been surprised that the pace of the change was that high as he had expected a slower progress of the project. (Janes et al.
2001, p. 164) These two difficulties mentioned can be summarized as problems in communication which could be seen as threat for the organizational change process.

5.2.4 Outcomes

“INPUT”, which has been the first project accompanied by the consulting company CONECTA, has brought the following results:

- “a concept for the organizational structure of the two departments concerned in the new and common department” (Janes et al. 2001, p. 164)
- “Recommendations for the measure to adapt in the whole new department,...” (Janes et al. 2001, p. 164)
- “Hypotheses for the performance and skill development of the designed area in its relevant environments.” (Janes et al. 2001, p. 164)

This project clearly can be assigned as transformation process because together with the assistance of the consultants a new organizational chart at BAYER has been developed.

On the other hand, the intense training series definitely has been an organizational development process as the managers have been accompanied to improve in their daily business interactions.

In the project “MIRACLE” the change management concept has been applied because external consultants were involved who leaded the processes. Only the third stage, which has been accompanied by CONECTA, was more an OD process as no general rules have been set for the consulting company. As the organizational change process at BAYER lasted for several years and included major changes, it was necessary to focus on a general approach. In the course of the project the company staff became aware of the focus and the requirements for the team development have been set and this can be seen as outcome of the project.

The team development workshops are assigned to both OD and TM. It turned out that the results of the two groups were different, although, the initial situation of both groups has been similar.

Generally, the transformation process at BAYER consisted of all three different concepts for managing organizational change, namely, OD, CM and TM. This is a special situation
which shows that all of the concepts can be used together in an organizational change process.

5.2.5 Bayer’s point of view

During the long-lasting organizational change process at BAYER several external and as well internal consultants have been engaged in the change project. Whereas until now everything has been from the external consultant’s point of view, this subchapter introduces the viewpoint of the internal consultants at BAYER.

The consultants working at BAYER did have several different tasks throughout the whole change process. As already mentioned in the previous subchapters, the project “ERNST” has been accompanied by internal consultants only and, therefore, they have been providing advice. On the other hand, during the project “MIRACLE” their job has been the project management. In the whole organizational change process several external consultants have been replaced in order to provide new expertise. This has been experienced, on one hand, as additional support but on the other hand some consultants have been seen as threat as well. Among the consultants the involvement of the company CONECTA likewise has been experienced as threat at some point. Overall, the distinction of internal and external consultants in context with an efficient outcome cannot be qualified. Moreover, this aspect did not turn out to be of major importance. According to the opinion of the internal consultants of BAYER it does make sense to employ external consultants whenever their special knowledge is necessary. In contrast, for strategic processes and company-bound knowledge internal consultancy is a better solution. Another aspect in context with external consulting is the fact that a consulting company is selling its advice and of course wants to sell as much as possible. In this case it could occur that even more advice than needed, is bought by the client. Nevertheless, in case of the consulting firm CONECTA this aspect has not been experienced yet by the internal consultants of BAYER. (Janes et al. 2001, pp. 202-209)
5.3 Comparison of the case studies

In order to gain a summarized overview of the two case studies described above, the analyzed topics are illustrated in a table including both companies' results.

The table includes the following in the case studies described topics:

- short company history
- the initial situation (before the change process)
- the goal(s) of the change process
- the change process
- the opportunities for the change process
- the threats for the change process
- the outcomes of the change process
- the design of the change process/ the change management approach used
- the role of the consultants from the consulting company CONECTA
- the other viewpoints

Additionally, all of the analyzed topics are described in more detail and consequently the results of the empirical part of the thesis are linked with the literature review of the theoretical part. As both change processes illustrated in the case studies involve the presence of the consultants of the consulting company CONECTA, a connection to chapter 4 and the results of the questionnaire is made too. Altogether, first responses to the hypotheses stated at the beginning of the thesis are elaborated. Detailed answers of the hypotheses are provided in the last chapter of this thesis.
<table>
<thead>
<tr>
<th>Topics</th>
<th>Company A</th>
<th>Company B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company history</td>
<td>foundation in the 19\textsuperscript{th} century, MNC</td>
<td>founded in the 19\textsuperscript{th} century, successful MNC</td>
</tr>
<tr>
<td>Initial situation</td>
<td>decentralized organization</td>
<td>separate business departments (production &amp; engineering)</td>
</tr>
<tr>
<td>Goal(s)</td>
<td>centralized organization → cost savings</td>
<td>merger into a new department (technique)</td>
</tr>
<tr>
<td>Change process</td>
<td>long-term</td>
<td>several stages &amp; projects ERNST → INPUT → MIRACLE</td>
</tr>
<tr>
<td>Opportunities</td>
<td>positive attitude of employees towards the change</td>
<td>involvement of the staff</td>
</tr>
<tr>
<td>Threats</td>
<td>communication, emotion</td>
<td>communication</td>
</tr>
<tr>
<td>Outcomes</td>
<td>- identification of a generation gap</td>
<td>- new organizational structure concept</td>
</tr>
<tr>
<td></td>
<td>- communication problems</td>
<td>- new organizational chart</td>
</tr>
<tr>
<td></td>
<td>- lack of understanding emotional behaviour</td>
<td>- improvement of managers’ skills</td>
</tr>
<tr>
<td>Change design/approach</td>
<td>CM</td>
<td>OD, CM and TM</td>
</tr>
<tr>
<td>Role of consultants</td>
<td>external party giving advice to facilitate the change</td>
<td>external party facilitating change &amp; providing know-how</td>
</tr>
<tr>
<td>Other viewpoints</td>
<td>obvious problems not solvable within the company</td>
<td>external consultants seen as threat to some extent</td>
</tr>
</tbody>
</table>

Table 2: Company A vs. Company B

Both of the companies portrayed in the case studies above, have been founded already in the 19\textsuperscript{th} century and since then have developed to multinational companies (MNCs). Their steady growth and the changing environmental circumstances have forced them to go
through several changes in their organizations bearing all negative and positive affects which result from organizational change processes. The long existence in the economy is one of the few aspects both organizations have in common. Another identical factor is the involvement of the external consultants from the company CONECTA.

The situation of both companies before the change in fact has been similar, on one hand a decentralized organization becoming centralized and on the other hand two departments merging to one. Obviously, cost savings can be seen as a goal for both companies. Furthermore, with the assistance of the organizational change process the firms have adapted to the changing business environment and due to this seek to survive in the business world. Another factor where both case studies are comparable is the long-term orientation of the change process. Whereas, in case study 1 the change implementation has been planned to last several years, in case study 2 several stages and projects have been realized in a time frame of seven years. Due to the fact that company A is still carrying out the organizational change process it is not possible to say if it will last exactly as long as the change process of company B.

Concerning the opportunities of organizational change which have occurred in the changing organizations, in company A the general positive attitude towards the organizational change imposed, which can also be seen as openness to change, is assigned as a positive factor for the change. On the other hand in company B it has been the high involvement of the staff in the organizational change process which resulted in a high commitment of the employees and to some extent implied readiness and as well openness for the organizational change process. Therefore, it definitely can be assigned to be an opportunity of the change process. In both cases openness to change has been present which forms an important aspect for a successful implementation of change.

The major threat to organizational change which has occurred in the two case studies has been the communication. Problems with communicating or insufficient communication could have lead to an unsuccessful implementation of change events planned in the organizations. The importance of exchanging information properly during the change process is widely known and has already been mentioned in business literature and by the consultants of CONECTA. Thanks to the change facilitators of the consulting company CONECTA the threat which has emerged due to the lack of communication could be overcome and did not result in any kind of resistance to change. Additionally, in company A the change facilitator has identified that the emotions of the employees are threatening the change process as well. However, not the existence of
emotions per se is representing the threat because emotional reactions of employees in the course of a change process are characteristic for a change event. It is rather the missing understanding of the emotional behaviour of the staff from the management side. The change facilitator from the consulting company CONECTA has pointed out the critical aspect of dealing with emotions during the change process and because of this the organizational change process of company A has been set back on track.

One final outcome of the organizational change process of the companies described in the case studies is the survival in the changing environment. For company final outcomes cannot be mentioned yet, as the change process still is in process, however, some first outcomes have been identified. With the cooperation of the external change facilitator three main problems, namely, the existence of a generation gap, the insufficient communication and the lack of understanding of emotional behaviour have been addressed. These aspects turned out to be of major importance as without an external view on the change process of the company, they would not have been identified and consequently would have lead to a failure of the change process. Unfortunately, as the change process still is ongoing in company A the final outcomes of the change could only be reported in a few years.

As the change process in company B has already been completed, it is easier to comment on the final outcomes. The organizational change process described in case study 2, which lasted for several years has lead to a new organizational structure concept and a new organizational chart of the organization. Additionally, in the course of the change the facilitators have been able to improve the skills of the managers with the guidance of several manager trainings. Altogether, the long-lasting change process at the organization turned out to be a challenge for the whole staff and the facilitators but in the end they were able to make the best of the situation.

The change design and approach which has been pursued is quite different in both organizations. Whereas in company A only the CM approach has been applied, in company B all three types of change approaches have been present. Nonetheless, the consultants of CONECTA have been involved in the change process of company A as well and, therefore, a slight touch of the TM approach can be added to the change design described in case study 1.

As already mentioned the consultants of the consulting company CONECTA in both organizations had the task to facilitate the change and give advice. Therefore, they can be
called change facilitators. In case study 2 the consultants had the task to teach the employees and to distribute their knowledge concerning leadership.

And last but not least, in both case studies other viewpoints have been described. In case study 1 my personal opinion is that problems with communication and emotions which are quite obvious cannot be solved within the organization and help from external consultants is necessary to lead the change into the right direction. Another viewpoint has been presented in case study 2, videlicet, the point of view from the internal consultants of the company in change. For the internal consultants of course the employment of the external consultants from the consulting company CONECTA has been experienced as a threat for the change process. In their view the necessity of including an external dimension has not been given because internal consultants have already been involved in the change process and by then no problems have arisen. However, in the end it turned out that the involvement of the external consultants has been a good idea as the change process could be implemented successfully. Furthermore, the external consultants tried to achieve the commitment of the internal consultants and addressed special tasks to them. Consequently, collaboration between internal and external consultants has been established and lead to a comfortable change climate in the organization. This aspect helped to guarantee a successful change process.

To conclude, the case studies described in this chapter are linking the theoretical and the practical part of this thesis. The different change designs and approaches explained in the first part of the thesis have been identified in the practical change processes as well as the opportunities and threats of organizational change. Moreover, the viewpoint and the role of external change facilitators are evident for both companies in change. The case studies showed the implementation of the theoretical concepts into practice and provided a clearer picture of the literature review.
6. Conclusion and Outlook

To finalize the master thesis, the last chapter provides a conclusion of the whole proposition. Furthermore, the hypotheses are confirmed with the help of the findings which have been obtained in this thesis. Additionally, an outlook of the future developments in the sector of organizational change is presented having in mind the knowledge of opportunities and threats.

6.1 Conclusion

Organizational change is a very important topic for every company organization whether small or multinational. In the business literatures several aspects of the concept of organizational change including practices of different authors are discussed. It can be differentiated between three approaches of organizational change, namely, organizational development, change management and transformation management. Depending on the pace and the intensity of change one of the three approaches has to be chosen by the company’s management in order to start a change event. Obviously, each of the approaches has its advantages and disadvantages which have to be considered.

In addition to this some further opportunities and threats may occur in the course of a change process. For instance, among others readiness and openness to change have been identified to be opportunities. On the other hand, some more threats have been experienced, for example, resistance to organizational change, communication problems, dealing with emotions and ambivalence towards change. Interestingly, all of the mentioned conflicts are related to each other and therefore influence each other in a kind of vicious circle.

Another important factor in context with the topic of organizational change are change agents and change facilitators. The first is an external or internal consultant who is dictating the change in an organization. The latter, on the other hand, is only guiding and with the assistance of his knowledge facilitating a company’s change process. With the help of several change facilitators who have answered a questionnaire on the topic of organizational change a new viewpoint has been introduced. According to the consultants of the consulting company CONECTA change facilitators are seen as support for organizational change. Furthermore, the consultants stated several opportunities and threats of organizational change and commented on the mistakes company managers most frequently are making during a change event. The case studies in the last part of the
thesis introduced a practical viewpoint on the change topic and illustrated how in real business life an organizational change process is implemented with the cooperation of an external change facilitator.

6.2 Examination of the hypotheses

For a better understanding, all hypotheses are named again and the examinations are described below each hypothesis.

Hypothesis 1: “Organizational change brings opportunities and development as well as threats and conflicts for the company.”

The chapters three and four of the thesis deal with this hypothesis. The outcomes of the literature research and the evaluation of the questionnaire clearly confirm hypothesis 1. Both sources provide evidence of the two different characteristics organizational change results in. Like any other aspect, organizational change has its advantages and disadvantages, which in this case are labeled as opportunities and threats. Every company has to deal with the threats and conflicts which are occurring during the change process. The major threats include resistance to change, problems in communication and dealing with emotions. To some extent all of the three threats mentioned influence each other and therefore it is necessary to pay special attention to them. On the other hand, organizational change is promoting development and entails several opportunities, for example, a long-time survival of organizations. These positive effects of course facilitate the development of the organizations concerned.

Hypothesis 2: “Lack of emotional support of the affected employees and inadequate communication promote resistance of the employees and prevent the implementation of the change to its full extent.”

This hypothesis as well is answered in chapters three and four and additionally the case studies in chapter five provide an insight into the real-business problems concerning emotions and communication during change. The intention of hypothesis 2 has been to examine the correlation of the three main threats of organizational change. With the help
of the literature review, the questionnaire and the case studies it has been possible to relate these three aspects to each other and consequently confirm the hypothesis.

Emotions are a normal reaction of employees to changes in their daily business life. Unfortunately, as is described in case study 1, most company managers are not aware of the emotional behaviour of the staff and therefore emotional support for the employees concerned is not existent. Furthermore, change communication is a very important factor throughout the whole change process, however, in several cases the management is not able to inform the staff adequately. Consequently, rumors, uncertainty and anxiety arise among the employees and can cause resistance to organizational change. Once resistance to change has come up it is important to overcome it otherwise the implementation of the change to its full extent is nearly impossible then.

Hypothesis 3: “Change facilitators play an important role in an organization´s change process, because they can be seen as support.”

As the master thesis’ special focus is to gain an insight on the viewpoint of external change facilitators, hypothesis 3 is dealing with this topic. In chapter 4 a differentiation between change agents and change facilitators is presented. This distinction is important as the literature has no unanimous opinion about change agents and if they are rather supporting or threatening an organizational change process. On the other side, change facilitators are only helping to implement change in an organization and as has been described in this thesis a more positive attitude towards them is present. The examinations in the last years have shown that change facilitators have increasingly been involved into accompanying organizational change processes of companies. In this context, the positive impact change facilitators have due to their knowledge has been experienced. As a consequence, hypothesis 3 has turned out to be correct and the important role change facilitators play as supporters of organizational change can be confirmed. A special evidence for this is that the change facilitators of the consulting company CONECTA unanimously have answered that they have only experienced to be perceived as supporters of change by the changing company’s employees. Moreover, the two case studies have illustrated that without the assistance of the external change facilitators the implementation of the planned organizational change could not be guaranteed.
6.3 Outlook in organizational change

“Organizations have to change in order to adapt to environmental demands and to remain competitive.” (Liu & Perrewé 2005, p. 264) This quotation clearly states that organizational change is a continuous and perennial process each and every company has to go through as the environment is evolving with the time. In other words, organizational change is an ineluctable process for organizations and consequently the company managers have to become accustomed to this fact. A first step to be prepared for organizational change events may be to be aware of the opportunities and threats the change entails.

This master thesis has emphasized on these facts and as well on the role of external change facilitators. However, as mentioned by several authors in the business literature, more research concerning the influencing aspects of organizational change has to be conducted. Especially, research regarding the impact of change facilitators in contrast to the impact of change agents is not yet available and, therefore, necessary in order to gain a deeper understanding of the differences between the two parties.

Moreover, organizational change should be perceived as a normal business process and no longer as time of turmoil. To achieve this, definitely a lot of practices nowadays applied have to be revised and improved. Nevertheless, this may be no easy task because it is unlikely that a perfect concept for implementing organizational change will ever exist as change is individually different for every company and the behaviour and emotions of the staff during the change cannot be predicted beforehand. The only possible way to make organizations’ change more efficient and less turbulent is to study the literature and research available on the topic and to learn from failures. Since a high amount of organizational change processes fail to be implemented successfully, it is necessary to do a step in the right direction and increase the number of successful change events.

Of course, the larger and the more multinational the organization is the more difficult it is to achieve sustainable organizational change. In any case, it may be advisable to make use of an external viewpoint from an educated consultant when it seems that internal problems have occurred.

For the reason that it is not possible to know what exactly will happen in the future and which environmental changes may occur, it is impossible to identify a successful concept or tool for implementing change in organizations. Consequently, constant research has to be conducted and the know-how about organizational change has to be improved continuously. The aspects which have been identified nowadays as opportunities may change with time and the same applies to the identified threats of change because: “The only thing that is constant is change.” (Heraclitus quoted by Lorz, 2008, p. 357)
7. References


Prediscan, M., Bradutanu, D. (2012): Change Agent – A force generating resistance to change within an organization?, Business Administration and Business Economics, 8:6, 5-12


**Internet Resources**


Appendix

Questionnaire

Master thesis Bettina Zidtek, BSc (WU)
„Opportunities and threats of organizational change in MNCs“

☐ female          ☐ male

1. How many years do you work as change facilitator?
   ☐ 1-5 years     ☐ 6-15 years     ☐ 16-25 years     ☐ more than 25 years

2. Which opportunities/ chances does a change process offer?

3. Which threats should be expected in a change process?

4. What is done well often by the management in a change process?

5. What is frequently done less well by management in a change process (where do problems occur)?

6. Do the employees perceive you, as consultant (change facilitator), more as the “guilty person” or rather as the “supporter“?
   ☐ rather “the guilty person”    ☐ rather “the supporter“
English Abstract

Organizational change is a very important topic for every kind of organization from small ones to multinationals as adaption to environmental changes is evident for the survival of a company. Unfortunately, a high amount of organizational change processes fail. As a result this master thesis examines the existing opportunities and threats and tries to examine their existence in the course of an organizational change event. Furthermore the impact of inadequate change communication and lack of emotional support for the employees concerned on resistance to change is investigated. Additionally, the role of external change facilitators is examined because they seem to be supporting change processes.

To confirm the mentioned hypotheses all important concepts, like for example the three different approaches of managing organizational change and some change practices, are defined and the opportunities and threats of change are identified with the help of literature reviews. A questionnaire answered by several change facilitators and two case studies about two organization’s change processes represent the empirical part of the master thesis and illustrate the organizational change in practice.

The master thesis concludes that organizational change fosters opportunities and threats for changing organizations and confirms that insufficient communication during the change and missing emotional support for employees promotes resistance to change and as a consequence prevents the full implementation of the planned change. Moreover evidence for the importance of change facilitators as supporters of the change process is provided. Therefore it is essential to be aware of opportunities and threats of organizational change and consequently be able to overcome or even prevent conflicts what is definitely easier with the help of external change facilitators.

Um die genannten Hypothesen zu bestätigen, werden alle wichtigen Konzepte, wie beispielsweise die drei verschiedenen Ansätze für die Verwaltung betrieblicher Veränderungen und einige Veränderungspraktiken definiert und die Chancen und Risiken des Wandels werden mit Hilfe von Literaturrecherchen identifiziert. Ein Fragebogen, der von mehreren Veränderungsmoderatoren beantworten worden ist und zwei Fallstudien über zwei betriebliche Veränderungsprozesse, stellen den empirischen Teil der Masterarbeit dar und veranschaulichen den organisatorischen Wandel in der Praxis.

Curriculum Vitae

Bettina Zidtek, BSc (WU)

EDUCATION

04/2012 until now  
**Master’s degree in International Business Administration**  
*University of Vienna*

Major fields of study:  
- Organization and Personnel  
- Global Corporate Strategy  
- International Strategy and Organization

10/2007 – 02/2012  
**Bachelor’s degree in Economics and Social Sciences**  
International Business Administration  
*Vienna University of Economics and Business*

Major fields of study:  
- Entrepreneurship and Innovation  
- Transport Economics and Logistics, Supply Chain Management

Title of the bachelor thesis:  
“Sustainable Supply Chains are more than only Green Supply Chains: Strategies focusing factors within the Supply Chain”

09/1999 - 06/2007  
**BRG 8 Albertgasse**, Vienna

EXCHANGE SEMESTER

07/2010 - 12/2010  
**Universidad Torcuato di Tella, Buenos Aires, Argentina**  
Study of Business Administration in Spanish language  
Joint Study Scholarship
SPECIAL AWARDS

01/2014 performance scholarship from the University of Vienna

WORK EXPERIENCE

01/2013 until now Tanzschule Danek KG, dancing school

freelance contract for services, Piloxing & Zumba Fitness Instructor, children dance teacher

02/2011 – 12/2014 CONECTA GmbH & Co KG, management consultancy

marginal employment, accounting and controlling assistance, office tasks

08/2009, 07/2008, OMV Gas & Power GmbH, oil and gas group

08/2007 summer internship, legal department for plots of land

07/2009, 08/2008, Flughafen Wien AG, airport of Vienna

08/2006 summer internship, office of the employees works council

LANGUAGE SKILLS

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<td>Italian</td>
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IT – SKILLS

Microsoft Office (Excel, Outlook, Power Point, Word)

Internet navigation, Social Media