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How readiness for strategic change affects employee commitment and flexibility

-Considering type of organizational culture

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Abstract

Based on previous research readiness for strategic change has found to impact employee commitment and flexibility positively, by increasing the willingness to embrace and adapt changes faster. However, the relationship has mainly been investigated within the health care industry or from a national perspective, but lacks empirical research taking organizational culture into account. This study aims to investigate the relationship between readiness for strategic change, employee commitment and flexibility, with organizational culture as a moderating factor. The survey was conducted at an organization belonging to a multinational company including participants in four different countries. The results only showed partial support for the investigated relationship, and significant differentials between areas was also found to be present. A main finding was the major impact by organizational culture for employee commitment and flexibility at the presence of strategic changes.

Key words: Readiness, Strategic change, employees, commitment, flexibility, organizational culture

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Introduction

Numerous researchers have found strategic change within organizations being linked to failing (Alhazemi et al., 2013; Caldwell, 2012; Choi, 2011; Kogetsidis, 2012). The reason for failing is connected to lack of readiness, attitudes, or disparity ambitions, which in turn is linked to lack of commitment. Kogetsidis (2012) state that failing in relation to organizational change has become a norm rather than an exception. Several authors (Armenakis et al., 2007; Armenakis et al., 2002; Holt et al., 2009) means that commitment is a key factor for the success of strategic changes, which in turn is determined by readiness. Readiness increase positive attitudes and decrease disparity ambitions since level of understanding become higher, and thereby, make employees more committed towards the change. Increased understanding for strategic changes was also found to impact employees' flexibility towards the change positively (Bhattacharya et al., 2005; Choi et al., 2011; Vitiello, et al., 2011), a number of authors claims flexibility to simplify organizations ability to adapt the change in line with dynamic requirements; making optimal utilization of the change (Goksoy et al., 2012; Kogetsidis, 2012; Jaros, 2010; Smith and Lewis, 2011). Further, flexibility should be seen as crucial for strategic changes, since it both prevents stagnation of the change and narrow focusing (Bhattacharya et al., 2005; Rowland, 2007).

Previous paragraph argues for the importance of employee commitment and flexibility in order to make strategic changes beneficial; however, organizational culture has also found to possess an impacting role for the subject (Chatman and Spataro, 2005; Chatman et al., 1998; Dwyer et al., 2003; O'Reilly et al., 1991; Scott et al., 2003; Xeniko and Furnham, 1996). Findings viewed that type of organizational culture, collectivistic or individualistic, impacts the relationship between strategic changes, employee commitment and flexibility. Collectivistic organizational culture advocated both higher cooperation and communication compared to an individualistic, thereby, the presence of understanding is claimed to be higher at organizations possessing a collectivistic culture compared to an individualistic (Chatman and Spataro, 2005; Chatman et al., 1998; Dwyer et al., 2003). As mentioned earlier level of understanding strategic changes is connected to readiness, therefore, it is claimed that collectivistic organizational culture impacts the relationship between strategic change, employee commitment and flexibility more positive compared to an individualistic culture.

Combining this section, employee commitment and flexibility has by several authors found to be essential factors for increasing the success of strategic changes, which in turn are

determined and impacted by level of readiness (Armenakis et al., 2007; Armenakis et al., 2002; Bhattacharya et al., 2005; Kogetsidis, 2012). Readiness will increase employees' engagement and preparation regarding changes, by doing so also widening perspectives and making those involved more flexible. At the same time type of organizational culture is claimed to moderate the relationship between these factors; collectivistic organizational culture will have a more positive impact on the relationship compared to individualistic organizational culture (Chatman and Spataro, 2005; O'Reilly et al., 1991). Meaning that collectivistic organizational culture will impact the relationship between readiness for strategic change, employee commitment and flexibility more positive compared to an individualistic organizational culture. At the same time, important to notice that an individualistic organizational culture could also show a positive impact on the relationship that aims to be investigated; however, this impact is claimed to be less positive due to lower communication levels and higher self-interests. According to Alhazemi et al. (2013) and Rowland (2007) employees within a collectivistic organizational culture tend to be more opened minded and influenced by external requirements, which in turn promotes flexibility. This might be another reason for why collectivistic organizational culture is claimed to have a stronger positive impact on the relationship between readiness for strategic change, employee commitment and flexibility. Previous studies have often focused on the health care industry, or national perspectives, and there is a lack of combined measurement for the three identified factors. Due to foregoing investigations and the defined purpose a research question has been formulated:

How does readiness to strategic change influence employee commitment and flexibility depending on organizational context and culture?

The remaining of this paper will firstly present a theoretical overview including creation of hypothesis. Thereafter, the methodology will be explained followed by result and analysis, and finally, the discussion and conclusion part will be presented.

Literature review

This chapter will start to present commitment and flexibility, drawing relations to strategic change, followed by a description of readiness for strategic change and forming of hypothesis. The last part of the literature review presents culture as a moderating factor, ending with a presentation of the theoretical model for this paper.

Commitment

Several authors has discussed different hazards towards organizational change to be common, however, level of commitment have in numerous cases viewed to decrease the presence of upcoming barriers regarding the field (Caldwell, 2012; Choi, 2011; Bell and Omachanu, 2011; Jaros, 2010; Kogetsidis, 2012; Lines, 2004; Raukko, 2009; Smith and Lewis, 2011; Ye et al., 2007). According to McGee and Ford (1987) commitment increases personal interest for the organization, and is in turn linked to higher willingness of understanding and embracing changes. The most common definition of commitment is associated with the level of strength between individuals linkage towards the organization (Choi, 2011). Others claim commitment to be related to individual objectives matching the organization's (Alhazemi et al., 2013; Caldwell, 2011; Choi, 2011; Jaros, 2009). Additionally, Dweyer et al. (2003) and Jaros (2009) stresses that strategic changes are determined by upper-echelons or top management teams, but transferred by middle-management; and thereby, impacts several dimensions making commitment crucial to achieve beneficial organizational changes.

Different researches have defined three types of organizational commitment towards strategic change: affective, normative and continuance (Choi et al., 2011; McGee and Ford, 1987). Affective commitment is associated to employees supporting a change due to belief in entailing essential benefits, while normative commitment represents supporting changes depending on obligation. Lastly, continuance commitment is referred to as employees are committed to changes due to awareness of financial loss related to failing. The types of commitment were found to support strategic changes at different levels; affective and normative had a higher support level compared to continuance (Herscovitch and Meyer, 2002). Considering type of supporting level among employees might simplify the process of maximizing organizational commitment (Choi et al., 2011; Hersovitch and Meyer, 2002).

Finally, commitment has found being linked to participation; according to Chatman et al. (1998) and Ford et al. (2008) participation adds purpose and autonomy, and thereby, creates stronger commitment. Others states participation being an underlying factor to information and understanding (Choi, 2011; Lines, 2004; Raukko, 2009; Sagie and Kolowski, 1994) decreasing mismatching objectives by widening perceptions and see related change benefits from several angels, thus increasing both employee commitment and flexibility (Ambrosini, 2012; Choi, 2011; Kogetsidis, 2012; Raman, 2009). According to Alhazemi et al. (2013) strategic changes often contains rescheduling, requiring employee flexibility to reach optimal change benefits; which increases by higher understanding (Alhazemi et al., 2013; Choi et al.,

2013). Thus, next section will present flexibility as an area given strategic changes higher potential, but at the same hard to comply as individuals tend to work against uncontrollable factors.

Flexibility

Flexibility has been defined as an essential factor increasing the performance of strategic changes (Graud and Kotha, 1994; MacDuffie, 1995), since it fastens adaptation of processes against dynamic requirements (Goksoy et al., 2012; Kogetsidis, 2012; Jaros, 2010; Smith and Lewis, 2011). Increasing number of market players have forced organizations to become market oriented instead of product oriented, by constantly aiming to offer consumers improved products and services to remain market positions; requiring flexible changing processes (Bitner et al., 2010). Furthermore, Lin (2010) and Zeffane (1996) claim the importance for organizations to be flexible due to developments in information technology, which have increased the market dynamic rapidly; and force organizations to do so as well.

It has been argued that flexibility sometimes is related to higher costs, since it entails a wider range of resources and less process routines (Lewis, 2000), however, flexibility widens perspectives and should be seen as beneficial at dynamic conditions (Bhattacharya et al., 2005; Vitiello et al., 2011). The majority of previous research defines bureaucracy and stability to organizational stagnation, seen as the enemy of flexibility hampering reengineering and innovative thinking (Bhattacharya et al., 2005). However, other researchers contradicts to this statement, claiming that routine tasks does promote strategic changes, and employee flexibility. Feldman and Pentland (2003) assert that determination of working tasks are performed by management, while lower level employees are conducting them; this separation enables different ways of thinking resulting in changes and flexibility meeting requirements from dynamic markets. At the same time it was found that level of flexibility could be due to different stereotypes, which either promoted or hampered flexibility. Samarawickrema (2005) claims Asian students, defined as one stereotype, to possess less analytical and flexible skills compared to Australian students; this was explained by differentials in educational background and might also be related to poor English language competence by the Asian students. Additionally, Bhattacharya et al. (2005) also states a linkage between flexibility and skills; meaning that organizations possessing a variety of employees with specific and detailed skills will gain higher flexibility from strategic changes compared to possessing broad skilled employees. This is due to that firms employing specialist employees allows the organization to reconfigure internal skills in order to meet the

need of the change; this also make firms able to recognize employee profiles' to optimize exploitation for change demands (Bhattacharya et al., 2005; Chatman et al., 1998; Ford et al., 2008). Thereby, it could be stated that possessing a variety of detailed skilled employees with learning creativity will enhance firms' ability to achieve higher flexibility at the presence of strategic changes.

Strategic Change

Readiness have by several authors found to impact the success of strategic changes within organizations, however, the field is broad and have been studied from both internal and external perspectives that are often found to be linked together (Armenakis et al., 2007; Holt et al., 2009; Beinhocker, 1999; Luehrman, 1998; Luehrman, 1998). Thereby, a connection between commitment and flexibility could be viewed; commitment representing internal strength by employees and organizational cohesion, and flexibility reflecting the internal aim to adapt in line with external environments (Choi, 2011; Kogetsidis, 2012; Luehrman, 1998; Luehrman, 1998). Determinations of strategic changes are mainly conducted by upper managers, thereafter, readiness and implementations are usually forwarded to middle-managers; therefore, commitment and flexibility needs to be visualized among all dimensions in order to reach maximum benefits from strategic changes (Armenakis et al., 2007; Armenakis et al., 2002; Meyer et al., 2012; Madsen et al., 2005). Irrespective related circumstances for the change it needs to be supported by the company's employees; otherwise it will be condemned to fail.

In order to measure whether degree of readiness increases employees' perception of commitment and flexibility towards strategic change a categorization of different stages within change processes has been conducted (Armenakis et al., 2007; Armenakis and Harris, 2002; Armenakis et al., 2007; Holt et al., 2009; Madsen et al., 2005). Dividing of stages simplifies the process of identifying how employees perceive strategic changes in detail, and what should be the main consideration for increasing benefits towards changes. The different stages are defined as *Discrepancy*, *Appropriateness*, *Efficacy*, *Principal Support*, and *Organizational Valance*. It has been stated that in order to reach change acceptance employees must feel a need for change, in other words a gap between a current action and its aimed result should be present; which is linked to the stage *discrepancy*. Armenakis and Harris (2002) stress that explaining external reasons behind the occurred *discrepancy* simplifies employees understanding for the change, and thereby, increases both commitment and flexibility (Feldman and Pentland, 2003; Hersovitch and Meyer, 2002). This is coherent

with numerous authors claiming that organizational commitment increases by higher level of information and communication (Choi, 2011; Lines, 2004), while changes originate from external factors, seen as underlying factors for changing; thus increasing employees flexibility towards the change as the change becomes more prominent and necessary (Armenakis et al., 2007; Beinhocker, 1999; Luehrman, 1998).

Hypothesis 1a: Higher perception of discrepancy among employees for strategic changes will increase employee commitment toward changes

Hypothesis 1b: Higher perception of discrepancy among employees for strategic changes will increase employee flexibility toward changes

The second stage within the definition of employee readiness to strategic change is *appropriateness*, meaning that the way to conduct changes should fit defined *discrepancies*. Implementing suitable changes for several dimensions usually generates difficulties; however, a SWOT analysis often increases the level of *appropriateness* by including opinions from different dimensions (Armenakis and Harris, 2005). This is coherent with the findings from Choi (2011) stating that participation increases both information and communication, which simplifies employees' understanding and commitment (Choi, 2011; Lines, 2004). Findings also showed that positive approaches for change increased employees flexibility, and should thereby, be exploited (Feldman and Pentland, 2003; Vitiello, 2011). Additionally, Holt et al. (2009) measures organizational and individual perspectives of strategic changes, stating level of appropriateness to depend on how well these perspectives reflects each other; the reflection will increase employees commitment towards changes.

Hypothesis 2a: Higher perception of appropriateness among employees for strategic changes will increase employee commitment toward changes

Hypothesis 2b: Higher perception of appropriateness among employees for strategic changes will increase employee flexibility toward changes

Thirdly, *efficacy* has been defined representing employees perceived confident and ability of conducting changes; if employees not have the confidence of embracing a new way of operating it will be least hard to increase their commitment (Armenakis et al., 2007). Additionally, individuals tend to avoid activities related to lacking capabilities, therefore, employees with low efficacy tend to put high effort ignoring changes; which hampers flexible thinking (Armenakis et al., 2007; Bhattacharya et al., 2005). It has also been asserted that

employees feel more comfortable to changes when organizations possess a variety of skilled employees due to wider level of interpreting (Bhattacharya et al., 2005; Feldman and Pentland, 2003; Vitiello et al., 2011). Further, Holt et al. (2009) states collective efficacy among employees leads to collective commitment, which bolsters strategic changes.

Hypothesis 3a: Higher perception of efficacy among employees for strategic changes will increase employee commitment toward changes

Hypothesis 3b: Higher perception of efficacy among employees for strategic changes will increase employee flexibility toward changes

Fourthly, *principal support* represents coherency among the organizations individuals. It has been stressed that non-verbal cues and tacit information sometimes have greater impact on individuals compared to verbal and explicit information (Armenakis et al., 2007). Therefore, employees need to feel that the change is supported by the organization as a whole, regardless type of dimension; otherwise the change might not be embraced. Several authors found strategic changes to be determined by upper-echelons (Dweyer et al., 2003; Feldman and Pentland, 2003; Jaros, 2009), and thereafter, transferred by middle-managers to the company's line-resources; claiming participation and information as key factors for increasing employee commitment, while separation between determination and conducting increased innovative thinking forming flexibility. Further, Chang and Burns (2005) claims that motivation from others promote flexibility by increasing overall positive attitudes. Thereby, it has been stated that *principal support* is an essential stage for achieving high employee commitment and flexibility towards changes (Dweyer et al., 2003; Jaros, 2009; Feldman and Pentland, 2003).

Hypothesis 4a: Higher perception of principal support for strategic changes will increase employee commitment toward changes

Hypothesis 3a: Higher perception of principal support for strategic changes will increase employee flexibility toward changes

Finally, the last stage exemplifies *organizational valance*, which is linked to type of benefits arising if the change is implemented successfully; such as for example, incentives, higher autonomy, lower costs, better attitudes etc. (Armenakis et al., 2007; Holt et al., 2009; Madsen et al., 2005). However, different researchers found that *organizational valance* confused participants within conducted surveys (Armenakis et al., 2007; Armenakis et al., 2007;

Madsen et al., 2005). Employees possessed the tendency of mixing *organizational valance* with the stage or category *discrepancy*, and were not able to understand the difference; which impacted the result negative. Therefore, for this study the category *organizational valance* have been eliminated to increase clarification.

Previous researches of strategic change have shown that employee perceiving of changes and their outcome might differ due to different factors possessing a moderating effect; organizational culture has found to be one of such factors (Alhazemi et al., 2013; Armenakis et al., 2007; Dwyer et al., 2003; Meyer et al., 2010; Scott et al., 2003). Organizational culture have found to impact strategic changes more or less due to type, working tasks, presence of national culture etc. (Alhazemi et al., 2013; Chatman and Spataro; 2005; Chatman et al., 1998). Earlier research have mainly considered organizational culture when comparing organizations, dimensions, or industries (Dwyer et al., 2003; Meyer et al., 2010; Scott et al., 2003). For this study the focus will be to investigate readiness to strategic change and how it affects employee commitment and flexibility with relation to individualistic and collectivistic organizational culture.

Culture

Organizational culture is often described as a common pattern including shared values and norms among a company's employees. It could be seen as a framework for the employees to internalize expectations, corporate roles and behaviors, which thereby, make it a control mechanism (Dwyer et al., 2003). The aim of possessing an organizational culture is to create coherency, structure and unity, which simplifies the process of reaching the organizations objectives (Meyer et al., 2010; Scott et al., 2003). Meyer et al. (2003) states that employees' perception in combination with organizational culture impacts the acceptance of changes within the firm, and those possessing a pronounced culture specifically targeting changes received a better result. Therefore, type of organizational culture play a major role in strategic changes, and whether employees have the willingness of embrace it.

According to O'Reilly et al. (1991) organizational culture impacts employees by perceiving level of congruence. Higher congruence with the organization and its members will result in employees being more suitable for their job, and are therefore, likely to stay in the company (Bem and Funder, 1978). O'Reilly et al. (1991) claim that organizations possess cultures that are more or less attractive due to type of individuals, while (Bem and Funder, 1978; O'Reilly et al., 1991; Xenikou and Furnham, 1996) found that regardless perfect fit between

individuals and organizational culture individual actions could never be predicted. However, those employees that possessed similar individual values as its organization was likely to act in favor for the firm. Authors investigating type of organizational culture, collectivistic or individualistic, states that the two concepts impacts companies differently; collectivistic culture promotes flexibility and spontaneity, while individualistic culture promote stability and control (Chatman and Spataro, 2005; O'Reilly et al., 1991). Collectivistic organizational culture also promoted higher cooperation and communication among diverse employees (Chatman and Spataro, 2005; Chatman et al., 1998). According to Chatman et al. (1998) conflicts was more salient within an individualistic culture compared to a collectivistic, employees within a collectivistic culture perceived conflicts as a way to improve; while members of an individualistic culture perceived it as competitive. Additionally, it was shown that employees within a collectivistic organization perceived themselves as more innovative, while homogenous employees within an individualistic organization possessed higher productivity (Chatman et al., 1998). Findings from Chatman and Spataro (2005) observed tangibly higher cooperation behavior among diverse employees within a collectivistic culture, and less for the same conditions within an individualistic one. At the same time, individual or collectivistic organizational culture had less visible impact on cooperation behavior among those employees that were similar. However, it was perceived from a management perspective that diverse employees' possessed better cooperation within a collectivistic culture rather than in an individualistic one, but most interesting was managers perceiving of visible high cooperation for similar employees within an individualistic culture (Chatman and Spataro, 2005). An explanation for this statement was that similar employees within a collectivistic culture could have the tendency of becoming too privately socialized, which hampers the firm's success.

Theoretical Model

Due to foregoing explanation of the subject together with the developed research question a model has been created.

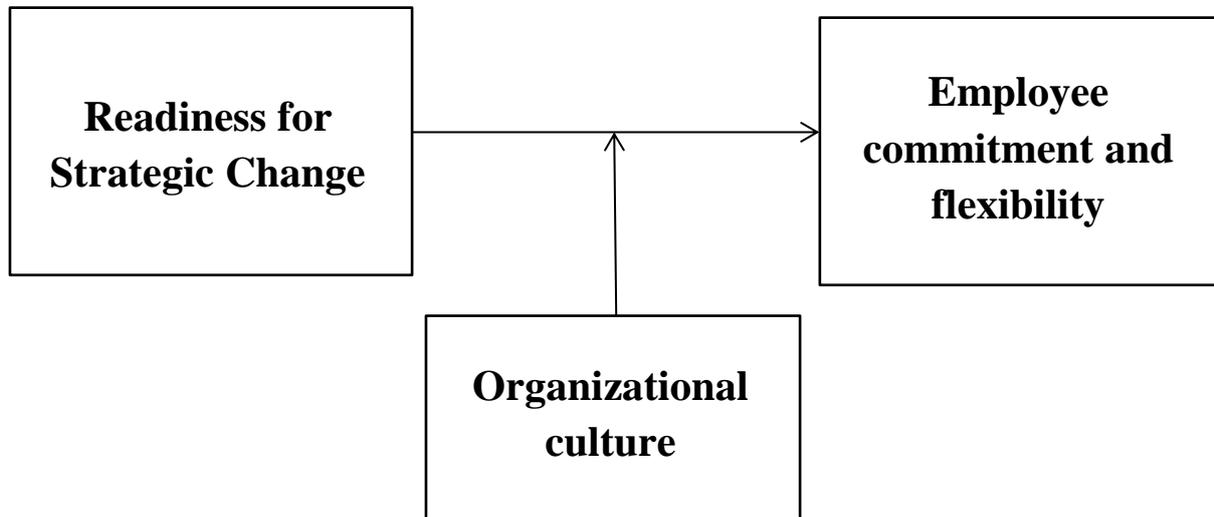


Figure 1. Theoretical Model

Method

The survey was conducted at an organization belonging to a multinational company, containing participants in four different countries. The company contains several types of organizations, which together form one multinational company and this survey targets one of these organizations. A questionnaire was chosen for the study, aiming to investigate if readiness for strategic change increases employees' commitment and flexibility towards the change, with culture as a moderating factor. The participants for the survey belonged to different functions, such as transport, finance, logistic, etc., representing the organization's line resources; employees responsible for handling the organization's daily business. The measured change in this study is represented by an internal improvement project at the organization, mainly governed and conducted from the area in Sweden; however, interaction between other areas has been present. Implementation and educational settings for the change started at *area China*, then followed by the other areas, and was conducted in collaboration with the survey dispatch. The initial sample consisted of 119 employees, 72 at the area in Sweden, 15 in the U.S., 12 in Germany, and 20 in China. In order to investigate whether type of national culture impacted employees perceiving of organizational culture a control variable regarding the subject was developed. According to several authors (Alhazemi et al., 2013; Schneider and Meyer, 2006) contradictions between national and organizational culture is

likely to have a negative impact on strategic changes, which makes controlling of this issue essential. The questionnaire was developed with an internal survey tool, and sent to the respondents by e-mail from the company's intranet in May 2014. The reason for chosen a questionnaire for the study is due to distance limitations, and ability to collect a higher amount of data. Questionnaire is a preferred type of method used for larger sample gathering and simplifies a comparison between nations and employee dimensions (Lutz and Knox, 2013).

From the initial sample a total of 62 answers were received, representing a response rate of 52 %. The remaining 57 employees were considered as non-responding. From an area level, 29 submitted answers were received from Sweden (40 % response rate), 8 from Germany (67 % response rate), 16 from China (80% response rate), and finally, 8 was received from the U.S. (53% response rate). In total one respondent chose not to state belonging area. 29 (47 %) of the respondents were female and 31 (50 %) were male; 2 respondents did not state type of gender. Gender in relation to belonging areas from the respondents was shown to be 13 (45%) females and 16 (55%) males from the area in Sweden, 2 (25%) females and 5 (62.5%) males (1, 12.5% did not state gender) from the area in Germany, 7 (44%) females and 9 (56%) males from the area in China, and 7 (87.5%) females and 1 (12.5%) male submitted an answer from the area in the U.S. One respondent did not state either belonging site or gender.

Insert Table 1 about here

Operationalization

All questions was formed and sent to the respondents in English in order to simplify the process, even if it could be stated that the area in the U.S. might perceive less misinterpretations compared to the other areas due to national language. The theoretical model of this paper aims to measure 8 hypotheses: claiming that higher perceiving of readiness to strategic change, measured by four independent variables, will increase employees' commitment and flexibility towards the change.

Three regression models were developed in order to measure the validity of the paper's theoretical model. Model 1 possessed *flexibility* as dependent variable, Model 2 possessed *commitment* as dependent variable, and Model 3 also possessed *commitment* as the dependent

variable. Both *commitment* variables measured *affective commitment*, since this type has been claimed by several to capture the field better than *continuance commitment* (Armenakis et al., 2007; Armenakis et al., 2002; Holt et al., 2009; McGee and Ford, 1987). Each model contained five independent variables: *discrepancy*, *appropriateness*, *principal support*, *efficacy* (representing different dimensions of strategic changes), and *organizational culture* (viewed as a moderating factor). The questionnaire also contained six control variables *belonging area*, *gender*, *number of years in the firm*, *number of years at current position*, *participation* and *national context*. Further, the operationalization of the dependent, independent, and controlling variables will be presented:

Strategic change was measured by six questions adapted from Armenakis et al. (2007) and Armenakis et al. (2002), representing the four dimensions of the field: *discrepancy*, *appropriateness*, *principal support*, and *efficacy*. These measurements could also be viewed in further articles (Achilles et al., 2007; Holt et al., 2009). All questions were answered with a scale of 1-7; 1 representing strongly disagree and 7 strongly agree. Each dimension contained one question except *efficacy*, which contained three questions due to the company's valuation of this dimension. These three had an adequate reliability value ($0.713 > 0.7$), and were therefore, merged into a multiplicative measurement for *efficacy*. *Organizational culture* was developed into two categories, collectivistic and individualistic, containing four statements (one reversed scored) from Chatman and Spataro (2005) also measured by a similar 1-7 scale. The reversed scored statement measured individualistic organizational culture, while the other ones measured collectivistic. Merging these four viewed that the reversed scored statement had not been correctly interpreted by the respondents due to low reliability scores ($0.176 < 0.7$). Therefore, this statement has been eliminated, while the other ones created a multiplicative interaction with an accepted reliability value ($0.885 > 0.7$).

The dependent variable *flexibility* contained three questions (Bhattacharya et al., 2005), which had a common accepted reliability value ($0.830 > 0.7$). Therefore, these variables were also merged into one multiplicative measurement representing *flexibility*. Further, the dependent variable commitment representing both regression model two and three, comprised two questions from McGee and Ford (1987) of *affective commitment*. The aim was to merge the questions of *commitment*, but due to lack in adequate reliability of the Cronbach's Alpha value $0.491 < 0.7$ this was not possible. Thereby, the *commitment* variables were measured separately by two different regression models (2 and 3). All dependent variables were measured by the same 1-7 scale that has been presented earlier.

For the control variables: *belonging area*, *gender*, *number of years in the firm*, *number of years at current position*, *participation*, and *national context* all except, *participation* and *national context* was measured by drop box questions; meaning that respondents had to choose between 2-4 alternatives, based and constructed as a nominal scale. The other two questions were measured by the same scale as the dependent and independent variables (1-7 scale, were 1 represent strongly disagree and 7 strongly agree).

Finally, due to confidentiality all information has been handled anonymous, both regarding the respondents and organization in order to increase reliability and protect the company from publication of sensitive information.

Results and Analysis

The collected data and formed hypothesis were analyzed by using a Pearson correlation test and multiple regression tests. Preliminary analyses were performed, such as scatterplots and histograms in order to ensure no violation of the assumptions of normality, linearity, and homoscedasticity were present. The found correlation will be present in table 2.

Several high correlations were found linked to the dependent variable *flexibility*. Firstly, it was highly positive correlated with all the independent variables: *discrepancy* (.461**), *Appropriateness* (0.542**), *principal support* (.294*), and *efficacy* (0.672**). This indicates that high levels of flexibility is associated with high levels of readiness to strategic change. The variable *organizational culture* was also found to have a high positive significant correlation with *flexibility* (0.513**), meaning that high levels of collectivistic *organizational culture* is associated with high levels of *flexibility*. Additionally, the variable *organizational culture* was viewed to also have a significant high positive correlation with all independent variables except *principal support* (0.117); *discrepancy* (0.492**), *appropriateness* (0.342**), and *efficacy* (0.371**). These results show that *organizational culture* not is a moderating factor for the theoretical model of this paper, instead it has a direct impact for all three dependent variables. Further, taking the control variables into account three variables was found to be highly correlated with the dependent variable *flexibility*. *Area Sweden* had a strong negative correlation (-0.468**), while *participation* (0.397**) and *national context* (0.468**) had a strong positive correlation with *flexibility*. Interpretation indicates that higher level of *participation* and *national context* is linked to higher level of flexibility towards the change, while those responding high at level of *flexibility* did not belong to *area Sweden*.

The dependent variable *affective commitment*, measuring personal value for the firm, had a significant positive correlation with all independent variables: *discrepancy* (0.42**), *appropriateness* (0.310*), *principal support* (0.272*), *efficacy* (0.348**), and *organizational culture* (0.723**). Meaning that both high values of readiness for strategic change and collectivistic organizational culture is associated with high level of commitment related to personal value for the firm. The only control variable that had a significant correlation with the first question measuring *affective commitment* was *national context* (0.390**), indicating that high values of matching between organizational and national culture is associated with high values at the dependent variable *affective commitment*, measuring level of personal meaning for the firm.

The third dependent variable *commitment*, measuring if employees considered spending the rest of their career within the firm, showed two positive significant correlations and one negative. *Organizational culture* (0.432**) and *area Germany* (0.257*) was positively correlated with the second question of the dependent variable *commitment*, interpreted as high values in collectivistic organizational culture is linked to high values of *commitment* concerning spending career within the firm; at the same time employees in Germany associated high commitment towards career loyalty for their firm.

Remaining control variables, *area U.S.*, *gender*, *number of years in the firm*, and *years at current position* was not found to be correlated, and has therefore, been eliminated from the correlation table.

Insert Table 2 about here

Before the analysis for the regression tests was conducted, the models were tested for multicollinearity by controlling of the tolerance and VIF values. The values for tolerance was found to be at lowest $0.516 > 0.1$, and the VIF values was found to be at highest $1.873 < 10$. Thereby, existing multicollinearity could be excluded. The received sample represented in average only 50% of the participants in total, this was probably due to lack of time and insecurity about the change among the employees; as the changing process were present during the time the questionnaire was handed. Additionally, the regression tests included two

of the control variables, *area Sweden* and *area Germany*, since the others were found to by previous regression tests to not impact the results.

Insert Table 3 about here

Model 1 (n=54) views that *efficacy* and *organizational culture* has a significant positive influence on the dependent factor *flexibility*, Thereby, it shows that Hypothesis 3b is supported, high efficacy leads to higher flexibility towards the change, while Hypothesis 1a, 1b, and 1d not is supported due to lack in individual significance for each variable measuring strategic change (*discrepancy*, *appropriateness*, and *principal support*) within the model. Model 1 also showed to be strongly negative significant with the control variable *area Sweden*, meaning that employees belonging to that area did not relate the change to higher level of flexibility. Variations among the independent variables in model 1 represent 56 % of the total variance for the dependent variable *flexibility* (Adj.R²=0.560).

Model 2 (n=53) shows that the independent variable *organizational culture* and the control variable *area Sweden* are highly positive significant with the dependent variable *affective commitment*, measuring personal value of the firm. This demonstrates that both variables influence the dependent variable positively by increasing the level of employee commitment. A high collectivistic organizational culture increases the level of employee commitment within the firm for strategic changes. In contradiction to model 1 the control variable *area Sweden* is positively significant for this model instead of negative, which shows that employees belonging to this area highly values the firm personally. The independent variables for this model represent 57.6% of the total variance for the dependent variable *affective commitment* (Adj.R²=0.576).

For model 3 (n=54) the independent variable *organizational culture* was found to be positively significant to the dependent variable *affective commitment*; measuring if employees considered to spend the rest of their career within the firm. The control variable *area Sweden* on the other hand was considered to be strongly negative significant. This means that *organizational culture* influences the dependent variable positively; higher perceiving of collectivistic organizational culture increases employees level of *affective commitment*. However, the negative significance for *area Sweden* shows that employees belonging to this area did not strongly consider spending the rest of their career within the present company.

The variations among the independent variables in model 3 represent 23.9% of the total variance for the dependent variable *affective commitment* (Adj.R²=0.239).

Together the results of model 2 and 3 views that Hypothesis 1a, 2a, 3a, and 4a not are supported, since all the independent variables measuring strategic change (*Discrepancy*, *Appropriateness*, *Principal support*, and *Efficacy*) not were significant. However, the two models showed that *organizational culture* represent a major part of the influence on *affective commitment*. Model 2 shows partial correlation=0.614 for *organizational culture*, which representing the variable's unique contribution for the dependent variable *commitment* to be 37.7% (part corr. $0.614^2=0.377$) of Adj. R²=56%. In other words it could be explained that an elimination of the variable *organizational culture* will decrease the factor Adj. R² (56%) by 37.7%. Model 3 also shows that the variable *organizational culture* has the main influence for *affective commitment*; 10.8% (Part corr. $0.328^2=0.108$) of Adj. R²=23.9%. Comparing these values with the ones in model 1, shows that the values in model 1 are more equal distributed among the significant variables; *efficacy* 6.9% (Part corr. $0.262^2=0.069$), *organizational culture* 5.4% (Part corr. $0.232^2=0.054$), and *area Sweden* 6.8% (Part corr. $0.261^2=0.068$) Adj. R²=57.6%. This indicates that *organizational culture* have less impact for the dependent variable *flexibility* compared to the impact level for the other dependent variables measuring *affective commitment*.

Further, according to Pallant (2011) an increasing amount of independent variables for regression tests increases the risk of overlapping between variables. Therefore, additional tests were conducted in order to discover a possible relationship between readiness for strategic change and employee commitment and flexibility, which will be presented in the next section.

Ad hoc

As mentioned earlier the partial correlation for *organizational culture* was found to represent the majority of the relationship for the dependent variables, this variable might according to Pallant (2011) overlap a relationship for the other independent variables. Due to this statement additional regression tests, and independent samples tests were conducted.

Separate regression tests for the remaining independent variables all showed positive significance for the dependent variables: *flexibility*, and *affective commitment*, measuring personal value. While for the dependent variable *affective commitment*, measuring career loyalty, a significant relationship was not found for any of the independent variables measuring readiness for strategic change. This indicates that readiness for strategic change has

a positive influence on especially *flexibility*, while this relationship is more doubtful for *affective commitment*; since one of the dependent variables measuring *affective commitment* did not show any significant relationship with the independent variables for strategic change when these were tested separately. Additionally, *national context* also showed positive significance at the separate regression tests in model 1 and 2, indicating that higher matching between national and organizational culture increase *flexibility* and *commitment* towards the change. While the variable *participation* was positively significant in model 1, showing that high level of participation increases employees' flexibility towards the change.

Insert Table 4 about here

Finally, the performing of regression tests showed that the control variables *area Sweden* and *area China* had a significant difference for the dependent variables. Regression tests for the three models that contained both variables did not show any significance, either positive or negative. While regression tests only containing *area China* showed positive significance for both model 2 and 3, while *area Sweden* showed negative significance for model 1 and 3 but positive for model 2. An independent samples test was conducted in order to determine the significant difference between the two variables, which were present for model 1 and 2.

Insert Table 5 about here

Next section will present and summarize the main findings from this dissertation, and the consistent to previous research. Following areas such as, practical and theoretical contribution will be discussed, together with ethical considerations and future research.

Discussion and conclusions

Employees' commitment and flexibility toward organizational changes has been claimed to increase by higher level of readiness for strategic changes (Armenakis et al., 2007; Armenakis et al., 2002; Holt et al., 2009; Samarawickrema, 2005; Vitiello et al., 2011), however, the empirical investigation in this study did not show a strong support for this relationship. The different measurements of strategic change tested in three regression models were not found to have a significant influence on the dependent variables *affective commitment* and *flexibility*,

except in model 1 were *efficacy* had a positive significant influence on *flexibility*. However, the independent variables, measuring strategic change, tested separately for multiple regression did show significance. This indicates some present relationship between readiness for strategic change and employee commitment and flexibility, even though it is overlapped by the factor *organizational culture* within the models; this relationship could also be seen and strengthened by the correlation in table 2.

A major finding for this paper was the high impact of *organizational culture*, which showed to not play a moderating role for the theoretical model of this paper; instead it has a direct impact on employee commitment and flexibility. The strong positive impact from *organizational culture* towards employee commitment and flexibility for the present change within the company could be explained by size and operating areas. Higher number of employees increases diversity, and previous studies stated that companies possessing diverse detailed skilled employees' favors from a collectivistic organizational culture (Chatman and Spataro, 2005; Bem and Funder, 1987; Ford et al., 2008; O'Reilly, 1991); which was found to be coherent with the result from the study. Another reason for this relationship could be the firm's distinctive organizational culture, a distinctive culture creates congruence, which increases the similarity between individual and organizational values; making employees more committed towards the company's objectives and strategic changes (Xenikou and Furnham, 1996; O'Reilly et al., 1991; Bem and Funder, 1978). The presence of diverse employees could also explain the positive influence by *efficacy* for the dependent factor *flexibility*. Possessing variety skilled employees make the firm able to adjust and resolve changing requirements, and thereby, increases employees confident of embracing changes; found to impact *flexibility* positively. The positive relationship between *efficacy* and *flexibility* might also originate from shared responsibility, since everyone contributes with their specific skills and make the employees more comfortable during changing circumstances (Ford et al., 2008; Feldman and Pentland, 2003; Vitiello, 2011).

When exploring the data further, the diverse perceiving's between employees at *area Sweden* and *area China* for model 1 and 3 could be due to differentials between national cultures or educational settings (Alhazemi et al., 2013; Samarawickrema, 2005; Schneider and Meyer, 2006). Even though *national context* were found to be highly significant at the separate regression tests and both areas were found to valuating the firm personally, which increased the employees' commitment towards the change, there was a significant difference between the two areas whether employees considered spending the rest of their career within the firm.

A reason for this difference could be due to society expectations; employees in Sweden usually do not consider spending their whole career within the same company, while this type of firm loyalty might be higher in China (Alhazemi et al., 2013; Samarawickrema, 2005). However, this finding contradicts to the current condition within the company, since employees at the *area China* tend to switch employer more often compared to employees at *area Sweden*. Reasons for this contradiction could be based on insecurity from the respondents regarding their anonymity within the survey, thereby, an unclear vision of the reality was given. For model 1 the significant difference in influence for *flexibility* between the two areas (negative for *area Sweden* and positive for *area China*) contradicts to previous research; participation has been found to increase both employee commitment and flexibility towards changes (Ambrosini, 2012; Choi, 2011; Kogetsidis, 2012; Raman, 2009). For this study the employees at *area Sweden* probably had a higher participation level compared to other areas since the change was governed from *area Sweden*, and therefore, should possess higher *flexibility* compared to other areas. However, this might be influenced by the fact that *area China* was the first educated area regarding the change and its implications, which make them feel higher *commitment* and *flexibility* towards the change as they feeling prioritized by being first (Perrow, 1998). Additionally, Samarawickrema (2005) claims that level of flexibility differentiates due to national perceiving; in other words the two areas might have different views of high and low flexibility, which also could explain the significant difference between the two areas.

Practical contribution, this paper could be used by several international companies when conducting organizational changes to increase their employees commitment and flexibility. The positive influence by organizational culture might encourage other firms to possess a distinctive collectivistic organizational culture to increase congruence and higher positive effects for their strategic changes. However, due to aim and purpose of new changes it might be considered that this impact was found to be stronger for commitment. At the same time, higher level of readiness for changes should also be reflected as this was found to positively impact both employee commitment and flexibility, even though this influence was found to be partial as it was mainly shown at the separate regression tests. What could be an important notification here as well, due to aim of future organizational changes, is that this partial relationship was found to be stronger for employee flexibility compared to commitment.

The theoretical contribution of this paper is that organizational culture at certain companies could have stronger impact on employee commitment and flexibility at strategic changes then

what earlier have been expected, especially at a presence of a distinctive organizational culture. This impact was also considered to decrease or overlapping the impact of readiness for strategic change, which is something that not has been considered in previous research.

As for ethical contribution, this paper indicates that respondents sometimes could feel insecure about if the collected data actually will be handled anonymously, since mentioned earlier, findings does not always reflect the reality. In addition, a distinctive organizational culture simplifies the cooperation among different nationalities, thereby, helps firms gain from operating at foreign market by optimizing resources from different locations and become more efficient; which should be seen as beneficial for the society as it promote growth and knowledge sharing.

Future research should consider to further investigate the level of impact organizational culture has at strategic changes within international and multinational companies. This relationship lacks empirical data, and most certainly differentiates due to changing circumstances. This investigation possess a narrow focusing of a multinational company, which limiting the ability of drawing conclusions; the impact of organizational culture might be different in other organizations belonging to the company or among other companies possessing another type pf organizational culture or a less distinctive one. Also awareness should be taken to aspects regarding that the educational setting and participating levels were taking place differently at the different areas included in the sample, which thereby, might impacted the respondents' answers. Further, another aspect would be to investigate whether there is a difference for the investigated relationship between international and national operating companies, since assumptions might be made that a national company do not make the same effort of building up a distinctive organizational culture as this will come more naturally due to better matching of national culture. Finally, in this study organizational culture was measured by four different statements representing independent variables but lack a related hypothesis due to time limitations, adding this for future research would increase the validity of forthcoming studies.

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Table 1: Descriptive statistics

| Variable | Frequencies | Percentage | Missing Values |
|---|--------------------|-------------------|-----------------------|
| Area | | | 1 |
| Area Sweden | 29 | 46.8 | |
| Area Germany | 8 | 12.9 | |
| Area China | 16 | 25.8 | |
| Area U.S. | 8 | 12.9 | |
| Gender | | | 2 |
| Male | 31 | 50 | |
| Female | 29 | 46.8 | |
| Number of years in the firm | | | 5 |
| 0-2 years | 14 | 22.6 | |
| 3-5 years | 7 | 9.7 | |
| 6-10 years | 15 | 24.2 | |
| > 10 years | 22 | 35.5 | |
| Numbers of years at current position | | | 3 |
| 0-2 | 33 | 53.2 | |
| 3-5 | 9 | 14.5 | |
| 6-10 | 14 | 21 | |
| >10 | 4 | 6.5 | |

Note n=62

Table2: Descriptive Statistics and Pearson Correlation Coefficients

| Variable | Mean | Std Dev | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. |
|--------------------------------|--------|---------|----------|--------|--------|---------|---------|---------|---------|--------|---------|---------|---------|---------|
| 1. Area Sweden | 0.4677 | 0.50303 | 1 | | | | | | | | | | | |
| 2. Area Germany | 0.1290 | 0.33797 | -0.361** | 1 | | | | | | | | | | |
| 3. Area China | 0.2581 | 0.44114 | -0.553** | -0.227 | 1 | | | | | | | | | |
| 4. Participation | 4.2833 | 1.86939 | -0.305 | 0.084 | 0.233 | 1 | | | | | | | | |
| 5. National context | 5.4035 | 1.22270 | 0.078 | -0.020 | -0.144 | 0.182 | 1 | | | | | | | |
| 6. Discrepancy | 5.8689 | 1.34753 | -0.079 | 0.220 | 0.053 | 0.342** | 0.422** | 1 | | | | | | |
| 7. Appropriateness | 5.3667 | 1.28837 | -0.251 | 0.156 | 0.033 | 0.385** | 0.448** | 0.638** | 1 | | | | | |
| 8. Principal support | 5.8644 | 1.37035 | -0.052 | -0.090 | 0.033 | 0.428** | 0.561** | 0.330* | 0.431** | 1 | | | | |
| 8. Efficacy | 5.3571 | 1.03252 | -0.267* | 0.161 | 0.037 | 0.327* | 0.542** | 0.482** | 0.600** | 0.312* | 1 | | | |
| 9. Organizational culture | 4.6092 | 0.84728 | -0.221 | 0.136 | 0.058 | -0.006 | 0.389** | 0.492** | 0.342** | 0.117 | 0.371** | 1 | | |
| 10. Flexibility | 5.0904 | 1.11216 | -0.468** | 0.208 | 0.250 | 0.397** | 0.468** | 0.461** | 0.542** | 0.294* | 0.672** | 0.513** | 1 | |
| 11. Commitment -personal value | 5.4211 | 1.16416 | 0.098 | 0.048 | -0.194 | 0.144 | 0.390** | 0.412** | 0.310* | 0.272* | 0.348** | 0.723** | 0.473** | 1 |
| 12. Commitment -career loyalty | 4.7797 | 1.55439 | -0.437** | 0.257* | 0.161 | 0.30 | 0.123 | 0.002 | 0.182 | 0.084 | 0.086 | 0.432** | 0.351** | 0.339** |

**p<0.01

*<0.05

Table 3: Results of regression tests for the three models

| Variables | Model 1 | | | Model 2 | | | Model 3 | | |
|------------------------|-----------|-----------|------------|-----------|-----------|------------|----------|-----------|------------|
| | Std.B | Std.Error | Part Corr. | Std.B | Std.Error | Part Corr. | Std.B | Std.Error | Part Corr. |
| Discrepancy | 0.079 | 0.113 | ,059 | -0.057 | 0.122 | -0.043 | 0.112 | 0.213 | ,083 |
| Appropriateness | 0.091 | 0.116 | ,066 | 0.059 | 0.125 | ,043 | 0.029 | 0.219 | ,021 |
| Principal Support | 0.116 | 0.091 | ,103 | 0.134 | 0.098 | ,119 | 0.119 | 0.171 | ,106 |
| Efficacy | 0.353** | 0.129 | ,262 | 0.083 | 0.139 | ,062 | -0.316† | 0.243 | -,235 |
| Organizational Culture | 0.278** | 0.142 | ,232 | 0.743** | 0.153 | ,614 | 0.394** | 0.266 | ,328 |
| Area Sweden | -0.294** | 0.220 | -,261 | 0.301** | 0.236 | ,270 | -0.358** | 0.414 | -,318 |
| Area Germany | -0.070 | 0.373 | -,063 | -0.009 | 0.437 | -,009 | 0.080 | 0.702 | ,072 |
| F-value | 10.632*** | | | 11.100*** | | | 3.380** | | |
| Adj. R ² | 0.560 | | | 0.576 | | | 0.239 | | |
| VIF value, highest | 1.809 | | | 1.796 | | | 1.873 | | |
| | | | | | n=53 | | | | n=54 |

Note: *** p < 0.001 **p < 0.001, *p < 0.05, † p < 0.10

Table 4: Separate regression tests for each independent variable measuring staretgic change

| Variables | Flexibility | | | | Commitment -Personal value | | | | Commitment -Career loyalty | | | |
|-------------------|-------------|-----------|---------------------|----------|----------------------------|-----------|---------------------|----------|----------------------------|-----------|---------------------|---------|
| | Std. B | Std.Error | Adj. R ² | F-value | Std. B | Std.Error | Adj. R ² | F-value | Std. B | Std.Error | Adj. R ² | F-value |
| Discrepancy | 0.461** | 0.115 | 0.198 | 15.084** | 0.412** | 0.125 | 0.155 | 11.066** | 0.234 | 0.175 | 0.038 | 3.239 |
| Appropriateness | 0.542** | 0.108 | 0.281 | 22.925** | 0.310* | 0.132 | 0.079 | 5.645* | 0.182 | 0.180 | 0.016 | 1.886 |
| Principal Support | 0.294* | 0.116 | 0.070 | 5.222* | 0.272* | 0.124 | 0.057 | 4.319* | 0.084 | 0.170 | -0.011 | 0.391 |
| Efficacy | 0.672** | 0.110 | 0.441 | 44.402** | 0.348* | 0.147 | 0.104 | 7.163* | 0.086 | 0.205 | -0.011 | 0.405 |
| Participation | 0.397** | 0.070 | 0.143 | 10.488** | 0.144 | 0.075 | 0.003 | 1.150 | 0.030 | 0.109 | -0.017 | 0.051 |
| National context | 0.468** | 0.107 | 0.205 | 15.428** | 0.390** | 0.121 | 0.137 | 9.715** | 0.123 | 0.170 | -0.003 | 0.841 |

Note: **p < 0.01, *p < 0.05

Table 5: Independent samples test for control variables area Sweden and area China

| Independent Samples Test | | | |
|--|---------------------|-----------------------------------|-----------------------------------|
| Variables | Flexibility | Commitment -Personal value | Commitment -Career loyalty |
| | Sweden/China | Sweden/China | Sweden/China |
| Sweden: Mean | 4,5476 | 5,5357 | 4,0714 |
| China: Mean | 5,5417 | 5,0625 | 5,1875 |
| Standard Deviation: Sweden | 1,08947 | 1,42678 | 1,74119 |
| Standard Deviation: China | ,70842 | ,68007 | ,91059 |
| Confidence intervall for difference; Upper | -0,38012** | 1,24102 | -0,16843* |
| Confidence intervall for difference; Lower | -1,60797** | -,29459 | -2,06371* |

Note: **p < 0.01, *p < 0.05

Appendix 1: Questionnaire

Background

1. Site
2. Gender
3. Number of years in IKEA
4. Number of years at present position
5. According to myself, my participation level for the CHS project has been

Strategic change

Explanation of the scale 1= strongly disagree, 7= strongly agree

Discrepancy

6. I think that the planned changes are needed to improve the operation and make the company more effective

Appropriateness

7. I think that the proposed changes are suitable for the specific needs

Principal Support

8. I feel that my manager support the proposed changes

Efficacy

9. I am ready to contribute to the implementation of the proposed changes
10. I think I have the power to make the change happen within my working field
11. I think that changes are easy implemented at IMS

Moderating Factor

Explanation of the scale 1= strongly disagree, 7= strongly agree

Culture

When I define my organization how characteristic are the following adjectives:

Team-oriented

Collaborative

People-oriented

Competitive

Outcomes

Explanation of the scale 1= strongly disagree, 7= strongly agree

Commitment

12. This organization has personal meaning to me
13. I consider spending the rest of my career within this firm

Flexibility

14. I believe the employees in my organization have the competence responding to incoming CHS cases in relation to timelines
15. The company's employees are flexible to meet the changing nature of the user needs