How leaders take on the challenge of leading change while being changed themselves

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As result of an internal, strategic report on organisation structure and building resilience for the future in a modernised statistical office, Statistics Norway underwent considerable changes in 2017, involving the reshuffling of work between two locations. A major reorganisation process was carried out in Statistics Norway during 2017. Two large statistical departments were involved, and some 50 employees got their work content replaced as results of tasks being moved from one geographical unit to another, while staff remained at the original place of work. A major implementation programme of knowledge transfer and the establishment of new organisational units were carried out. The new organisation was up and running from 1.1.2018, while the knowledge transfer is ongoing and will take place over a longer period during 2018. The purpose of the change is to build a resilient organisation, characterized by being more flexible to future needs for new products and innovation, while at the same time maintaining a high level of quality in the products and their delivery.

The paper will look at the implications for managers, especially middle managers, in handling change for themselves and the teams they are leading. We will look at the role of middle managers and the stress they face when handling conflicting interests. We will present and discuss challenges, barriers, success factors and what skills and capabilities managers mobilised to lead the change process. We will present the main elements of the process support we provided from HR and the key learning points we made during the process.

1. Introduction

Modernisation, effectiveness and productivity gains form the backdrop for every change in Norway's public sector. Large scale organisations such as the tax office, inland revenue and social services are being digitalised. Comprehensive change programmes are being implemented with strong influence on thousands of public sector employees. A natural drop in personnel number takes place across the public sector through various measures, mostly non-coercive. A typical measure is to refrain from replacing employees going on retirement. Statistics Norway (SN) now counts 846 employees, down from a high point of 1014 employees in 2009. It is likely that Statistics Norway will have to manage with fewer employees in the future to meet tougher budget targets and restricted public funding. Ambitions for change, notably modernisation of production process and digitalisation remain high. However, the belief in large scale, comprehensive programmes are being modified, which does influence the effects on organisation. There will be change programmes and investments for modernisation, but likely to be more incremental than originally planned. Nevertheless, the Ministry of Finance seems to continue to have high expectations for Statistics Norway: believing that more statistics output can be delivered with less manhour input – still with the same quality, actuality and above else: even higher standards.

From a Human Resources perspective this backdrop poses several challenges, both from managerial perspectives and work ethic concerns. How do leaders motivate and manage a work force continuously put under pressure and with increasing uncertainty about the future, especially when the same employees have for years worked under stabile conditions with forced changes few and far between? Employees are not of one and the same fabric. A new generation has entered the organisation and the workforce is becoming more diverse. How do leaders manage to retain young employees when changes aren't happening fast enough? Are leaders themselves comfortable with adding strain to people's work life when unwelcome changes are carried out? Middle managers especially are facing pressure from above and below and find themselves being at the very cross road of conflicting interests.

It is with all this in mind, very appropriate that HRMT put resilience on organisations as its core topic for this conference. It is of key interest to HR to help organisations through a change process and to see the organisation get back to a new normal status, even stronger, as soon as possible after such an upheaval as a change process can be. It is also a key aspect for HR that both leaders and employees can remain productive and well during a change process and are protected against negative effects from stress. Psychological resilience exists in people who develop psychological and behavioural capabilities that allow them to remain calm during chaos and to move on from the incident without long-term negative consequences. Psychological resilience is an evolutionary advantage that most people have and use to manage normal stressors.

This paper looks at a reorganisation in two large departments in Statistics Norway in 2017 and 2018. Some 350 employees were affected by a reshuffling and new bundling of statistical products into new organisational units. Some statistics move from being produced

in one location to another, Statistics Norway being situated in two cities in Norway, 10 km apart.

Despite a thorough decision-making process, involving unions and using both consultation and negotiations mechanisms, the discontent remained high with considerable controversy about the rationale for the change.

The actual change of which products to work with, took place autumn 2017. Employees were placed to new products after a competency assessment and individual talks. The implementation in terms of knowledge transfers is ongoing throughout 2018.
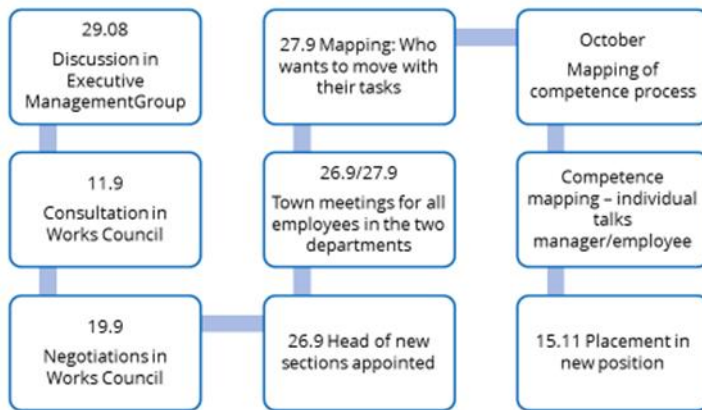
The key focus is to look at how leaders took on the challenge of leading change while being changed themselves. The perspective of resilience is again very useful when looking at how leaders coped. Resilience is the result of individuals being able to interact with their environments and the processes that either promote well-being or protect them against negative risks. Originating from psychological research, resilience is now also used in organisational theory to show how organisations and individuals respond to negative stress factors.

2. The change process as result of new organisation design

The Executive management group of SN initiated in the spring of 2017 a plan for reorganising of the two main statistical departments. The foundation of this change was an assessment of competence clusters in both locations of SN, Oslo and Kongsvinger. 40% of SN employees are located at the Kongsvinger site and the rest in Oslo. The reshuffling of statistics into new clusters was designed to enhance competence, flexibility and innovation. It was argued for which statistical products naturally belonged together or would benefit from being handled in the same organisational unit. The rationale was met with considerable controversy internally. Some argued that competence should be maintained with the same group of people where it had evolved over time, often decades. This argument encompassed the concept of tacit knowledge. Experience gained over time with the specific statistical product was not to be underestimated as contributor to the quality of the service. Some argued that in a modern, high-tech organisation like SN, there is no need to place organisational units in one location. Management was reluctant to remote management and argued for better cooperation and knowledge transfer between colleagues when the whole unit was on the same site. Also, the call for innovation was a factor for reshuffling and creating new competence clusters. As in many organisations, the views differed between managers and employees regarding how long it takes to learn a new statistical product or group of products. It can easily be said that managers tend to underestimate, while employees aggregate, as a generalisation.

The process was thorough as is shown on the timeline below. Still, the process was fraud with discontent, not over the process itself, but with the actual necessity of the change. 60 employees were directly involved and some 50 were finally placed in new units and handling new products. However, it must be argued that all 350 employees in the two departments were in some way affected by the changes.

Process for org change in two statistical deparments A300 og A400

29.08 Discussion in Executive ManagementGroup	**27.9 Mapping:** Who wants to move with their tasks	**October** Mapping of competence process
11.9 Consultation in Works Council	**26.9/27.9** Town meetings for all employees in the two departments	**Competence mapping** – individual talks manager/employee
19.9 Negotiations in Works Council	**26.9 Head of new sections appointed**	**15.11 Placement in new position**

Middle managers, in their positions as heads of sections, were also affected. In the most extreme, some managers were heads of units that ceased to exist in the new set-up. All had to apply for new jobs as part of a normal recruitment process. According to Norwegian law, jobs must also be posted on the external job market. One manager left SN as a result of this change process.

3. What managers experienced

I have, for the purpose of this paper and for the sake of confidentiality, extracted impressions from interviews with six middle managers and summarised into negative and positive learnings.

3.1.   What didn't work well

The recurring problem in this change process in SN is the lack of accepted answer to "WHY change?" The rationale did never get sufficient support among employees and in some cases, the middle managers found it hard to rally support themselves for the "why" as argued by top management. The lack of understanding/acceptance made it especially hard for the middle managers in the process. The middle managers, who are in fact first line managers, were the ones who constantly faced the employees. The top managers met employees more occasionally. It was a considerable strain to stand in the heat over a long period. The process lasted up to Christmas, which came as a welcome – and necessary break, when several managers felt that the limit for their energy was reached.

The daily work routine was significantly disrupted through the process. The normal working hours were spent handling employees' responses, concerns and views. The managers faced

queues of employees outside their office, resulting in all other business to be done late afternoon when people had left work. Some had considerable overtime during the second half year of 2017.

Managers felt the wear-and-tear of comforting others. It was by some felt as a strain asking for loyalty from employees when managers themselves actually shared the criticism for ongoing changes. Most managers chose to be honest also when they disagreed with top management on details of the process, but every manager called for loyalty once decisions were made. However, there have been a few examples of heads of sections having left SN or moved to other non-managerial jobs internally in the aftermath of the reorganisation.

Managers are conscious of their own integrity among colleagues who know them well and for the prospect of future cooperation and personal standing. To be seen as trustworthy, is something these managers are very much aware of.

Since the reorganisation was related to a number of statistical products, some managers felt the need to agree or disagree on the fate of each and every product. This made it more difficult to agree with everything as it was broken down into single aspects of a whole complexity. For many, it was difficult to take a "helicopter view" while top managers could more easily take only the full picture into account, and this way distance themselves from the details.

Another strain reported by managers was the concern for key competence. Certain areas of expertise were hit by people leaving SN. The managers were left with the job to sort out the competence gap, which often meant asking others to do more and to learn to do the task themselves, on top of everything else.

Managers also experience that employees became suspicious when they didn't get a reasonable answer to their question "why?". When the rationale given wasn't seen as plausible, people started to look for hidden agendas. Their conjectures were tried out on their immediate managers, who had to fend off conspiracy theories and other small and big assumptions.

As the change process moved on, the managers could focus on more constructive actions, like supporting employees in getting the best possible placing for new tasks. This gave new energy as it channelled efforts into constructive actions.

A recurring remark is that there has been a great deal of learning for managers throughout the process. It's a different type of learning than you can train for - because it affects yourself personally and you are present all the time and have to deal with the change and at the same time doing the normal job.

One concrete experience that stood out was that routines were broken and yet in times of change we need routines the most. Regular meetings and other routines stopped taking place. Leaders withdrew and avoided facing subordinated as a group. Avoidance became the norm. This experience was in some parts of the organisation but not overall.

3.2 What did work well

Most managers in the change process have gone through the process with positive learning and experience, despite realising many of the same difficulties as mentioned above.

The lack of acceptance in the organisation for the necessity of the reorganisation, is a topic for everyone I talked with. The handling of this fact, varies between managers.

What seems to influence the change process and how successful it is conceived to be, is how opinions and discussions were dealt with. Some express that although there were different opinions about the best way to organise and cluster statistics, managers were invited to speak up and argue from their point of view. The director listened and allowed discussion but was clear and conclusive about when to move on. The attention of the middle managers was then channelled on to new areas and feelings were not wasted on lost causes. This also gave a sense of dynamic direction and that process steps were taken, and progress was being done.

The support from peers was a great benefit for middle managers. Not just in handling the change, but cooperation of getting the daily business done.

Another key element in making the change process work well, was to know the detailed plans, and having been involved in making them. Even though it is not possible to plan for everything in a complex process, it is important to have the foundation and then be able to deal with deviations and surprises that are bound to happen along the way.

Clear signals from own manager also mattered. It was seen as useful to know what and when to influence and when to let go. This made it possible to spend effort and hours on things that actually made a difference. The effect is avoiding energy being wasted on ineffective activity.

4. Challenges and barriers

Many argue that is it in the human nature to resist change, that resistance to change is a trait for survival. Perhaps it is demanding for knowledge workers to accept change not invented by themselves. Authority in Norway comes less from the office itself or title of a decision-making body, but from the general acceptance of the sense of the actions of that body. Modern day employees are used to challenge decisions and are given a voice in matters concerning their work life through legislative rights. Top management teams need to take into account the reactions to their strategies and plans before being sure that changes will take place. Strategy consultants say that 70% of change programmes fail.

Then, on the other hand, it helps if the organisation is used to change and has successfully implemented change before. The maturity of the organisation for dealing with change, needs therefore be considered. Sometimes gradual and step-wise change is introduced to mature the organisation by means of a "learning by doing" approach.

When the rationale for change was being challenged, top management tried to further explain and strengthen the communication, but to no avail. The views were too far apart.

The organisation has learnt to deal with it, things move forward now during the implementation and knowledge transfer, with the exception of a few leavers.

The devil is in the details and managers discovered the unintended consequences of letting people move on to new, internal jobs they had applied for. In retrospect, managers say that we should have insisted on people worked the whole of their resignation period in the original job, rather than, as often happened, letting them leave early to go to another job internally.

Some say that a certain amount of internal warfare took place: sections doing what's best for them to the detriment for other sections, despite a thorough plan for implementation to avoid this. It's impossible to plan for everything

The unions have been focal in addressing the concerns on behalf of their members. However, the unions consist of a diverse group of employees with different views on the reorganisation. For the employee representatives, the process must have been a strain, caught between conflicting interests among members of the same union and a management "willing to listen, but not to adjust."

A key learning for top management has been that too many changes were being introduced at the same time. The ambitions for change from the Managing Director and her Executive management group were too high. The reorganisation of the two statistical departments was introduced in parallel with two other major change initiatives: the restructuring of the research department and the major modernisation programme. The restructuring of the research department was stopped by the Ministry of Finance and the modernisation programme has been modified/delayed, also by the Ministry.
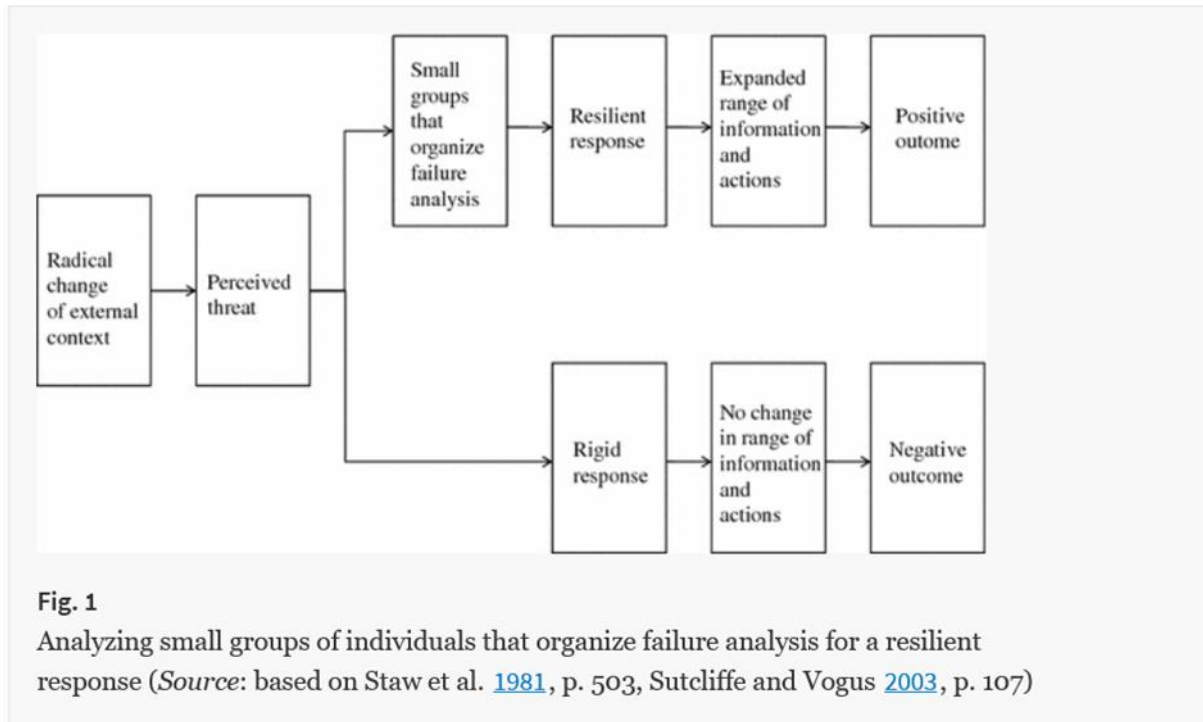
5. Success factors

The loyalty to SN in the organisation has proven strong throughout the process, despite being hard tried. Employees being placed into new units take on new tasks, despite a feeling of loss for the area of expertise they no longer work with. The pride in working for SN seem to be intact. Indeed, the future is promising when employees taken on the challenge of change and accept to learn new skills. Many take professional pride in demonstrating own adaptability for new work areas. Another success factor is the willingness employees have in helping colleagues learn a new area of expertise.

A key success factor is that top management has planned for a long implementation period. Considerable cooperation between delivering and receiving sections is taking place. Managers are responsive and flexible to needs as we go along.

Building on research on resilience in organisations, our own experience support the model as described in the C.O.R.E. model where Control, Ownership, Reach and Endurance are being looked at. For SN, a success factor has been when middle managers have the means and capacity to give resilient response to the required actions. The likelihood for success is further strengthened when employees are empowered. An experienced statistician expressed the opinion of many when she reassured me: "Let us handle the knowledge

transfer between colleagues without hands-on management, and we shall deal with it handsomely."

Measuring organisational resilience according to the C.O.R.E. model:

Fig. 1

Analyzing small groups of individuals that organize failure analysis for a resilient response (*Source*: based on Staw et al. 1981, p. 503, Sutcliffe and Vogus 2003, p. 107)

From Hutter, G.

6. Skills and capabilities of managers

The change process has strengthened the skills and capabilities of the managers involved. The degree of involvement with their subordinates has also increased. Managers say that only by actively engaging in the tasks of their teams, are they capable of implementing the change. Furthermore, they tell us that they have had to obtain relatively detailed knowledge of the whole range of products in order to know what needs to be done. Managers rely on a combination of detailed planning upfront as well as applying flexibility for handling things that occur without being planned for. They have learnt to be inventive and adjustable to make things right, also when they have lacked resources. Regular monitoring of deviations is being carried out in weekly meetings and resources are being reshuffled as necessary at the beginning of every week. A constant and vigilant attention is being carried out by managers for statistics to be produced and being delivered while knowledge transfer is still ongoing. Three process streams are running in often parallel: teach own tasks to a colleague, learn new tasks from another colleague and run the production process.

The biggest challenge for managers is to understand the complexity of the process. A manager need to apply different approaches to subordinates as they all respond in their own capacity. Managers need to take balanced action to how rewarding versus maintenance type

tasks are being distributed between employees. During the change process, recruiting from the external labour market has also been necessary, which means that managers have had to do onboarding and additional training as well.

7. Process support from HR

Since the reorganisation process involved two departments with reshuffling within and between departments, HR took a role in coordinating the activities and for guaranteeing a sound process. We established a work group where each member had a particular role for the organisational units involved. This group designed the process instruments and guidelines, such as the process steps and templates for competence mapping and meetings. HR also designed the placing meetings for managers.

During this work, HR had extensive collaboration with the employee representatives of the four unions we have in SN. This was a positive and constructive experience and this contact improved the content of the process.

"A capacity for resilience can be developed and managed. This implies that HR professionals could help their firms effectively analyze and respond to environmental conditions by communicating a strong and clear organizational purpose to encourage decision making and action that is consistent with the firm's core value. In addition, HR managers should ensure their firms develop the capacity to successfully address competing objectives." (Lengnick-Hall et al 2011).

For HR in SN it has been important to understand the business needs and align our activities to these, and at the same time guarantee that the process follows rules and regulations and takes due consideration to the well-being of our employees.

8. Conclusion

As in most change processes, focus is mostly on the rationale for the change and the acceptance or resistance for the change in the workforce.

SN learned that too many processes were initiated at once with the outcome that some were stopped or modified. The maturity for change in the organisation must be understood and was in SN's case not fully considered. The rational for change was not accepted by unions and many employees. From an anonymous employee survey in January, it was expressed that employees were split in their view on the changes, but those in favour of change, did not feel it to be opportune to express positive attitude to change. This indicates that with emphasis on rallying support for the reorganisation process, more support from employees could have surfaced.

However, the main factor for making changes is to be found within the middle managers and how they take on the challenge for change while being changed themselves. How the organisation manages to mobilise its middle managers are of utmost importance for the success of the change process.

What we have learned in SN during the process of reshuffling and making new organisational units in two sites, is that middle managers are key to making change happen.

Our middle managers have demonstrated resilience in being able to take on new positions for themselves, take on new team members/subordinates, learn new areas of expertise, widening their control span, handling processes in parallel and engage with employees in a new way.

"… change is an inevitable feature of organizational life. Sometimes change is mandated by powerful external agents. Sometimes change is the natural consequence of interdependence and interaction. Sometimes change is a deliberate strategic initiative designed to increase competitive advantage. Regardless of the causal trigger, organizations must be able to efficiently and effectively alter their resources, competencies, and business models in order to go beyond bouncing back and instead flourish in shifting conditions." (Lengnick-Hall et al, 2011).

With the implementation and the knowledge transfer still ongoing, but reportedly in good shape, it is to be hoped that SN will emerge from the reorganisation process with stronger competence clusters able to face new market conditions while at the same time keep high standards of employee commitment and motivation.

Reference list

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