

Dealing with the Ghosts of Change Management

Transitions that left scars in the past can hurt new initiatives.

Title: [Haunted by the Past: Effects of Poor Change Management History on Employee Attitudes and Turnover](#) (Subscription or fee required.)

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Changing the direction of an organization is like driving a car, write the authors of this paper. While moving forward, managers must also pay attention to the “rear view.” This means understanding that employees’ past experiences with organizational change help dictate their attitudes and behavior regarding the current transition — including whether they trust the company enough to remain.

Organizational change can occur in a variety of ways. Firms shift their strategies and processes, undergo mergers and acquisitions, restructure or downsize, and introduce new technologies. For employees, the resulting uncertainty often creates stress and additional work demands.

The researchers studied two organizations to test the relationship between previous change initiatives and employee attitudes.

The first study involved a property and development firm in the Philippines. Unable to meet the demands of a booming population and increasing competition, the company’s executives had decided to merge with another firm. At the time of the study, the organization had announced the merger to its employees and begun the transition — including the evaluation and redefinition of jobs.

In interviews with the human resources department, the researchers learned that the company had a poor history of change implementation: In the past, senior managers had created satellite offices and reassigned employees without consulting them, leading to resentment among those affected. With the help of HR, the researchers split employees into two groups — those who had reason to resent upper management for previous actions and those who didn’t.

Two months after the merger was announced, 155 employees at the firm completed surveys assessing previous change management projects, their perceptions of the current transition, and their level of trust in the organization. The results of this first study confirmed that employees who had had poor experiences with change in the past felt more cynicism about the current transition as well as less trust.

The second study took a deeper look at the issue, examining how change-related attitudes affected employees’ job satisfaction, openness to change, and decisions about whether to leave. The organization in this case was a midsized university in the Philippines whose vice president had recently proposed a comprehensive overhaul of the education process for freshmen; the curriculum would be revised and teachers would be reassigned, relocated, or laid off.

The university had a history of failed change initiatives, including “poorly managed organizational restructuring which resulted in a string of lawsuits,” according to the authors. As with the first study, employees were split into two groups: those who felt resentment because of past mishandled transitions and those who did not. A total of 124 staff members completed the surveys, which were distributed three months after the change process began. The researchers also obtained turnover data two years after the survey and matched that data with the survey responses.

The researchers found that when employees had less trust in the organization because of the previous failed change initiatives, they also had lower levels of job satisfaction and stronger intentions to leave. In fact, 19 percent of the employees in the second study left the university after two years. Using the survey responses, the researchers were able to predict which employees would leave with 87 percent accuracy.

When embarking on a new change program, senior managers need to be acutely aware of the organization’s history in this area, the authors conclude. If managers begin to sense that certain employees have become jaded about change, the researchers urge them to act quickly. Although influencing employee attitudes is never easy, managers should hold open discussions during which staff members learn about upcoming changes and the company acknowledges past mistakes and explains how the process will work better this time around. An engaged leadership, one that stresses personal relationships and inspires the troops, has also been shown to cut down on cynicism about organizational change.

Bottom Line:

When organizational change has been managed poorly in the past, the effects linger, lessening employee trust and creating cynicism about new change initiatives. To minimize turnover and morale problems in periods of transition, managers must be aware of past mistakes and take them into account in any new initiative.