

Exploring Employees' Reactions to Strategic Change Over Time: The Utilisation of an Organisational Justice Perspective



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INTRODUCTION

This paper presents findings from a longitudinal study examining strategic change in a UK public sector organisation. The study is an extension of the original reported in this journal that focused on the first phase of data collection and analysis (Saunders et al., 2002). The focus of this study centres on employees' reactions to the management of strategic change in this organisation over a four-year period, from 1998 to 2002. The organisation came into being in 1998, following a transformational change imposed by local government reorganisation, and has since been subject to further changes of an incremental nature. Data were first collected in 1999, following the implementation of the change processes that led to the organisation's formation. Data were collected again in 2002, to assess employees' reactions to the subsequent changes that were experienced within the organisation.

The primary focus of this study is to examine employees' reactions to strategic change over a prolonged period. In this paper, we use the term 'strategic change' to indicate changes related to the strategic development of the organisation. This type of change can be differentiated from others of a more restricted scope and operational nature (for example, Johnson, 1993). As part of this focus, employees' reactions to managerial interventions aimed at managing transformational and more incremental changes are considered. These are operationalised through the following research questions:

1. How do employees' reactions alter in relation to the nature of strategic change?

The initial approach taken to addressing this question is exploratory

although we have also chosen to use organisational justice as a theoretical tool to seek to explain the nature of employees' reactions.

2. This has resulted in a second research question: how useful is an organisational justice perspective to explore and explain the nature of employees' reactions to strategic change?

Organisational justice explores perceptions about organisational decisions, the methods used to make them and the treatment of those affected through three related theories (Greenberg, 1987; Folger and Cropanzano, 1998). The first relates to employee perceptions of outcome fairness, which Homans (1961) labelled distributive justice. The second is procedural justice (Thibaut and Walker, 1975), which focuses on employee perceptions about the fairness of procedures used to make decisions. The third is interactional justice (Bies and Moag, 1986), which focuses on perceptions about the fairness of the interpersonal treatment that employees receive. Organisational justice theory therefore offers a framework through which to explore and understand employees' feelings more fully. As this theory permits the relationships between perceptions about the outcomes of change, the methods used to achieve it and the treatment of those affected to be explored, it provides an important means to explore organisational change and the reactions of those involved in this process.

In this paper, we commence by conceptualising organisational justice theory in relation to change. We then explore the nature of employees' reactions to strategic change that began with a transformational change and was followed by incremental changes in the subsequent four-year period. This leads to an appraisal of organisational justice theory as a framework to explain employees' reactions to strategic change. We conclude with a discussion about the implications for organisational justice theory from this exploration of transformational and incremental types of change.

CONCEPTUALISING ORGANISATIONAL JUSTICE

Organisational justice (Greenberg, 1987) focuses on perceptions of fairness in organisations. It seeks to categorise and to explain employees' views and feelings about their own treatment and that of others within an organisation, and is concerned with understanding their subjectively held perceptions resulting from the outcomes of decisions taken in an organisation, the procedures and processes used to arrive at these decisions and their implementation. Organisational justice has developed to offer theories in relation to each of these aspects. Employees' perceptions about the outcomes of decisions taken in an organisation and their responses to these form the basis of distributive justice (Homans, 1961; Leventhal, 1976). Perceptions about the fairness of the processes used to arrive at, and to implement, organisational decisions are the basis of two types of theory – procedural justice and interactional justice (for example, Cropanzano and Greenberg, 1997). We consider each of these types of organisational justice and their relationship to strategic change in turn.

Distributive Justice

Organisational decisions related to strategic change are likely to affect the allocation of resources and the nature of outcomes in organisations. Distributive justice is concerned with perceptions of fairness about organisational allocations and outcomes. In this sense, the concept of distributive justice may provide the basis of an analytical framework that can be used to understand the perceptions of those affected (for example, Cropanzano and Greenberg, 1997; Folger and Cropanzano, 1998) by transformational and incremental change.

Homans (1961) conceived of distributive justice as arising from the outcomes of a social exchange based on inputs made previously. Perceptions about fairness are based on a subjective assessment about outcomes in relation to the costs incurred or investments made in an exchange. Adams (1965) proposed that feelings of inequity would arise where the ratio of a person's outcomes in relation to their inputs from an exchange were perceived as disproportionate, as the result of a comparison with others. This theory allows for the recognition of positive and negative forms of inequity in relation to strategic change. Perceptions of unfairness may lead to positive inequity, where the perceiver feels that others had a greater claim to a particular reward or outcome compared to him or herself. It has been suggested that this can lead to the person feeling guilty. A person experiencing positive inequity may undertake a revaluation of their contribution, to alleviate this feeling. On the other hand, perceptions of unfairness can lead to negative inequity, where the perceiver feels that she or he has a greater claim to a particular reward or outcome in relation to the person receiving this benefit, leading to feelings of anger and possibly alienation. A number of potentially adverse behavioural reactions may follow from this perception, such as reduced job performance, embarking on the use of withdrawal behaviours such as absenteeism and reduced co-operation (Folger and Cropanzano, 1998).

More generally, the distribution of particular change outcomes between occupational groups is also likely to affect perceptions of fairness in relation to their differential treatment. For example, there are likely to be implications for distributive justice where negative outcomes of organisational change, such as increases in workload, disproportionately affect some groups of workers in relation to others (Brockner, 1992). Such a scenario is likely to lead to perceptions of inequity or distributive injustice. It emphasises that distributive justice theory may be applied to situations where organisational outcomes, such as increased workload, are negative and where there is an issue about the distribution of such outcomes. Not surprisingly, studies undertaken in relation to distributive justice have found employees affected are more satisfied by outcomes they judge as fair than by those they judge as being unfair (for example, Cropanzano and Greenberg, 1997).

Perceptions of distributive justice are likely to be based largely on comparisons with others (Adams, 1965; Greenberg, 1987; Cropanzano and Greenberg, 1997). Consequently, perceptions about outcome fairness will not

just be related to an absolute measure (for example, that equity will automatically and only arise in relation to the more money or better treatment a person receives) but will also be based on one or more relative, social comparisons. These are termed referent comparisons or standards and influence both the strength of feeling and whether an outcome is seen as fair or unfair. A number of formulations of how such standards are chosen have been advanced in the literature. In particular, a person's perception of outcome fairness may be derived through comparison with specific others working near by. For example, an employee may compare her or his treatment during a change process by observing the way in which co-workers are treated. Such comparisons may also be generalised so that the referent standard becomes an external group (Greenberg, 1987), allowing generalised comparisons to be drawn to those who work elsewhere, in relation to a person's occupational group or in a similar type of organisation. More generally still, an employee may make a comparison to a broader social or societal norm or expectation.

Procedural Justice

Assessments of organisational justice depend not only on perceptions about the fairness of allocations and outcomes but also on perceptions about the procedures used to arrive at such decisions. Procedural justice is concerned with perceptions of fairness about the procedures and processes used to arrive at decisions. Since the conceptual development of procedural justice in the mid-1970s (for example, Thibaut and Walker, 1975; Leventhal, 1976), the importance of this concept for many aspects of human resource management has been recognised (Folger and Cropanzano, 1998). A key finding emerges from numerous studies: decisions based on procedures that are perceived as fair are more likely to be accepted by those they affect than decisions arising from procedures that are not perceived as fair (Cropanzano and Greenberg, 1997). Genuinely fair procedures and processes are also likely to moderate the impact of negative reactions that arise from decisions leading to undesirable employee outcomes. For example, whilst use of redundancies is likely to generate negative reactions, Brockner (1990) concluded that genuine procedures to help those being made redundant should help to generate a perception of fairness amongst those who remain in employment. This type of impact has been termed a fair-process effect, where perceptions about the fairness of the process help promote an acceptance of the outcomes even where these have adverse implications (Folger et al., 1979; Folger and Cropanzano, 1998).

Organisational studies designed to understand the dynamics of procedural justice have focused on the related concepts of voice (Folger, 1977) and process control (Thibaut and Walker, 1975). These concepts are linked to the scope for the subjects of organisational decision making to participate in the process of arriving at, including being able to influence, the decisions that are made. Participation or voice allows those affected to exercise some degree of process control, or personal influence, in relation to the process of reaching a decision (Thibaut and Walker, 1975; Greenberg and Folger, 1983). The ability to exercise

process control has been linked to a number of positive attitudinal and behavioural reactions. Davy et al. (1991) found that process control affects perceptions about fairness and job satisfaction positively, which in turn influence levels of commitment to the organisation and intention to stay. Other positive attitudinal and behavioural reactions have been reported in the literature arising from perceptions about procedural justice and the exercise of process control, including improved trust in management and some evidence for increased job performance (for a review see Cropanzano and Greenberg, 1997).

Leventhal's (1976; 1980) work details other facets that have been found to promote procedural justice. These relate to the consistent application of organisational procedures between individuals and across an organisation, the avoidance of self-interest in the application of procedures, accuracy in their use based on reliable information, scope to evaluate the application of procedures and alter outcomes where necessary, allowing for the representation of differing interests during their use, and the adoption of ethical standards through their use. Representation of differing interests during the formulation of organisational procedures may be seen as being related to the concept of voice, although many of these facets suggest a stage beyond the process of formulating such procedures. These facets therefore point towards and suggest a link with the theory of interactional justice (Folger and Cropanzano, 1998), which we discuss in the next sub-section.

Interactional Justice

Perceptions about the process through which change is managed may be differentiated from justice considerations arising from its implementation. There are two principal aspects to this differentiation. The first of these relates to different stages of the change process. Initially, perceptions about procedural justice will arise in relation to the scope for those who are likely to be affected by a decision to be able to exercise voice and to engage in some level of process control. Those affected may develop perceptions about whether decision-making is just or unjust, depending on whether they are able to exercise voice and whether this is seen to be effective. This perception may inform the way in which they perceive the remainder of the change process. The second aspect of this differentiation relates to the way in which decisions are applied in practice. Change managers may intend their decisions to be interpreted and applied in a particular way. However, those charged with applying decisions might interpret and implement them in a way that contravenes the original intention. This may be related to a lack of clarity about what was intended or because of other reasons such as contravention of Leventhal's (1976) principles relating to the avoidance of self-interest and the adoption of ethical standards on the part of the implementers. In reality, these principles are idealistic and likely to lead to a range of interpretations. However, where principles such as consistency of treatment and post-implementation evaluation are not adequately applied, it may be that biased implementation leads to perceptions of unfairness and injustice.

The stages between which change decisions are formulated and

implemented and the scope for different implementation practices to occur in practice suggests the need to differentiate between the structural nature of procedural justice and what has been labelled as interactional justice (Bies and Moag, 1986). Interactional justice is thus concerned with perceptions about the fairness of the interpersonal treatment received by those affected during the implementation of decisions. This has been identified as being composed of two principal elements relating to the explanations and justification offered for decisions made and the level of sensitivity of treatment of those affected during implementation of decisions.

Justification of organisational change decisions through effective explanations has been found to produce an effect similar to that of process control: justification has been related positively to procedural fairness and, in turn, to intention to stay (Daly and Geyer, 1994). This may be explained through the finding that employees are more likely to accept decisions, even unfavourable ones, when given an adequate and genuine reason for it (Brockner et al., 1990; Brockner and Wiesenfeld, 1993; Daly and Geyer, 1994). These findings point to the central role that effective communication may play in a change management context and are supported by job insecurity theory (Greenhalgh and Rosenblatt, 1984). Appropriately focused and effectively transmitted official organisational communication may help alleviate the sense of powerlessness and perceived threat felt by those who are affected in such a context (Greenhalgh, 1983; Greenhalgh and Rosenblatt, 1984; Brockner et al., 1990; Shaw and Barrett-Power, 1997).

Similarly, the way in which people are treated during a period of change has also been found to affect their perceptions about the fairness of the process (Folger and Cropanzano, 1998). This suggests a clear role for line managers in relation to the development of their subordinates' perceptions about fairness. Part of this will involve communicating decisions, providing reasons for these, and how these will affect the future nature of work for all those in the area that they manage. The way in which these people are treated is therefore likely to have a significant impact on the perceptions that they form about the fairness not only of the process of implementation but also about the decisions that underpin this process.

DATA COLLECTION

Data collection was undertaken within the context of the case study public sector organisation that we refer to as "Newcounty", first in 1999 and again in 2002. Newcounty had come into existence on 1 April 1998, as part of the local government reorganisation in England and Wales. This county council was formed as part of a transformational change that involved the division of the previous county and district councils into two new and separate groupings, consisting of a unitary authority and a new county council with district councils. Within this structure, Newcounty was the new county council responsible for provision of education, caring services, police, traffic, road building and maintenance, libraries and strategic planning.

Prior to the creation of Newcounty in 1998, formal communication channels

had been set up to keep the previous county council's employees informed of progress. This included a weekly newsletter along with an employee assistance programme to allow employees to seek answers to questions. The timetable against which posts in Newcounty's structure were to be filled was made public in October 1997 with a target date of all posts being filled by Christmas 1997. Posts were filled starting with the top tier of management and working down. Unfortunately, the timetable was delayed, resulting in the last junior posts being advertised between mid-January and mid-February 1998. Consequently, these posts were filled only a few days before Newcounty came into existence. Throughout, formal communication mechanisms such as the weekly newsletter and team briefings were used to keep employees informed about these delays and the reasons for them. Although Newcounty did not officially come into existence until 1 April 1998, prior to its official creation senior officials were increasingly devoting time to ensuring the smooth transfer of services.

Despite this, the creation of Newcounty inevitably involved transformational change as well as uncertainty for those employed by the old county council. Alterations to the geographical area served and the need for new organisational structures created uncertainty regarding continuation of employment, although there had been an undertaking that there would not be any compulsory redundancies. An agreement had also been reached with the Trade Union that the salaries of transferred employees would be protected for three years (until 2001). In the period 1998–2002, Newcounty's senior management team sought as part of their strategy for the new authority to create a "can do" culture in which employees "strive[d] for excellence" in the public services they provided. To support this strategy, further changes were made incrementally. These included changes to the way corporate support systems and procedures such as new employee induction, training and development for all levels and developments in the way front-line and support services were provided within directorates. Changes were also made in response to UK government initiatives agendas such as 'Best Value' and more recently 'Comprehensive Performance Assessment'. Although some of these incremental changes arose in response to issues raised by the transformational change that occurred in 1998, others were made in response to new initiatives that emerged from external influences, often related to governmental initiatives. This first category of incremental change may be related to Dunphy and Stace's (1993) idea of organisational fine-tuning and the second category to their idea of incremental adjustment, where organisational change is promoted by incremental adjustments that occur in the external environment.

At Newcounty's request, the first data collection for this research commenced approximately one year after the county council had been created (May 1999). This focussed upon the transformational changes that employees had experienced in the creation of Newcounty and, in Newcounty's words, allowed "sufficient time for the new county council to settle down". Subsequently, data were collected three years later in May 2002, by which time Newcounty had been in existence for four years. This focussed upon the incremental changes made after the creation of Newcounty.

Data collection at both times incorporated two integrated methods that utilised structured and unstructured approaches: a card sort and in-depth interviews that built upon this first method to collect data. These data were obtained from a random sample of 28 employees in 1999 of whom 13 were subsequently interviewed again in 2002. Where this was not possible, due to the original employee either having left (6) or being unavailable for some other reason (9), a close substitute with regard to work location and level was used. This sample was stratified according to level within the organisation's hierarchy and included employees from each of the five directorates, responsible for Corporate, Educational, Environmental, Financial and Social Services.

The card sort involved consideration of 21 negative and 19 positive possible emotions (Table 5.1) that might be experienced in relation to organisational change. These possible emotions were derived from the psychology and stress literatures (Lazarus and Folkman, 1984; Brockner, 1988; 1990; Brockner et al., 1987; 1992a; 1992b; Brockner and Greenberg, 1990). At each data collection time, participants were asked to "think about themselves in relation to the changes to the organisation" and to sort these emotions into "do not feel" and "feel to some extent". Subsequently each participant was asked to select those emotions that she or he "felt strongly" and from these to identify the top three, those that were felt "most strongly". This was followed by an unstructured interview, of approximately one hour's duration, which focused initially upon emotions that were felt most strongly. The principal aim of each interview was to discover the employee's interpretation of each card selected and to explore the reasons for that emotion in the context of the changes to Newcounty. As part of this process, interviewees were encouraged to describe and discuss their emotions in the context of their own perceptions of the changes. Notes from these interviews were transcribed and analysed using a process of categorisation to search for key themes and patterns (Dey, 1993). Analysis subsequently sought to interpret these key themes and patterns according to the facets of organisational justice theory. This methodology enabled employees' perceptions about organisational change to be described and explored from a grounded and subjective perspective and subsequently interpreted within the framework of organisational justice theory (Cropanzano and Greenberg, 1997).

EMPLOYEES' REACTIONS TO STRATEGIC CHANGE OVER TIME

Data from the two card sorts provided an overview of employees' reactions to the transformation associated with the creation of Newcounty (1999) and subsequent incremental changes. In overall terms, consideration of employees' three most strongly felt emotions indicates that respondents were more likely to feel positive than negative about both types of change. Initial examination suggested that this had remained consistent between 1999 and 2002, irrespective of the type of change or any variation in managerial interventions to seek to manage these changes. Of these emotions, 62 per cent represented positive feelings in relation to the changes in 1998-9, compared to 68 per cent in relation to the changes leading up to 2002 (Table 5.1). However, closer examination of

this table shows that there had been changes in both the positive and negative emotions felt "most strongly". In 1999, at least one quarter of respondents selected one or more of the emotions, 'positive', 'determined' or 'involved'. In contrast, in 2002, 'determined' was selected by nearly one-third of respondents with 'involved' being selected by at least one quarter of respondents. The number selecting the emotion 'positive' had declined by two-thirds, whilst those selecting 'secure' had risen from one to five respondents. In 1999, 38 per cent of the emotions selected represented negative feelings; the emotions 'frustrated' or 'under pressure' each being selected by one-quarter of all respondents. In 2002, 32 per cent of the emotions selected were negative, the only emotion selected by over one-quarter of respondents being 'frustrated'. Although the number of respondents selecting 'under pressure' and 'powerless' had declined since 1999, there was a corresponding increase in those who selected 'concerned' and 'resigned'. This suggests that employees' reactions to changes and the reasons for these might differ between 1999 and 2002.

Table 5.1 Respondents Selecting Each Emotion as One of Their Three Most Strongly Felt

Negative emotions	Number of times selected		Positive emotions	Number of times selected	
	1999 (n=28)	2002 (n=28)		1999 (n=28)	2002 (n=28)
Frustrated	7	8	Positive	9	3
Under pressure	7	4	Determined	7	11
Powerless	6	3	Involved	7	7
Insecure	2	0	Enthusiastic	5	6
Stressed	2	1	Optimistic	4	3
Demoralised	2	1	Comfortable	3	1
Angry	1	1	Confident	3	1
Depressed	1	0	Keen	3	3
Overwhelmed	1	0	Hopeful	2	4
Worried	1	0	Relieved	2	4
Concerned	1	5	In control	2	0
On edge	1	0	Cheerful	1	3
Confused	0	0	Excited	1	0
Disinterested	0	1	Eager	1	0
Hopeless	0	0	Relaxed	1	1
Indifferent	0	0	Secure	1	5
Mistrustful	0	0	Calm	0	2
Panicky	0	0	Expectant	0	2
Resentful	0	0	Trusting	0	1
Resigned	0	3			
Vulnerable	0	0			
Total	32	27		52	57

Examination of the three emotions felt most strongly by respondents suggests four discrete groupings (Table 5.2). The largest groupings in both 1999 and 2002 each contain eleven respondents who chose only positive emotions as those they felt most strongly and who can be considered as feeling positive in relation to the changes they had experienced. For both times these groups were drawn from all directorates and from all levels within the organisational hierarchy. In both years, these positive respondents had selected predominantly positive emotions as those they "felt strongly" in the previous stage of the card sort process. In 1999, respondents had selected emotions that suggested both a sense of involvement and effort, such as 'positive' (7), 'determined' (3) and 'enthusiastic' (3), and to a lesser extent well-being, such as 'confident' (3) 'comfortable' (3) and 'optimistic' (3). Interview responses highlighted that these emotions tended to be directed to the new County Council as a whole, a typical justification being: "I feel positive because Newcounty is a better organisation; an organisation to feel proud of." Respondents in 2002 had also selected emotions that indicated a sense of involvement in and effort for the organisation including 'determined' (4), 'enthusiastic' (3), 'positive' (3) and 'involved' (3). Again responses also highlighted a sense of well-being including, 'cheerful' (3), 'hopeful' (3) and 'optimistic' (3). However, for the 2002 respondents, emotions tended to be more directed towards their directorate or work group, a typical justification for selecting 'positive' being: "I get along very well with the people I work with; they're a very good team. We have a good working relationship."

In contrast the smallest group in 2002, and second smallest in 1999, consisted of those respondents who selected only negative emotions (Table 5.2) such as 'frustrated' and 'powerless' as those about which they felt "most strongly" in relation to the changes (Table 5.1). In both years, these negative respondents had also selected predominantly negative emotions as those they "felt strongly" in the previous stage of the card sort process. Although predominantly from the Environmental and Educational Services directorates, these respondents again represented a range of levels within the organisational hierarchy. Interviews in 1999 suggested that these emotions were due to the personal impact of specific aspects of the organisation and their directorate's management. In 2002, respondents also justified these negative emotions in relation to the UK government's agenda for local government and the personal implications of changes in the organisation of work instigated at a range of levels from organisational to immediate work group. For example, a senior manager explained, "Changes around the workings of committee structures are confusing – leading to 'frustration' because the line of decision making is not clear."

The first of the remaining two groups consisted of the eight respondents in 1999 and ten respondents in 2002 who had selected two positive emotions and one negative as those which they felt "most strongly" and who had also selected predominantly positive emotions amongst those they "felt strongly". Although these employees represented all five directorates, at both times the majority was in professional and managerial positions. Respondents from both times discussed the 'negative' emotions that they felt within the context of a generally positively

oriented set of perceptions about the organisational changes they had witnessed. Some rationalised their choice of a negative emotion such as 'under pressure' or 'concerned' in relation to their fears about the potential for perceived inequity related to the situation in which they now found themselves or their perceptions of the need for further changes. For example, in 1999 three of those selecting predominantly positive emotions justified their selection of the negative emotion 'under pressure' on the grounds that each wished to "do my best" in their new posts. In contrast, in 2002 the three employees in this group who selected the negative emotion 'concerned' justified it on the basis of their concern for the future of their "own service" arguing that concern was "not a bad thing" but "more about awareness of what's happened and what might happen" due to UK central government pressure on their service. Those choosing 'under pressure' in 2002 explained this in ways that expressed attachment either to the organisation, their co-workers or their client group. Newcounty was not seen to be directly culpable for creating this pressure; rather it was the UK central government that was seen to be creating additional demands without providing sufficient resources to follow this work. Only one of these respondents was negatively inclined to the changes that had occurred and to Newcounty. The interview data reveal that despite feeling 'secure', this person was 'frustrated' because of the way in which her job had been changed and she was "determined to get out". These respondents can, therefore, in all but one case, be considered as feeling positive in relation to the changes experienced despite feeling these negative emotions.

The final group consisted of the three respondents in 1999 and four in 2002 who had selected two negative emotions and one positive as those which they felt "most strongly" and had also selected predominantly negative emotions at the previous stage of the card sort. The directorates from which these respondents were drawn differed between the two times. In 1999, they justified their selection of a positive emotion, such as 'optimistic' or 'determined', through their ability or desire to do well "in spite of everything". Similar justifications were used in 2002, although in addition, one respondent also added he was "relieved because I'm leaving". Consequently, these respondents can be considered as feeling negative in relation to the changes.

Table 5.2 Analysis of the Three Most Strongly Felt Emotions

Three emotions most strongly felt	1999		2002	
	n	%	n	%
3 positive	11	39	11	39
2 positive, 1 negative	8	29	10	36
1 positive, 2 negative	3	11	4	14
3 negative	6	21	3	11
Totals	28	100	28	100

Thus, at both times of data collection, irrespective of the nature of the changes, the majority of respondents felt positive. However, although the "most

strongly felt" emotions of respondents had remained broadly similar, the reasons for these and thus their reactions to the transformational change and subsequent incremental changes appeared to differ. In 1999, justifications used by positive respondents tended to be directed at the county council as a whole, whereas by 2002 this had altered to their directorate or work group. By contrast the justifications used by those feeling negative appeared to have become more varied between 1999 and 2002 including the influence of the UK government, specific aspects of the county council, their directorate's management and their immediate line manager. One reason for these differences is undoubtedly the nature of the incremental changes that were taking place in the year up to the 2002 compared with the transformational change prior to 1999. Although the changes in the year up to 2002 had an organisation wide purpose, their implementation was devolved to directorates and within these work groups.

It is to the differences between the two times in terms of justifications used by those feeling positive and those feeling negative that we now turn. Using the theories of organisational justice outlined earlier, we compare and contrast the reasons offered by the respondents who felt positive with those who felt negative in relation to both the transformational and the subsequent incremental changes. Within this exploration, we commence by examining perceptions about distributive justice prior to looking at those about procedural and interactional justice. This also allows us to assess the value of this theory to explain the nature of employees' reactions to strategic change.

EXPLORING EMPLOYEES' REACTIONS – APPLICATION OF A JUSTICE FRAMEWORK

Distributive Justice

Justification of emotions related to aspects of distributive justice is evident in relation to the transformational change in 1999 and the subsequent incremental changes to 2002. However, the primary focus of this aspect of organisational justice shifts between 1999 and 2002, at least for those employees who were positive in relation to the changes to the organisation. In 1999, the distributive aspects of the change that were focused on principally relate to the outcome for Newcounty compared to the wider context of local government reorganisation in England and Wales and also to the outcome of the changes for individual employees. By contrast in 2002, the primary focus was on the outcome of the various changes within Newcounty for individual employees and secondly on the outcomes of the "avalanche of changes" being imposed externally by the UK government on local authorities as they affected the services provided by directorates.

In 1999, the majority of respondents reacting positively had stated that the creation of Newcounty was, overall, a fair outcome of the wider process of local government reorganisation, although there was a perception that other resource outcomes for Newcounty were not necessarily fair. This was typified by one professional employee who, when discussing Newcounty's new emphasis on serving the public, qualified it with the phrase "in spite of being strapped for

cash". Comments in 2002 suggest that respondents' focus had altered, with more emphasis being placed upon outcomes for the directorate in which they worked or their profession. Comments from respondents in 2002 typically focus on outcomes and allocations affecting these levels within the organisation and the impact of these on themselves. Those who felt positive in 2002 tended to combine a feeling of commitment to the organisation, or to their role and their client group, or to their work group together with a sense of security or expectation about their place in Newcounty. New or recent employees who felt positive also used their previous employer as a referent standard to make a positive comparison. These employees did not therefore use any concerns about what was happening within their directorate or to their profession to moderate their positive feelings.

Respondents reacting negatively in relation to the changes associated with the creation of Newcounty focused only on personal aspects of the outcomes. In 1999, discussions focused on the unfavourable nature of their outcomes compared to other employees rather than any inherent sense of unfairness. For two employees in 1999, for example, protection of their jobs and salaries for three years was considered a satisfactory outcome, even if unfavourable when compared to colleagues. In contrast, by 2002, negative respondents tended to feel that particular change outcomes were unsatisfactory. A manager responsible for a system within his directorate stated: "I'm deeply concerned about weaknesses in the new [name of system] and, if these are not fully addressed it will be a disaster..." Whereas in 1999, respondents did not attribute unfavourable outcomes to Newcounty, their Directorate or line manager, in 2002 blame was attributed to either the Directorate or the line manager.

Procedural Justice

Differences are apparent between employees with regard to perceptions of the fairness of procedures between 1999 and 2002. In 1999, all but two employees perceived the processes used in the creation of Newcounty, and in particular to determine allocations of individuals to posts, as being fair. In contrast, by 2002, employees' perceptions about the fairness of incremental change processes within Newcounty were more varied for both positive and negative respondents.

In 1999, differences were apparent between positive and negative employees in the extent to which they felt they had been given voice in the process. Employees at all levels of the hierarchy who felt positive considered they had contributed to the process of creating the new county council. Often when justifying their selection of a positive emotion, they highlighted the opportunities they had to express their views and emphasised that these views had been taken into account. However, the examples given by more junior employees suggested that their impact on the process was less clear. This was typified by one supervisor who commented: "We were even involved in the meeting about the corporate badge. This wouldn't have happened under the old [county council name]."

Employees at all levels in Newcounty inevitably had felt some involvement in its creation, if only because they had applied for and been appointed to posts

in the new county council. At a national level respondents had felt that the process instigated by the UK government for local government reorganisation was fair, with managers from the old county council having been charged with operationalising the process. Although respondents had commented that the procedures used subsequently to recruit staff to Newcounty were drawn out, especially for those lower down the organisational hierarchy they had, in all but two cases, commented the process itself was fair. These two employees, both of whom felt negative, argued that the process was unfair due to what they saw as the random nature of selection, likening it to "tossing a coin" and "highlighting the influence of departmental politics".

Perceptions of procedural fairness in 2002 were often affected by respondents' perceptions of the UK government's policies for local government. In this sense, employees were basing their perceptions on the external drivers of Newcounty's approach, around which there was little process control, rather than simply on its internal approach to change. Respondents who commented that the change processes were fair argued that these were resulting in sensible changes to the services provided, often in spite of the government's policies. This was typified by a middle manager who commented on his Directorate's senior managers: "they're now thinking about Newcounty for the first time because, despite low government grants, they're going about things the right way." In contrast, those who commented that processes were unfair emphasised that the incremental changes occurring within Newcounty were being "driven by the [UK] government's agenda". In particular, these respondents' comments suggested that the need for Newcounty to make politically acceptable decisions was resulting in an unfair process. A range of examples were provided to illustrate this, including the outsourcing of certain of Newcounty's services, despite a belief that it was less expensive to provide them in-house. In addition, these employees perceived a lack of voice. One senior manager summarised this: "...there seems to be a general perception that anything said by an outsider is better. A consultant comes up with a solution in a month which we could do quicker. This is getting worse".

Interactional Justice

Interviews with respondents in both 1999 and 2002 suggest a separate and distinct aspect to their perceptions of procedural justice based upon the quality and quantity of interpersonal treatment they had received. Although respondents were not necessarily involved in managing the process of change themselves, their justifications for the three emotions that they felt most strongly (both negative and positive) emphasise the importance of social aspects of their treatment and in particular of feeling supported and respected by senior managers. As suggested by the literature (Cropanzano and Greenberg, 1997) these social or interactional aspects of procedural justice raised by respondents fall into two distinct groupings: the adequacy of the information available and the extent to which people were treated with dignity and respect. In both 1999 and 2002, those who had selected positive or predominantly positive emotions felt these

had been fair, whilst those who had selected negative or predominantly negative emotions felt the converse.

Comments by those who felt positive in relation to the changes emphasise the importance of communication throughout the first four years of Newcounty. In 1999, the newsletter was highlighted by over half of these respondents as an important source to gain information together with explanations about what was happening throughout the change process. Other forms of communication were developed at this time, including face-to-face briefings from senior managers. A typical comment in 1999 from a positive middle manager recipient being, "I like the way I was involved by members and officers in the reorganisation – this was new. They explained their views and the way things were going. I like the way [Newcounty] has taken this forward to be a listening council." Positive respondents made similar comments in 2002, although it appears that there was more two-way communication, with respondents emphasising that they felt they could "voice views to any person in the hierarchy".

Those who had felt negative in relation to the changes in 1999 had emphasised the inadequacy of the explanations they received. One manager commented, "We felt there was a lack of information about the process, e.g. we can't say for sure what's going to happen, I found it difficult to motivate my staff because of this indecision". In contrast, those who felt negative with regard to changes in 2002 felt there was "an element of gloss" in the communication suggesting some cynicism regarding the message.

In both 1999 and 2002, respondents who felt positive about the changes appear to interpret their social interactions with senior management throughout the change processes as inferring they were valued and respected by the organisation. For example, in 1999, a more junior manager stated, "The important thing for me is that the Chair of the Committee was very up-front and supportive." Similarly, a middle manager in 2002 partially justified her selection of positive emotions stating: "I feel involved and part of the county council. I feel listened to and asked what to do. I have one-to-one meetings with my line manager who lets me know what is happening around me. She asks how it will affect the team and what to do to get the right procedures and processes in place."

Disparities exist between negative and positive respondents in their comments about the manner in which their line managers had treated them in both 1999 and 2002. Those responding positively in relation to the changes felt line managers had treated them justly with dignity and respect during their interactions. The majority stated their own line manager had been very positive and supportive through listening and responding to their views. As with interpersonal treatment from senior managers, these positive respondents felt the motives for this were altruistic, with the majority commenting upon the apparent "genuineness" of managers wanting to listen to and help their staff. This contrasts markedly with the experiences of those who responded negatively to the changes. These employees felt that even in the few instances where their managers appeared to show social sensitivity this was not backed up by any

action, with one respondent in 2002 commenting, "I went to my line manager and she listened but didn't fight for me. If you don't see results what's the point of having a listening manager?"

Comments in both 1999 and 2002 also highlight that interactions, although face-to-face, differ depending upon the hierarchical distance between employees. Interactions between junior and more senior managers relating to the work of the county council were predominantly one-way, often consisting of presentations to large groups, or the offering of greetings. In contrast, interactions with a person's manager were more likely to be two-way. For those who felt positive in relation to the changes, both of these types of interaction appeared to have been interpreted as two-way. However, for those who felt negative towards the changes, interactions with line managers were felt to have lacked either sensitivity or respect for the more junior employees and were considered unjust. These employees were also likely to be cynical about the nature and intent of interactions with senior management.

DISCUSSION

Our first research question focuses on whether employees' reactions alter in relation to the nature of strategic change? The first period of data collection was characterised by the transformational change that saw the creation of the case study organisation, Newcounty. In overall terms, respondents were more likely to feel positive than negative about both the outcomes of this change and the way in which it was planned and implemented. The second period of data collection was characterised by a number of incremental changes, which arose partly in relation to the need to fine-tune the organisation following the earlier transformational change and partly in response to make adjustments arising from different governmental initiatives. In overall terms, respondents were again more likely to feel positive than negative about the outcomes from these incremental changes and the ways in which they were introduced. Irrespective of the nature of the changes then, the majority of respondents felt positive.

However, whilst the "most strongly felt" emotions of respondents remained broadly similar across the two periods of data collection, the reasons for these and thus their reactions to the transformational change and subsequent incremental changes differed. In 1999, positive respondents explained the reasons for their reactions on events occurring at the level of the county council. Negative respondents on the other hand explained the reasons for their reactions by referring to their personal outcomes. In 2002, the focus of positive respondents' reasons for their reactions had shifted to events occurring at the level of their directorate or work group. By contrast the explanations of those feeling negative appeared to have become more varied between 1999 and 2002 including the influence of the UK government, specific aspects of the county council, their directorate's management and their immediate line manager. Whilst reactions to change may therefore appear similar across time even where the nature of strategic change varies, our findings indicate that the reasons underpinning these may differ significantly.

Transformational change is likely to cause those affected to place a greater focus on the outcomes for the organisation as a whole and to include these in the factors that they use to evaluate their personal outcomes. Incremental change is likely to lead to a more local level of focus in terms of constructing a framework of factors to evaluate one's personal outcomes. This will be reinforced where the decision making and implementation associated with the change is devolved to a local level, as was the case in 2002 in Newcounty where this was principally devolved to its directorates. In this way, employees' perceptions are likely to be shaped initially by events occurring at the macro level in an organisation during transformational change. During incremental change, employees' perceptions are likely to be shaped by events occurring at a micro-organisational level. The relationships suggested between these types of change and the nature of employees' reactions indicate scope for further research.

Our second research question focuses on the usefulness of an organisational justice perspective to explore and explain the nature of employees' reactions to strategic change? Our analysis of employees' responses shows support for the use of this perspective and to the theories that have been developed in relation to organisational justice. However, the findings from this case study suggest developments beyond the simple relationships that have been reported as characterising these theories, which were outlined above in the review of the organisational justice literature. Our discussion will therefore focus on the contribution that the findings from this case study suggest for the development of these theories.

The transformational change in 1998 revealed a number of foci in relation to perceptions about the fairness of the outcomes associated with that type of change. For those who felt positive in relation to the changes, discussions about distributive justice were concerned with both the outcomes for the organisation as well as for themselves, whereas for those who felt negative about the changes, discussion focused only upon the fairness of their personal outcome. This finding in relation to those who felt positive implies a conceptualisation of distributive justice at more than just an individual level. Whereas the literature recognises the link between organisational decisions and perceptions of fairness related to individual allocations and outcomes, our findings point to perceptions that were not only focused on individual allocations but also outcomes in relation to the broader organisation. Respondents were also able to report that whilst they perceived the creation of the organisation as a fair outcome, they felt that the resources allocated to it were unfair. This further emphasises the way in which respondents differentiated between levels of outcome, seeing some as fair and others as unfair.

In respect of distributive justice, our findings therefore point to the conclusion that perceptions of fairness will be related to different aspects of, or levels in, the organisation depending upon whether change is transformational or incremental. Perceptions of distributive justice appear to be principally related to an organisational level in respect of transformational change and to a sub-organisational level in relation to incremental change, as we also noted above. In

the incremental changes that subsequently occurred up to 2002, emphasis was placed primarily on the outcomes for the directorates within which respondents worked or for their profession and the impact on themselves. Respondents were clearly aware of the agenda of the government and that this would impact on the organisation. However, in relation to the incremental changes experienced, the focus was placed on how the organisation would respond internally. The threat to the organisation as a whole was not present in relation to these changes; the issue was related to the elements of organisational choice that made the issue of process become politically important. This suggests that perceptions about fair outcomes are more complex than has been recognised in earlier studies. Participants in change will be likely to use a number of referent standards to arrive at a range of perceptions about different outcomes.

In relation to the transformational change in 1998, perceptions about organisational-level fairness related to the creation of Newcounty led nearly all respondents to feel positive about the procedural aspects of this change process, even though it was only those in more senior positions who were able to exercise a significant level of process control. In spite of this, most respondents expressed the feeling that they had been offered the scope to be involved as part of these changes. This appears to suggest a reversal of the 'fair process effect' (for example, Folger and Cropanzano, 1997), whereby a fairly perceived outcome helps to promote a sense of procedural justice. The incremental changes leading up to 2002 present a more complex picture in terms of the relationship between the external forces of the UK government's agenda, over which there was little scope for influence, and the procedures for decision making within Newcounty. These led to employees' perceptions that were more varied for both positive and negative respondents. For some, decisions that were welcomed led to perceptions that a fair process had been used, often irrespective of whether the respondent had been able to exercise any process control. For others, an outcome that was not welcomed led to perceptions that an unfair process had been used because of the external requirement to introduce change. Whilst the nature of change appears to be important in terms of highlighting factors that help to shape perceptions about procedural justice, we may also conclude that perceptions about outcomes have a significant bearing on the formulation of this aspect of justice, in a similar way to that previously recognised in relation to a fair process effect.

However, there appear to be few differences related to the type of change for the nature of perceptions of interactional justice, with the role of line managers being critical in both types of change in terms of helping to form perceptions of fairness. Consideration of interactional justice highlighted considerable differences between respondents who felt negative and respondents who felt positive about the changes. When interactions with senior management are considered, those who felt positive about the changes were more likely to perceive it as two-way whereas those who felt negative were less likely to do so. In discussion, those who felt positive about the changes were more likely to feel they had been listened to and treated with dignity and respect. In contrast, those

who felt negative were likely to be cynical about their treatment. The interaction between line managers and those they managed appeared to be important in relation to the generation of perceptions of fairness about treatment suggesting a clear linkage between the justification and sensitivity. This observation is supported by the fact that the majority of those respondents who felt negative with regard to the changes were located in two directorates implying that people in these directorates may have received different interpersonal treatment.

It therefore appears that factors influencing perceptions of interactional justice were the key differentiators between employees feelings in relation to the changes, and in particular the processes of communication. This would imply that interactional justice issues are considered separately by employees and therefore need to be considered separately rather than, as has been more common in recent years, as an aspect of procedural justice when managing the change process. Based upon this we conclude that organisational justice theory provides a useful framework to analyse and understand the nature of employees' reactions to change. However, there still remains scope to develop this theory and to explore relationships between its facets.

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