

CHAPTER 17

Strategies for change in municipal structural reforms

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ABSTRACT

This chapter explores how two change management strategies, emphasizing either the economic results of the change (strategy E) or the organisational process for change (strategy O), affect three dimensions of commitment to change in municipal reforms, utilising survey data of top and middle managers in six Norwegian municipalities. Common theories for change management have predominantly been developed from studies of private corporations in North America. These theories, therefore, may not fit directly into a Nordic, public sector context. The analysis indicates that the change management strategies were related to some dimensions of commitment to change, but sometimes in unexpected relationships. In particular, strategy O seems to have a positive relationship to affective commitment to change but a negative relationship with continuance commitment to change. For strategy E, the relationships were reversed. Strategy O, with its emphasis on stakeholder participation, may fit pragmatism and Nordic work life and public management traditions better than strategy E. The findings are also congruent with a practice that when the leadership perceives that there is much resistance to change, the leadership uses a process-oriented more than a results-oriented change management strategy. The chapter contributes to the change management literature by providing empirical analyses of a common theory for change management as well as how strategies for change is used in politically contested reforms.

Keywords: amalgamation, change management, commitment to change, local government structure, merger, partial least squares structural equation modelling (PLS-SEM), path model Reform, stakeholder participation, strategies for change.

INTRODUCTION

This chapter explores how change management affects commitment to change in a municipal structural reform in Norway. Reforms and organisational change are commonplace (Brunsson and Olsen, 1993; Pollitt and Bouckaert, 2017). Such changes are often portrayed as being urgent (Kotter, 2014). Therefore, understanding how organisational strategies and change management affect organisational behaviour and performance is important for theory and practice.

The municipal structural reform in Norway 2014–2020 is an interesting research opportunity for the study of change management. For those municipalities that chose restructuring by amalgamation (merger) the ensuing organisational change was big and complex. Moreover, for those municipalities that did

not choose amalgamation this choice also required a strategic re-alignment to a changing environment. Some former neighbouring municipalities and co-operating partners may formally have ceased to exist, and new entities emerged. Therefore, non-merging municipalities in this reform would also need to realign their strategies and plans but not necessarily aim for large organisational changes such as those merging municipalities would have to do. This chapter explores the municipalities' strategies for change in the late stages of this structural reform process, that is after the municipalities had decided to merge with neighbouring municipalities or not, but before the factual amalgamations took place.

There are many theories for how organisations could manage change processes in order to increase commitment to change and achieve real changes (Rosenbaum et al., 2018; Stouten et al., 2018). Some much-cited examples of such theories are Lewin's (1947) classical three-step model of unfreeze, change and freeze of the 1940s to more recent theories of the 1990s and 2000s such as Kotter's eight steps for successfully leading change (Kotter 1996) and Beer and Nohria's (2000) theory on strategies for change. Nevertheless and surprisingly, there is still little, systematic, empirical research underpinning many of these theories (Appelbaum, Habashy, Malo and Shafiq, 2012; By, 2005).

In this chapter, we study Beer and Nohria's (2000) theory of how two different strategies for change, strategy E and O, affect commitment to change in the public sector organisations. Change strategies E and O emphasise the results of the change and the process for the change, respectively. This theory is particularly interesting to study because unlike many other theories of change management such as Kotter's (1996) eight-step model, it explicitly addresses the bottom-up processes and not just management-driven, top-down processes (Stouten et al., 2018). How much these two strategies for change are used, whether they are used together, and what effects they have in practice, is thus interesting study. Bottom-up processes may be especially relevant in municipal structural reforms because such large-scale reforms are often prone to resistance to change. Participation from internal as well as external stakeholders may therefore be a wise strategy for a municipal amalgamation reform. At the same time, the large-scale character and time scale given for such amalgamation processes may make a bottom-up process risky (Meyer and Stensaker, 2009). It is therefore interesting to explore how municipalities manage such large-scale organisational changes and how different strategies for change affect organisational sentiments and behaviour. This chapter, therefore, analyses how municipal managers perceived strategies for change and commitment to change during the final stages of the municipal structural reform, in order to explore whether and how change management matters in this context.

This chapter concerns organising and governing; politics and administration; change and continuity; as well as collaborative governance. Municipalities

are corner stones in local government. The of the municipalities is pertinent for the administration of local affairs as well as the implementation of major public policies for example in education, health and social affairs. Changes in municipal structures involve major changes for many stakeholders. The municipal structure is important for the municipalities for their ability to keep the responsibility for many tasks in local government in a uniform way. The municipal structure is also important for determining the need for engaging in inter-municipal co-operation and other forms of collaborative governance. The municipal structure concerns political participation, public finances, and social identity, among other issues (Baldersheim, 2018; Jacobsen, 2002; Langørgen et al., 2002; Rose and Pettersen, 2003), and is a political sensitive issue, in national as well as local politics. Therefore, change management in such a politicized context is an interesting research theme and has important implications for policy makers and public management practitioners.

The remainder of this chapter is outlined as follows. Section 2 gives a brief overview of the municipal structure and major municipal structural reforms in Norway. Section 3 reviews theory on change management. Section 4 documents the method and data used in this analysis. Section 5 analyses the data. Section 6 discusses the results and concludes.

THE MUNICIPAL STRUCTURE AND MUNICIPAL STRUCTURAL REFORMS IN NORWAY

When Norway became independent from the Crown Union with Denmark in 1814, the regulation of local government was not incorporated in the new constitution. The first municipal act was passed in 1837. The first municipalities were based on the at that time 355 rural and 37 urban parishes. In order to increase political participation during the later Nineteenth and early Twentieth Century many municipalities were separated, and the number of municipalities grew to a top of 747 municipalities in 1930. During the mid-Twentieth Century communication had improved and a process started to merge many municipalities. The Schei Committee of the late 1950s suggested a radical reduction in the number of municipalities by several hundreds. The Parliament approved most of these suggestions, resulting in a decrease in the number of municipalities to about 450 in the 1970s.

The trend of urbanization continued after the 1960s. Several governments pursued continued municipal reforms during the 1980s and 1990s, without achieving support for more radical reforms. The Buvik Committee suggested in the late 1980s amalgamations of some peripheral municipalities in certain urban areas (NOU 1986:7; NOU 1989:16), which the Parliament approved

in the early 1990s. The Christensen Committee of the early 1990s suggested a minimum of 5,000 inhabitants per municipality as a criterion for a major restructuring of the municipalities (NOU 1992:15). The Parliament, however, decided that all amalgamations should be voluntary. Subsequently, other than some amalgamations in the urban areas there were only a few changes in the number of municipalities until the 2010s.

The right-wing coalition government that took office in 2013, wanted a new major, municipal restructuring. The Vabo Committee suggested in 2014 the criterium of minimum 15,000 inhabitants per municipality and that the number of municipalities to be reduced to about 100, in order for the municipalities to develop competence and specialization and still be able to handle complex tasks in a uniform way (Ministry of Local Government and Modernisation, 2014). During the ensuing four-year reform process the number of municipalities was reduced to 356, far from the initial ambitions of 100 municipalities. Figure 17.1 illustrates the development in the number of municipalities and the major municipal reforms since the 1950s until 2020.

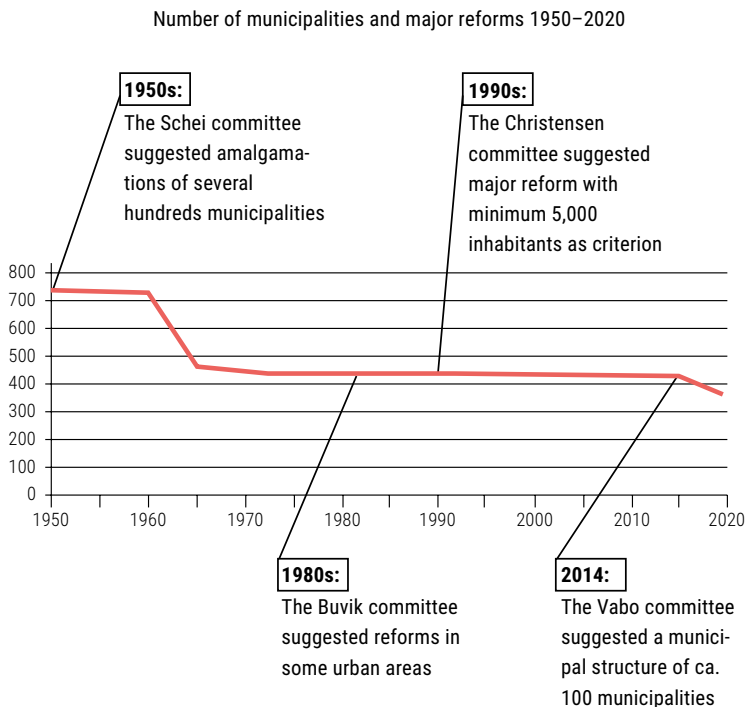


FIGURE 17.1: The number of municipalities and major municipal reforms in Norway 1950–2020.

Common to many municipal structural reforms, in national policies as well as in local initiatives for re-structuring, are that they are highly politicized and prone to resistance to change. Such reforms and local initiatives often invoke conflicts along traditional political fault lines such as left and right, centre and periphery, elites and non-elites, poor and rich (municipalities), and big and small (Askim et al., 2020; Jacobsen, 2004; Johnsen and Klausen, 2006; NOU 1974:14; Sørensen, 2004). Therefore, change management in national and local municipal structure reforms may be important for those who resist changes as well as for those who promote changes. This chapter analyses change management in local governance.

CHANGE MANAGEMENT

There is a rich literature on change management (Rosenbaum et al., 2018). Although organisational change is widespread and there are many theories of change management, there is still – with the exception of some research on Kotter's (1996) eight-step model (Appelbaum et al., 2012) – little empirically-based knowledge of how widespread models of change management work in practice (By, 2005; Stouten et al., 2018). Theory of change management is also often based on research and examples from North America. It is not self-evident that theories always work or that they work in the same way everywhere.

Nordic work relations have for a long time emphasised the work environment and employee participation in the private and public sectors. It may, therefore, be possible that theories about change management that take into account a high degree of participation from employees and middle managers have better models for implementing planned changes than theories that place more emphasis on formal authority and narrow financial outcomes for the owners. Internationally, there has also been great attention on how traditional and formal authority provides weaker power foundations than before and how new technology in the form of social media can be used to inflame large social groups quickly in a way that can challenge traditional authority and power relationships (Naím, 2013). Thus, the importance of bottom-up processes in change management, and the importance of theories about participation and anchoring, may have increased. This is reflected in recent editions of some well-known theories of change management (Kotter, 2014) which now attach great importance to the use of volunteering, networking and autonomous groups as well as traditional organisational structures in the management of change.

Change management can directly affect the organisational changes but change management can also affect the involved actors' commitment to the organisation and the changes that can have a major impact on a successful process of change (Brunsson, 1985). Commitment to change is thus interesting to study because commitment can be important for actually implementing the changes. Moreover, measuring the outcomes of large-scale organisational changes such as municipal amalgamations may require a long-time span for material outcomes to materialize. Hence, commitment to change can be studied as an intermediate outcome and possible determinant for longer-term outcomes.

Research on commitment to change is relatively new (Jacobsen, 2018a). In this chapter, we will study the most widely used theory of commitment for change, namely Herscovitch and Meyer's (2002) three-component model that divides commitment into affective, normative, and continuation commitment. This model is interesting because the three dimensions of commitment to change vary in strength in their support for change (Jacobsen, 2018a), and the model can be used to study different effects of change management.

In addition to the fact that many of the popular change management theories are still little studied empirically, much of the research in change management has so far largely studied employees' commitment to change and failed to study the commitment to change of senior and middle managers, as well as the scope of change (Stouten et al., 2018). Middle managers are often derided as "burden-some bureaucracy", but middle managers may be important in influencing the implementation of deliberate strategy (Currie, 2000) and for continuance in organisational change (Huy, 2001). Middle managers are particularly important in information dissemination (Jacobsen, 2018b) and for safeguarding current users, implementing change measures and maintaining renewal (Rydland, 2015), which are important in change management. In the survey data that we have utilised in this chapter, we have asked mainly middle managers and advisers, but also some senior managers, about their experiences with change management and commitment to change. We have also included questions on stakeholder participation in the strategic planning process, the scope of the changes (strategic actions), as well as certain traits of the respondents, in the analyses. On this basis, we ask:

How do municipalities utilize strategies for change in municipal structural reforms and how do strategies for change affect commitment to change?

STRATEGIES FOR CHANGE

There are many ways to understand change in organisations. We have chosen to use Van de Ven and Poole’s (1995) definition: “Change (...) is an empirical observation of difference in form, quality, or state over time in an organisation”. Strategy is often perceived to be the management’s overall plan to achieve specific organisational goals. A strategy for change can thus be understood as being a management approach with different incentives to change the form, quality or state over time in an organisation (Jacobsen, 2018a).

Beer and Nohria (2000) expressed that each change is distinctive, but that they have nevertheless managed to uncover two different main types (archetypes) of change strategies: strategy E that is aimed at finance and results, and strategy O that is aimed at organisation and processes. Table 17.1 shows important features of the two strategies for change.

TABLE 17.1: Change strategy E and Strategy O. Source: Beer and Nohria (2000), Jacobsen (2018a).

	Strategy E (finance and results)	Strategy O (organisation and processes)
<i>Goal</i>	Economic improvement	Developing organisational capabilities
<i>Management</i>	Instructing and commanding, top-down	Delegating and supporting, bottom-up
<i>Content</i>	Strategy, structure and systems	People, groups and culture
<i>Planning</i>	Sequential, linear and analytical	Interactive, experimental and incremental
<i>Motivation</i>	Extrinsic motivation, use of financial incentives	Intrinsic motivation, participation and commitment
<i>Consultants</i>	External specialists	Process consultants

The management will be able to use parts of strategy E and O in an organisational change process, but there are some typical differences between them. Jacobsen (2018a) highlighted six dimensions that make up the biggest differences between the two change strategies. Strategy E is the economic and results-oriented form of change strategy and is characterised by its use of financial incentives such as economic cuts and layoffs. Strategy E is often referred to as the “hard” form of change strategy because it puts the owners’ (“shareholders”) needs at the centre, while employees are often seen as hindering the change. The focus is also more on the formal elements within the organisation, such as structure and systems

(Jacobsen, 2018a). Success in strategy E is typically measured in turnover and value for the owners (Beer and Nohria, 2000).

Strategy O is the organisational development and process-focused form of change strategy and is often seen as opposed to strategy E. Strategy O draws attention to employees' behaviour, attitudes and commitment to the organisation in a positive sense. Strategy O is often referred to as the "soft" form of change strategy because it focuses on developing and allowing all the people within the organisation to contribute and developing organisational capabilities (Jacobsen, 2018a). Success in this strategy is often measured in terms of the organisation's ability to learn from its own experiences (Beer and Nohria, 2000).

COMMITMENT TO ORGANISATIONAL CHANGE

As with change management, there are also several ways to understand commitment (Meyer and Herscovitch, 2001). Herscovitch and Meyer (2002, p. 475) defined *commitment* to change as "a force [mind set] that binds an individual to a course of action of relevance to one or more targets". Herscovitch and Meyer divided commitment to change into three different dimensions because an individual can support change on several of these dimensions at once, as opposed to whether commitment had been categorized as pure types (Herscovitch and Meyer, 2002; Meyer and Allen, 1991). *Affective commitment* is a person's identification, participation and emotional connection to the change (Allen and Meyer, 1996; Herscovitch and Meyer, 2002). Employees have this form of commitment to the change because they want the change, and this form of commitment is the strongest support for change. *Normative commitment* is the employee's sense of having a duty to the organisation. This may be in relation to norms or because the employee feels he or she must support the change (Allen and Meyer, 1996). *Continuation commitment* is the employee's feeling of having too much to lose by not following the organisation (Allen and Meyer, 1996). This is the weakest form of support for change (Jacobsen, 2018a). Common to the three dimensions of commitment is that they describe the employee's psychological state in his or her relationship with the organisation and have implications for the decision to continue or terminate their membership of the organisation (Meyer and Allen, 1991).

METHODS AND DATA

The analysis in this chapter utilises a convenience sample of 144 respondents from six municipalities. One large, urban municipality in the Oslo region did

not undertake any merger. Two municipalities, which were located in Eastern Norway, merged based on a positive result from a local referendum in one of the municipalities. The three remaining municipalities were located in Southern Norway and merged despite the two smallest municipalities having had referendums showing majority opposition towards the merger. The sample therefore has variation regarding structural reform, size and location of the municipalities, as well as resistance to change. This sample was planned as a pilot study before a larger survey of more municipalities was to be conducted in the Winter and Spring of 2020. The Covid 19 pandemic, however, effectively put a hold on surveys to municipal managers during this period. The analysis in this chapter therefore explores the data from the pilot study.

The data are pooled from two surveys in the six municipalities. One survey, which was conducted in May 2019 in the municipality which did not participate in merger, involved 43 managers and advisors in the municipality's central administration. The other survey was conducted in August 2019 in the five municipalities during the final stages of the two municipal merger processes. This survey involved 453 mostly top and middle level managers.

The two surveys shared many of the same questions. The surveys measured Beer and Nohria's (2000) strategies for change that either emphasise the processes for change (strategy O) or the economic results of the change (strategy E), utilising new research instruments with eleven questions for measuring these strategies. The survey replicated Herscovitch and Meyer's instrument for measuring the three-component model for affective, continuance and normative commitment to change with a total of eighteen questions. The survey also replicated two instruments for measuring strategic planning in municipalities, where this chapter utilises a measure for participation of nine stakeholder groups in the strategic planning process (Poister and Streib, 2005), and a measure for strategy content by eight categories of strategic actions (Boyne and Walker, 2004).

The survey was distributed electronically, and the respondents were granted anonymity. After three rounds of following up non-response, 144 of 496 individuals responded, giving a response rate of 29 per cent. None of the variables had more than three missing responses to any questions, giving a maximum of 2 percent missing responses to any variable.

Fifty-one percent of the respondents were females. 8 percent were top managers or in the top management teams; 27 percent were financial managers, controllers or advisors; and 65 percent were middle-level managers. The respondents had an average of 13.7 years of management experience. More than half of the respondents had worked in the present municipality for 10 years or more. The respondents were therefore well-situated for providing qualified information

on their experiences with change management in these organisational change processes.

The bivariate, factor, and multiple regression analyses were performed using JAMOV 1.6 (the jamovi project 2020). The path model analyses with PLS-SEM were performed using ADANCO 2.2 (Henseler and Dijkstra, 2015).

A Harman's one-factor test, an un-rotated principal component analysis with only one factor, included all the items with Likert scales and showed one factor explaining 22 percent of total variance. This is well below the common threshold of 50 percent that commonly is used for indicating major common method bias (Jakobsen and Jensen, 2015).

In this explorative analysis, we analyse a path model with partial least squares structural equation modelling (PLS-SEM) (Benitez et al., 2020; Hair et al., 2019a). PLS-SEM calculates the parameters in the models with the ordinary least squares method, so that explained variance in the dependent variable is maximized, as in regression, but unlike regression, the models can be more complex and have more than one dependent variable. Furthermore, in PLS-SEM the variables are most often calculated as being composed of several indicators, which should represent the latent or formative concepts in which one is interested. PLS-SEM is well-suited to explore contexts where there is little theory, and the method is also well-suited for analysing datasets with relatively few units (Hair et al., 2019a).

PLS-SEM models consist of outer models that are models for measuring concepts (measurement models), and internal models that show the connection between the variables in the models (structural models). Assessment of PLS-SEM models can be broken down into assessments of the outer measurement models and assessment of the structural models (Benitez et al., 2020).

We start by assessing the measurement models, and these can be divided into reflexive models for latent variables and formative models for formative variables. Table 17.2 reports descriptive statistics for the variables that were used in the final measurement models of the constructs. Non-response to individual questions has been replaced with mean values in the calculations of the two reliability measures, average variance extracted (AVE), variance inflation indexes (VIFs), and in the following PLS-SEM analyses (N=144).

TABLE 17.2: Descriptive statistics and measurement of constructs. Notes:
SD=Standard deviation. rA=Dijkstra-Henseler's Rho. a=Cronbach's
alpha. AVE=Average variance extracted.

Construct	N	Mean	SD	Min	Max	Measurement model	Items	rA	a	AVE	Highest VIF
Merger	144	0.72	0.45	0	1	Single indicator	1				
Participation	144	4.78	0.92	2.00	7.00	Emergent variable (Mode B)	3				1.20
Strategic actions	142	5.11	0.77	2.40	7.00	Emergent variable (Mode B)	5				1.54
Change strategy E	143	4.60	0.82	2.67	6.67	Emergent variable (Mode B)	3				1.31
Change strategy O	142	4.63	1.19	1.00	7.00	Emergent variable (Mode B)	4				1.91
Affective commitment	142	5.00	1.35	1.00	7.00	Latent variable (Mode A consistent)	6	0.94	0.93	0.70	
Continuance commitment	142	3.64	1.62	1.00	7.00	Latent variable (Mode A consistent)	4	0.91	0.91	0.72	
Normative commitment	141	5.36	1.29	1.50	7.00	Latent variable (Mode A consistent)	2	0.67	0.67	0.50	
Municipal centre	144	0.30	0.46	0	1	Single indicator	1				
Management position	144	0.08	0.27	0	1	Single indicator	1				

In reflexive models (latent variables, Mode A or Mode A consistent) the indicators are the dependent variables, and the latent construct is the independent variable. Reflexive models are assessed according to the latent variables' composite reliability, convergent reliability, the construct reliability of the indicators, and discriminant validity. *Composite reliability* is satisfactory when Dijkstra-Henseler's $\rho > 0.707$ and with Cronbach's alpha as a lower limit for satisfactory reliability, usually at least 0.70 or as low as 0.60 in exploratory studies, such as this. The composite and construct reliability for two of the three reflexive constructs was very high ranging from 0.91 to 0.94. The third reflexive construct had a low reliability of 0.67 but sufficient for an exploratory study (Hair et al., 2019a). *Convergent validity* states how much the indicators of a latent variable actually measure the same construct. The criterion for convergent validity is that average extracted variance (AVE) is > 0.5 . AVE is the average of all the squared loadings for a construct. All three latent variables had AVE of 0.50 or higher. The *reliability* of the indicators is assessed on the basis of the factor loadings. The factor loadings squared correspond to the reliability of the indicators. The loadings should be > 0.707 for the indicators to explain at least 50 percent of their latent variable but may be lower if the content validity and reliability are good (Benitez et al., 2020; Hair et al., 2019a). The factor loadings must also be examined as to whether they are statistically significant. All the items for the three commitment to change constructs had significant loadings of 0.70 or higher. *Discriminant validity* implies that latent variables, which are intended to represent distinct theoretical concepts, are sufficiently statistically different. Discriminant validity is measured by the HTMT (heterotrait-to-monotrait) statistic being less than 0.90 if the constructs are relatively similar and less than 0.85 if the constructs are different, and statistically less than 1. The highest HTMT was 0.56 between merger and normative commitment and significantly different from 1 (0.71 with 95 percent confidence interval), suggesting high discriminant validity.

In formative models (emergent variables, Mode B) the indicators are the independent variables, and the construct is the dependent variable. Assessment of formative models includes assessment of multicollinearity, weights, loadings and the significance of the weights and loadings. *Multicollinearity* between the indicators in the formative variable is examined with the variation inflation index (VIF). VIF should be below 5 and preferably below 2 (Hair et al., 2019b). None of the indicators for the formative constructs had a VIF value than 1.94. Some weights and loadings for the indicators in the participation and strategic actions constructs showed small values and lack of significance, but the indicators were retained due to content validity.

ANALYSIS

BIVARIATE ANALYSIS OF DIFFERENCES BETWEEN MERGING AND NON-MERGING MUNICIPALITIES

We start the exploration by analysing if participation in strategic planning, strategic actions, change strategies, and commitment to change are different in the five municipalities that were in structural reform processes compared to the municipality that had decided to keep the current structure. See Figure 17.2.

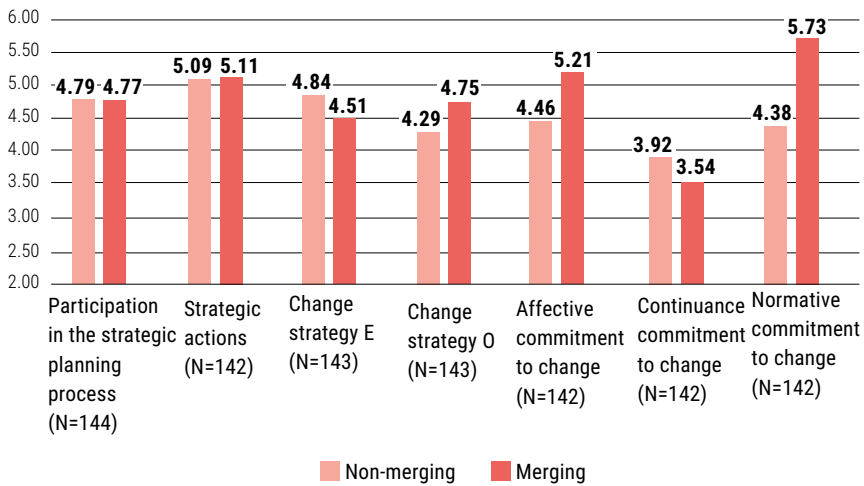


FIGURE 17.2: Strategic actions, change strategies and commitment to change by municipal reform

In order to test whether these differences between merging and non-merging municipalities were statistically significant we performed a t-test of differences between means. We chose Welch's independent samples t-test of differences between means instead of Student's t-test because the data came from two different surveys and because we cannot assume equal variance in the two populations, as Student's t-test assumes. Welch's t-test, like Student's t-test, assumes normality, so we apply Shapiro-Wilk's test of normality. The t-tests indicated that the use of change strategy E was significantly lower and change strategy O was significantly higher in the reforming municipalities compared to the non-reforming municipalities. The t-tests also indicated that affective and normative commitment were significantly higher in the reforming municipalities than in the non-reforming municipality. The Shapiro-Wilk's test of

normality, however, indicated that we cannot fully trust that the differences are real because the data were not normally distributed, which is an assumption for the t-test.

We have also performed a similar analysis of differences between means in strategic planning, strategic actions, change strategies and commitment to change, as above, between the three municipalities that would get a new municipal centre after the municipal reform compared to the three municipalities that would see no new location of their municipal centre (Johnsen and Klausen, 2006). Change strategy O and normative commitment was significantly higher ($p < .05$) in those municipalities that got a new municipal centre than in those municipalities that kept their municipal centre, but again the normality test showed that due to non-normal data these apparent differences may not be trustworthy.

Multivariate analysis of path models with PLS-SEM

In exploratory studies, like this, the explained variance, path coefficients, and effect sizes are the most interesting criteria for assessing structural models (Benitez et al., 2020). In a first stage of the analysis the structural models were set up with more paths than in the final model reported here. In order to simplify the analysis, only paths with significant relationships in the first stage were retained. The resulting model, where all the relationships in the structural model are significant, is reported in a relatively simple manner in Figure 17.3. Merger and participation in the strategic planning process are the exogenous variables, strategic actions and strategies for change are the endogenous variables and the three dimensions of commitment to change are the dependent variables. Change in municipal centre and the respondents management position are control variables.

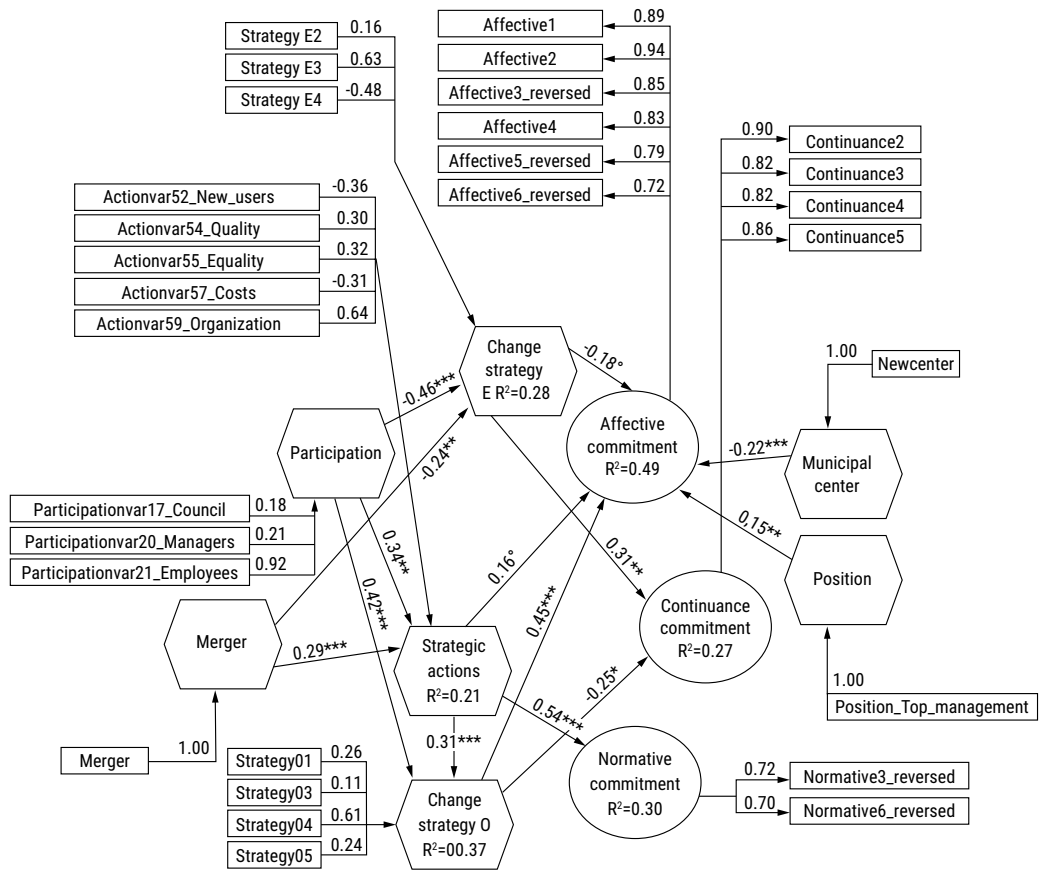


FIGURE 17.3: PLS-SEM of affective, continuance, and normative commitment to change in six municipalities (N=144)

	Strategic actions		Strategy E		Strategy O		Affective commitment		Continuance commitment		Normative commitment	
	Path coeff.	f ²	Path coeff.	f ²	Path coeff.	f ²	Path coeff.	f ²	Path coeff.	f ²	Path coeff.	f ²
Merger	0.29**	0.11	-0.24**	0.08								
Participation	0.34**	0.14	-0.46**	0.29	0.42**	0.24						
Strategic actions					0.31**	0.13	0.16+	0.04			0.54**	0.42
Strategy E							-0.18+	0.03	0.31*	0.08		
Strategy O							0.45**	0.20	-0.25*	0.05		
Municipal centre							-0.22**	0.08				
Management position							0.15**	0.04				
R ²	0.21		0.28		0.37		0.49		0.27		0.30	
Adjusted R ²	0.20		0.27		0.36		0.47		0.26		0.29	

TABLE 17.3: Assessment of structural models (N=144). Notes: Path coeff.=standardized (beta) regression coefficients. +=significant $p<.10$, *=significant $p<.05$, **=significant $p<.00$.

Table 17.3 shows path coefficients, effect sizes, and explained variance for the measurement models. *Path coefficients* in PLS-SEM are standardized regression coefficients (beta coefficients) and show standard deviation changes in the endogenous (dependent) variables for a standard deviation change in the exogenous (independent) variables. With a given confidence interval, the coefficients should be different from 0. Of the 14 path coefficients in the final, simplified model, all were significant at the 5 percent level or better ($p<0.05$). The practical importance is examined by assessing the *effect size* (Cohen's f^2) which indicates how substantial a direct effect is and is independent of the sample size. A weak effect size is considered as f^2 from 0.02 to 0.15, medium is 0.15 to 0.35, and 0.35 and higher is a large size effect (Hair et al., 2019a). Strategic actions had a large effect size on normative commitment ($f^2=0.42$), followed by participation on strategy E ($f^2=0.29$), participation on strategy O ($f^2=0.24$), and strategy O on affective commitment ($f^2=0.20$).

Explained variance in the dependent variable (coefficient of determination, R^2) is used for assessing model fit in PLS-SEM in the same way as this measure is used in regression analysis. The models explained from 26 to 49 percent (adjusted $R^2=0.26-0.47$) of the variance of the three endogenous (dependent) variables for commitment to change, which is satisfactory in an exploratory analysis. The explained variance in the PLS-SEM model was higher than

in three multivariate regression models (not reported here) using the same independent variables for each of the three dependent variables with adjusted $R^2=0.45, 0.25$, and 0.25 , for affective, continuance and normative commitment, respectively.

DISCUSSION AND CONCLUSIONS

Organisational change processes are often claimed to be failures in 70 percent of the change efforts. This claim, even though often cited, lacks empirical evidence (Hughes 2011). Nevertheless, planned organisational changes – in particular large and radical ones – are often seen as complex and uncertain endeavours, often facing resistance to change. It was, therefore, interesting to note that the merging municipalities seemed to have used strategy O more than strategy E, maybe to avoid invoking more resistance than was already present (Szabla, 2007). The relatively extensive use of strategy O coincided with high affective and, in particular, high normative commitment to change in the reforming municipalities. Using cross-sectional data, we can nevertheless not state causality. In fact, it is also imaginable that municipalities that experience high commitment to change can “relax” and use strategy O while municipalities that experience low commitment to change have to resort to using strategy E. Moreover, in 2019, when the surveys were conducted, the municipalities had been in the reform process for nearly four years. It may have been the case that, for example, the municipality that did not merge, previously had used strategy O in the early stages of the reform and used strategy E in the later stages when implementing the new strategic plan. It could also be the case that in a municipal structural reform process, the government at the national level and top management at the municipal level prefer to use strategy O in the early stages. In later stages a balanced strategy of E and O, or a sequential use of the change strategies, could be used during the process depending on local circumstances, for example adapted to stakeholders’ participation and the strategic issues addressed in the strategic changes.

The amalgamation process and the strategic planning process seem to have been separate processes, but when the issue of merger is decided this choice affects the strategy content and hence the strategies for change. Nineteen of the forty respondents in the municipality that chose to avoid amalgamation and sixty-four of the 104 respondents in the five municipalities that were in an amalgamation process gave optional information on the most pressing issues in the strategic planning process. In the municipality that was not in an amalgamation process the respondents pointed to digitalization, demographic development (ageing population), and the environmental development, and the

need for improving efficiency, as the most pressing strategic issues. Such issues may be more amenable for a strategy E than a controversial and even more radical change such as amalgamation. The most prevalent strategic issues, which the respondents in the five municipalities undergoing a merger process pointed out, were amalgamation and re-organisation, digitalisation, the demographic development and economic turn-around. Many of the most pressing strategic issues were the same in the municipalities but environmental issues seem not to have been on top on the agendas in the municipalities undergoing merger processes. Environmental issues are regarded by many as our era's most important political and strategic issue with grave long-term consequences. Amalgamation was seemingly a more urgent strategic issue for change management, given the deadline of 1.1.2020 to execute the amalgamation in the national municipal structural reform.

The chapter, utilizing survey data from six municipalities in Norway, has explored how participation of major stakeholders in the municipal strategic planning and strategic actions in the municipal strategic plans affected the strategies for change and subsequently how the change management affected the commitment to change in municipal structural reforms. The analysis revealed that it makes sense to study planned organisational changes in municipal reforms using the theoretical lenses of strategies for change. The municipalities that were in an amalgamation process, which often was controversial, used the process-oriented change strategy O more than the municipality that did not choose amalgamation. Strategy O was positively related to affective commitment, which is the strongest support for change. The strategies for change could have been adapted due to local circumstances, for example the degree of stakeholder participation in the strategic planning process, the content of the strategic plans, as well as resistance towards amalgamations.

Strategies E and O are evidently different and are best used separately, according to Beer and Nohria (2000). Still, even though it is hard, it is possible to combine strategy E and O they argued. One way to combine would be to balance the strategies. Another way is to use the change strategies sequentially. Predominantly using strategy O or balancing strategy E and O are approaches that would seemingly fit the Nordic tradition of pragmatism and stakeholder involvement more than serving the "shareholders" (owners such as the government or political majority) most, for which strategy E is more adapted.

The data used for this exploration was cross-sectional and limited with respect to number of respondents and municipalities. Further studies would profit from a more extensive data set with more municipalities and utilising survey or interview data for example at several instances during the time period of the change processes.

The analysis in this chapter has revealed the need for more research on change management in municipal structural reforms. First, there is a need for replication studies in order to assess whether the pattern found in this analysis (where municipalities in merger processes used change strategy O relatively more) is common in municipal structural reforms. Second, there is a need for more extensive, time series studies in order to assess whether municipalities in structural reforms apply one strategy for change consistently or shift between the strategies for change during the reform process. Third, there is a need for more studies of how contingencies such as fiscal stress (urgency) and reform sentiments (resistance to change) affect strategies for change.

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