



VOLVO CAR GROUP



UNIVERSITY OF  
GOTHENBURG

# Employee Engagement under Organizational Changes

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A Evaluation of Impact of Personnel Cost Reduction  
Project on Employee Engagement at Volvo Car Group

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*Xiaobing Wu*

*May, 2013 at Gothenburg*

## **Abstract**

With the development of the study on Organizational commitment, a rather new term of Employee Engagement was brought up by researchers. It has been argued that compared with committed employees, the engaged employees are the one who can really add values to the organizations. As the global economic environment is entering an era with more complex and unstable factors, it is essential to look at employee engagement from an organizational changes perspective. With the purpose to investigate how organizational changes impact on employee engagement, this research was conducted at Volvo Car Group in Gothenburg by collecting data from a survey with a sample of n=428 and semi-structured interviews. Results show that employees are still highly engaged under a personnel cost reduction situation in the company. This is argued as a result of employees' sense-making, identification and the feeling of job security and insecurity.

**Keywords:** employee engagement, organizational changes, antecedents to engagement, information delivery, communication

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# 1. Introduction

## 1.1 Background

In Human Resource Management (HRM) research area, *Organizational Commitment* (OC) has been one of the most popular topics in recent few decades. It was defined by many researchers such as Mowday, Porter and Steers (1981), Mayer and Allen (1991) etc. in different ways. One popular definition was given by Porter and his colleagues (1974) that they argued OC as a willingness to exert considerable effort on behalf of the organization and a strong desire to remain in the organization. Although OC has been conceptualized and examined in various ways, the common part to all conceptualizations in different literatures is that it can help to make prediction on the turnover rate within one company (Meyer & Allen, 1990; Mowday, Porter, & Steers, 1982 etc.) According to Burns (2011), the cost of replacing one \$8 per hour employee can exceed \$3,500, which gives the companies a strong incentive to maintain their employees, especially through high employee engagement. As more and more multinational companies started to realize how essential it was to keep the employees especially the experts and talented people to maintain and increase companies' competence in the global market, thus from 70s last century, there have been intensive studies on OC and its antecedents as well as consequences.

However, a couple of years ago both employers and researchers started to realize that the measurement of OC and its antecedents may not be sufficient to organizations anymore. They noticed that some employees had strong desire to stay in the company but were not really being motivated to create value for the company. Those employees were called "zombie employees". Since then, companies and researchers began to pay close attention on the actual effort the employees really paid to the company and how much they got motivated to behave in ways that improve business results, rather than merely talking about willingness and desire to contribute to and remain in the organization. Later on, *employee engagement* (EE) as a new concept merged in HR scope and was described by Schmidt et al. (1993) as "*an employee's involvement with, commitment to, and satisfaction with work. EE is a part of*

*employee retention.*" Shuck and Wollard (2010) defined EE as *"an individual employee's cognitive, emotional and behavioral state directed toward desired organizational outcomes"*.

The main difference between OC and EE, as argued by Hellevig (2012), was that OC theories were rather based on creating a condition that would make employee feel compelled to work for an organization, whereas engagement theories aimed to bring about a situation in which the employee by free choice has an intrinsic desire to work in the best interests of the organizations. Aon Hewitt, one of the top HR consultant companies views the difference as *"commitment is about what employees want to do for the company, engagement is about what employees want to do and what they actually do for the company."* The experience of engagement has also been described as a fulfilling, positive work-related experience and state of mind and was argued to be related to good health and positive work affect (Kular et al., 2008). Quite a few top companies have already conducted surveys investigating engagement level or establish corresponding projects to boost it in parallel (Aon Hewitt report).

Similar as OC, EE has become organizations' interest largely because it helps to predict and avoid employees to voluntarily quit jobs. Relevant literatures claim that EE helps to make predictions on employee outcomes, organizational success and workplace performance (Shuck, Reio& Rocco,2011; Skas, 2006). The current situation is that quite a few employees do not process high EE level and the disengaged employees might cause great loss for the company. It is estimated that less than 30% of those who go to work report even partial engagement with their work (Chalofsky 2010). Recent research has suggested significant engagement declines worldwide (Gebauer, Loman &Gordon 2008), in the context of economic markets in both developed and emerging economies. Meere (2005) elaborated some data of the cost caused by the disengaged employees. For example there was almost \$263 billion in German, \$4.9 billion in Australia and \$2.5 billion in Asian.

What makes the EE issue more severe is the increasingly complex and changeable global economic environment. Organizational changes including acquisition and mergers, organizational re-structuring are happening all around the world all the time. The topic of organizational changes attracting numerous attentions (Nolan, 2011) and researchers have successfully studied OC during organizational changes. However, the interests of studying EE recently are still limited to the antecedents and consequences, creating a lack of attention on EE from organizational changes perspective.

## 1.2 Problem formulation

As it is mentioned above, EE has been an exceeding interesting topic to discuss. But still there are many limitations on existing studies. Previous studies on EE used research on OC as a reference and were focusing on investigating antecedents and consequences of it. The organizational perspective hasn't been widely taken into researchers' consideration yet. Nevertheless, doing business seems to be harder due to the changeable global environment nowadays and this viewpoint has attracted scholars' attention.

Nolan (2011) argued that *"The difficult economic climate and accompany restructuring and resizing has brought it even further to the fore as companies try to maintain and increase engagement throughout these difficult processes"*, implicating that the academic study of EE should consider changing perspectives. Hence I think it is time to take a look into EE during organizational changes and Swedish company would be perfect objective since most of which have been hit by the European economic downturn from last year yet the relevant study is still rare.

## 1.3 Research Purpose and Questions

With the purpose to investigate the EE issue under an organizational change (cost saving) circumstance, research questions for this study are formulated as:

- 1) How does the reduction of personnel costs influence EE level?
- 2) What problems could emerge during personnel cost reduction project regarding EE?

By looking into these two research questions, this thesis is expected to contribute to the EE literature from an organizational change perspective, as well as to enrich the organizational change literature from an EE perspective.



## 2. Theory

This chapter starts with giving various definitions of EE in existing literatures, followed by illustrating previous studies on the antecedents of EE. Researchers' suggestions on EE from an organizational changes perspective is given in the end of this session.

### 2.1 Definition of Employee engagement

EE has become a popular topic within both academic and practical areas since 1990s. Kahn (1990) argued EE in a psychological perspective that "*in engagement, people employ and express themselves physically, cognitively and emotionally during role performance*". May *et al.* conducted a study in 2004 to test Kahn (1990)'s theory and concluded that meaningfulness, safety and availability could be suggested as factors that engagement relies on. Meanwhile, some literatures related EE to burnout, advocating the former as the positive antithesis of the latter. Maslach *et al.* (2001) established a model to explain the factors that lead to burnout and engagement, including workload, control, rewards and recognition, community and social support, perceived fairness and values. It was argued by Maslach and his colleagues that EE is closely related to these six factors and can be expected as mediation to link them with work outcomes. Robinson *et al.* (2004) conceptualized EE as "*a positive employee attitude towards the organization and its values*" and described it as a two-way relationship between employer and employees, involving an awareness of the business context.

Although theories have been established by Kahn (1990) and Maslach *et al.* (2001), no studies have really looked into the reasons why individuals show different engagement according to various conditions until Saks (2006) extended the work by introducing *Social Exchange Theory*(SET) to this area. Saks (2006) argued SET as a theoretical foundation that gives explanation of why employees decided to be more or less engaged in work and organization, suggesting that employees regard engagement level as something that they repay to the organization for an exchange of the resources ( e.g. compensation, benefits) provided by their organization.

Some researchers gave various definitions on EE later after Saks (2006)'s development. In 2009, MacLeod and Clarke concluded to look at EE as a workplace approach designed to ensure that employees are committed to the organizations' goals and value, motivated to contribute to organizational success and at the same time to enhance their own sense of well-being. Alfes et al. (2010) defined engagement as *“being positively present during the performance of work by willingly contributing intellectual effort, experiencing positive emotions and meaningful connections to others.”* In one of the most recent study on EE, Gourlay and his colleagues( 2012) distinguished different levels of engagement on “transitional” and “emotional” , reminding of Meyer and Allen( 1990)'s three-component-model on understanding OC. They advocated that emotional engagement, which is driven by a desire on the part of employees to do more for the organization, is most appreciated.

## **2.2 Antecedents of Employee Engagement**

Along with the study to clarify the concepts of EE and enrich the theoretical foundation of it, researches exploring the antecedents of EE are being conducted as well in recent years. Shuck and Wollar (2010) described EE as an individual-level variable often measured at the organizational level. The role of meaningful workplace environment and an employee's involvement in contextually meaningful work were examined as antecedents to EE (May et al., 2004; Rich et al., 2010). Saks (2006) pointed out a distinction between two types of engagement-job engagement and organization engagement, argued that different psychological conditions lead to various engagement and their antecedents as well as consequences in divers ways. Saks (2006) used job characteristics, perceived supervisor support, rewards and recognition and procedural justices as considered factors that could affect engagement levels. Literature also addressed the issue of work-life balance, personal involvement in corporate citizenship behaviors and the connection of an employee's work to overall organizational goals as factors that should be considered (Wollard& Shuck, 2011). Moreover, they also summarized several workplace antecedent models which took curiosity, optimism, self-efficacy, self-esteem, perceptions of the self and coping style into consideration.

Despite the antecedents that have been discussed on the individual level above, more complex factors were also examined by researchers on an organizational level (See Table 1.)

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### Organizational Antecedents to Employee Engagement

Authentic corporate culture	Level of task challenge
Clear expectations	Manager expectations
Corporate social responsibility	Manager self-efficacy
Encouragement	Mission and vision
Feedback	Opportunities for learning
Hygiene factors	Perception of workplace safety
Job characteristics	Positive workplace climate
Job control	Rewards
Job fit	Supportive organizational culture
Leadership	Talent management
	Use of strengths

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Table 1. Organizational-level antecedents of employee engagement (Wollard& Shuck, 2011)

## 2.3 Engagement under Organizational Changes

While various antecedents both on individual and organizational level have been discussed, it is clear that antecedents are not process-dependent but rather functions that differ by conditions for the state of engagement to develop (Wallord&Shunk, 2011). Organizations are expected to create their own EE culture in respective ways since every organization is unique with situations and no approach is one-fits-all. Since organizational changing activities are happening increasing frequently in global scope, factors that impact engagement under such circumstances hence worth looking into. For example Peter Baynham (2011) talked about the factors enhancing EE under a merger and acquisition (M&A) situation, enlightened the study to take a perspective on a changeable environment. However, it is pity that very limited researches have been done with an organizational changes eye, not even any kind of studies are found regarding a cost reduction perspective. As Anne Gibson (2011) described a crucial situation for a county council to continue to invest in its engagement programs while cutting the cost of delivery, it is with interests to discover how does the reduction on personnel cost activity impacts on engagement and what do organizations do to deal with the possible consequences caused by this issue.

## **3. Method**

This chapter starts with the illustration of the research approach and data collection methods of this study. The process of case selection is also explained. After that details of data collection, including both survey and interviews are elaborated. The reliability, validity and ethical considerations of the study are at the end.

### **3.1 Research approach**

The reason why I have chosen case study is that it enables me to collect and analyze data in various ways meanwhile have an in depth understanding of the issue that I am looking into. Yin (2012) argues that other methods are not likely to provide such insightful explanations that may arise from a case study. Bromley (1986) argued that the desire to derive a (n) (up-) close or otherwise in-depth understanding of a single or small number of "cases" set in their real-world contexts. As this study is an explanatory one with the aim to investigate how things are going on within organizations, based on the research questions, single case study is decided to be the proper study approach. One advantage to use case study is that it could be based on any mix of quantitative and qualitative data collection methods, including questionnaire, interviews and administrative records, thus enabling the researchers to collect in-depth information in flexible ways (Hakim, 2000).

### **3.2 Case Selection**

The intention of this research is to investigate engagement within a company which is during organizational change. After gathering information online, some companies were found to be interesting to investigate. Volvo Cars was chosen for this study according to the fact that: 1) the company has an ongoing personnel cost saving project which causes personnel flows; 2) Volvo Cars pays attention on EE issue and there are relative projects going on inside the organization; 3) I was able to get the access to Volvo Cars to do this research.

### **3.3 Data collection**

A mixed research method including both quantitative and qualitative data collection methods was used for this study in order to answer the two research questions. Data on EE was collected through a survey and semi-structured interviews with managers to see if the two types of data show similar results but from different perspectives (Creswell & Plano Clark, 2011). Also, Flyvbjerg (2006) suggests that the use of quantitative and qualitative data as a combination in case studies.

Before the research was actually launched, discussions with several HR managers and specialists were made in order to gather more information about the organization and its ongoing projects as well as their views on the topic of engagement. This knowledge that I gained was valuable for the research by helping me to formulate the questionnaire and inspired me to take different perspectives. These informal interviews or discussions can be regarded as the first step of doing this research.

The whole data-collection period can be divided into two phases, respectively with a cross-sectional questionnaire and semi-structured interviews.

#### **3.3.1 Cross-sectional survey**

Survey is frequently used by statistics and social science researchers. It enables to use questionnaires for data collection with the intention of estimating the characteristics of a large population of interest based on a smaller sample from that population. Alan Bond (2006) argues that questionnaire can be used to undertake extensive research and seek broad patterns of thought and behavior within a sample population. In this study, a questionnaire consisting of 22 questions was designed. The questionnaire includes 7 multiple choice questions aiming at collecting demographic information of the respondents (gender, age, nationality, education, department, position and tenure years within the organization); one question was designed to measure the familiarity of the respondents to the personnel cost saving project. A list with ten statements was inserted in the questionnaire to measure respondents' EE level during personnel cost reduction. The 10-question list was designed partly based on Hewitt's EE Model because it is one of the well developed models and has been tested in many top

companies all over the world. The model defined EE to be consisting of three parts: Stay, Say and Strive.



Chart 1. Hewitt's EE Model

This model was also used by Volvo Cars last year in a global survey. Other questions referred to Porter and Mowday (1976)'s questionnaire regarding OC since OC and EE share a large amount of similarities. Open questions were added in order to gain a deeper understanding of the respondents' mindset and their perspectives on the ongoing organizational changes. Though open questions are regarded as having the possibility to cause a lower response rate, I would like to argue that it is still necessary and has a great value to have open-questions because of the abundant information they can provide with. The responses might give a new idea or perspectives on this issue.

### 3.3.1.1 Sampling and data collection

A name list which contains email addresses of all white-collar employees that located in Gothenburg was got from an internal system. The total number of the employees is 6069 (excluding very few people who don't use email). Krejcie and Morgan(1970) established a sampling table based on the calculation formula which was proved by National Education Association as an easy reference for researchers with sampling. This table helped to decide the sample scope. According to this table, the sample size should be at least 361 when the whole population is 6000. With the purpose to get a higher number of respondents thus increase the reliability of the survey, I extended the sample based on an expectation of 70% response rate to 469. Names were sorted in the alphabet order of the initial letter of their first names. Recipients were picked in a systematical way by selecting one person from each 13 people. Before the survey was launched, a pilot test of the questionnaire was done with 20

people both from HR department and other units in order to have feedback from different group of people with various perspectives. The formulation of the statements of questions was adjusted according to their suggestions and then the preview of questionnaire was sent to my supervisor as well as the manager of HR communication. After several wording problems were corrected, the questionnaire was sent out to 469 recipients with a brief introduction of myself and the work I was working on. Two reminders were sent out as follow-ups to request their participant and the survey was closed on the third day after the second reminder. The whole process was conducted by using SurveyMonkey as a main tool, including the formulation of the questionnaire, the send-out and the data collection. The total number of respondents was 262 when the survey was closed, consisting 56% of the whole recipients. The main reason for the lower response rate could be that employees had Easter vacation during the survey period and some of them could be away from office. Regarding the response rate, different researchers hold different opinions. Sheehan (2001) and Hamilton (2003) suggested that the average response rate would be 40% for email survey and 30% for online survey and 50% can be regarded as a good survey if it's conducted via email. My survey was based on an online questionnaire but the recipients were invited via emails. Thus I would like to argue that the response rate for my survey is above average and can be used as valid survey from both online or email survey perspectives.

Alan Bond (2006) indicated that questionnaires are often used to generate quantitative data but can also be used to collect qualitative information by asking specific questions to a large number of respondents. He also pointed out that qualitative attitudinal data can also be analyzed and presented in a quantitative manner. Data for multiple choices questions were transferred into charts, diagrams and was categorized. The summaries of data as well as the individual response were able to be downloaded as Excel format which enables me to do analysis based on both of summarized data and separate data. Regarding the open questions, I chose to do it in a qualitative way to do the analysis with the help of using Atalas. Keywords of each answer were coded accordingly thus gave a clear a map of understanding respondents' meaning in a more accurate way.

### **3.3.2. Semi-structured interviews**

Semi-structured interview is used as a second method to answer the third research question for this research. It is argued by Bernard (1988) that it is best to use semi-structured interview

when you don't have more than once chance to interview somebody, which fit my situation. Interviews was decided to be conducted after the survey at the beginning of the study because 1) the survey was not expected to be able to answer all research questions; 2) I needed to use the result of the survey to be able to know the focus when designing the interview's question guideline.

Interviews were planned and conducted after the result of survey came out and preliminarily analyzed. In that case it was clear for me to have focus to design question guidelines. A question guideline consists of 24 questions which contains three aspects: personnel cost reduction project, communication and EE. The aspects of personnel cost reduction project and EE were much relevant to research topic and question while the communication aspect was derived from the responses of the questionnaire which respondents set emphasis on. As the interviews were decided to be semi-structured, the conversations were not strictly following the guideline and there were new questions pop up all the time. I would argue that this is very helpful for gathering more information since the interviewees can always inspire interviewer in different perspectives. As Creswell (2009) as suggested that it is possible to gain insight from a rather open discussion with the interviewees while still have a structure to follow.

### **3.3.2.1 Sampling and data collection**

Since the purpose to do the interviews is to know how they look at the project and its relation with EE from managerial perspective, thus managers are decided to be the interviewees. According to the result from the survey, there were 67 managers answered my questionnaire. I was able to contact some of them and get the positive response to do the interviews. 8 interviews were conducted as a final result. Due to the fact that there are less female managers than the male managers, three of my interviewees were female compared with five male managers. All interviews last from 20 minutes to 1 hour according to the content of the conversation. Since not all of the departments that the interviewees from have been affected, several interviewees talked about their opinions from other perspectives. All interviewees were invited by an email with a brief introduction of me and my study. With the purpose to make the interviews open and relaxed, they were asked to suggest their familiar places as the location for interviews. Thus most of the interviews were done at interviewees' working places, either in their offices or close conference rooms. One interview was done in the



restaurant at the company and one was conducted in a Café. All the interviews were recorded and then analyzed both based on records and notes.

### **3.4 Reliability and validity**

As what has been mentioned in the previous part, I extended the scope of sample of the survey in order to have a larger amount of respondents thus increase the reliability of the quantitative method. When designing the questionnaire, I referred to the experience from previous researches of collecting demographic information. The EE tool was designed based on Hewitt's EE model as well as Porter's (1976) OC measurement tool. Since these two models and tools have been widely examined by various companies in different countries, therefore I argue that they were suitable reference for my questionnaire with a great reliability. Gender issue was also taken into consideration. As the gender distribution of survey respondents has correctly reflected the real situation within the organization, I argue that reliability was achieved on this point. When selecting interviewees, gender was also considered and matched in the final sample result.

Validity of this study is mainly lies in the usage of a mixed research method. The results from both methods can be taken as detectors for each of them to examine if they showed to be consistent. On the other hand, the study started after the personnel cost reduction project had been launched for a period of time and would be still running after the study closed. The content validity was thus obtained.

### **3.5 Ethical consideration**

Regarding the ethical consideration, an agreement was signed with the company regarding the confidential issue of the study before it was launched. All the participants were free of choice to take the survey and interviews. They were informed about the purpose of this study and how their contributions would be used. The survey was anonymous which means that participants would not be able to be identified during any stage. The recordings of interviews were also based on the agreement between author and all the interviewees.

## 4. Empirical Results

The analysis of the questionnaire shows interesting results. Before we look at the results it is better to look at the results after reviewing the questions again: 1) how does the reduction of personnel costs influence EE level? 2) What problems could emerge during personnel cost reduction project regarding EE? With bearing two research questions in mind, the empirical results will be illustrated in this chapter.

### 4.1 Volvo Car Group and personnel cost reduction project

Volvo Cars formed part of the Swedish Volvo Group until 1999, when the company was bought by Ford Motor Company. It was acquired by Zhejiang Geely Holding Group of China from Ford Motors in 2010 at a high price of 1.8 billion US. Dollars and attracted numerous attention. With a set of restructuring strategies and activities, Volvo Cars has been working towards its vision of *“To be the world’s most progressive and desired luxury car brand”* by defining China as its second home market as part of the growth plan. Meanwhile, as a company with a long history embracing a heritage of valuing people, Volvo Cars is paying much effort on EE measuring and building. *“Build a global organization with performance and health, able to act in a smart and nimble way”* has been stressed as one of Volvo Cars’s strategies; aligned with it, *“build an efficient and engaging work environment with passionate people”* is taken as an all-important people strategy. Bearing the ambitious goal, an *“Aspired Culture project”* which takes EE as one of the main focuses has been launched within whole Volvo Cars. What worth mentioning is that a survey aiming at evaluating EE, leadership and satisfaction was conducted last year within Volvo Cars globally, showing that Volvo Cars is keeping an watchful eye on this issue.

Same as other companies in Sweden, Volvo Cars has been facing the difficulties in decreasing sales due to the declining European markets and economic downturn. A project aimed at saving cost was launched at the beginning of this year and was officially named as *Personnel Cost Reduction Project*. The project is still ongoing and affecting different units widely on various levels. The basic content of this project including: 1) a number of contracts with consultants were terminated; 2) some elder employees who are close to retire age were

offered a package and voluntarily to accept it and leave the company; 3) some positions were canceled followed by an internal job matching process. The launch of the project caused major organizational changes especially in some departments. Along with the personnel changes, the termination of projects and tasks were also taken place which impacting on employees' working content and environment. This research was conducted after the announcement of the cost saving project and it was still processing by the time the study was finished.

Despite the background of the case organization and personnel cost reduction project, empirical data regarding the survey respondents were got by 7 demographic questions. According to the result, most of the respondents of this questionnaire were male, constituting 80.46% of whole responding number. I would not argue this may cause gender bias since it is the real reflection of the whole population in Volvo cars that male employees are the majority. Ages for respondents range from 20s to 60 or older. Group 30-39, 40-49 and 50-59 make up 85.82% of the whole respondents. There are 88.51% respondent are native, followed by about 8% from other European countries. Regarding the education level, over half people have received Bachelor Degree or above. It is showed that respondents have covered all of the 12 listed units, among which Research and Design contributes almost 60%. This is also corresponding with the fact that the R&D is the biggest unit of the company.

## **4.2 Impact on employees' work and attitude**

Previously the backgrounds of the case company and the personnel cost reduction project were given. In this part we are going to take a look at the impact that personnel cost reduction project sets on employees' work and attitude. Employees' perception on personnel cost reduction project as well as the whole organization was got by asking open questions in the questionnaire. Since not all departments were affected by this project, some of the respondents experienced no big changes around them. Nevertheless, some respondents have experienced major changes which have affected their work from different aspects. According to the answers, changes that occurred to respondents since the project has been launched are categorized as: 1) personnel changes within the team; 2) increasing workload; 3) service reduction; 4) more administration process; 5) changes on work content, including the interruption on projects as well as the set up of new tasks; 6) insufficient delivery of support.

Personnel changes happened around the respondents include the quit of consultants and the coming of new people. Quite a few of them believe the reduction on consultants increased their workload because now they have “*less people to perform all tests to be done*” and “*lot of task forces and overtime work needed to meet deadlines and requirements*” which requires them “*to be even more focused*”. Some of them have experienced the increasing workload and lack of time has affected the quality of delivery.

The disappearance of consultants is somehow perceived by people from quite different ways. Some of them argue that the loss of consultants is a “*loss of competence*” since some of them were really holding key information and skills. They expressed their confusion on company’s action that “*doers were kicked out*” and they have a feeling of having “*more managers than doers*”. One suggestion for this is maybe the company can “*employ consultants instead of kicking all skills out*”. And they think the company should be very careful when terminating consultants because it will be really difficult to find the same person back some time later. On the other hand, some respondents think the termination contracts with consultants is the wise choice since company could be able to save a big sum of money and they believe there are employees who are capable of doing the same work as the consultants within the company. It is also mentioned in their answers that some of them have been affected because the “*quick change of managers*”. The old manager, which was described by one respondent as “*the best one*” was moved to other department, while a new manager without any experience on relevant projects were moved in. As the matching process in undertaken, new people are being matched to other department. Regarding this, some of the respondents say that “*it takes time for new persons to step up to their new responsibilities*” thus “*creating potential delays in their work deliveries*”. And managers are “*spending more time on internal issues rather than customer satisfaction.*” The left of “*good colleagues*” and the limitation on business travelling and conference are making work “*less fun*” for some of them. Employees seem to complain about the situation that “*everything seems to take longer*” and lot of delays happened within daily work.

When asked about the general view regarding personnel cost reduction project, most of the respondents think it is understandable or necessary for the company. It is “*reasonable to cut cost if Volvo is not making profit*”, as one respondent pointed out, and the EMT is doing “*the right thing*”. This is “*difficult*” and “*sad*” for both of the company and the staffs who have to leave, but most of them still perceive it as necessary to be done. However, negative attitudes always exist under a cost saving circumstances. Worries and doubts are there among some

departments which are affected seriously by this project. *“Some colleagues afraid of doing wrong which leads to nothing is done”*, said by one respondent. *“People are more careful and I think some don’t dare to change job because then they are the last one in”*.

There are some rumors which can cause the worries and doubts as well as the feeling of uncertainty about the future of their own career paths within the company as well as the company’s fate. From this aspect, suggestions regarding the increase of transparency and updated information were given by respondents. For some of them, there has been *“very little information”* given from top to down thus they appeal to *“communicate more about what is happening in the reduction process, inform about the activity plan, and when the reduction is being done.”* They think *“it would be nice to get more regular updates on the organization trimming”* because *“not knowing the extent of the trim is scarier.”* While updating the information, they perceive it would be better for everyone to check if they are delivering the right information. This is due to a lag which the employees have already noticed between *“the information internally and the official information outwards.”* The press presented the situation *“poorly”* and employees should know what is really going on before they are affected by the negative information from media. To sum up, employees are expecting more and clearer information regarding personnel cost reduction project as well as a better communication. Meanwhile they think it will be better if the internal news came out earlier than the outside information from press. People should be updated with the information of the stages of the project and the status of the company even some departments wouldn’t be affected. What’s more, a high level of transparency would be helpful for the company to maintain or increase EE level.

### **4.3 Employee engagement level**

After talking about the changes and influence which employees have experienced during personnel cost reduction project, this session will show the result of the EE level based on both quantitative and qualitative data. The EE was measured by a 5-scale question list including 10 statements. Respondents were asked to choose between strongly disagree to strongly agree respectively for each statement. For making the data easier to be applied to SPSS, I transformed the degree options to numeric from -2 to 2 correspondingly (see Table 2 below).

Strongly disagree		Neither agree nor disagree		Strongly agree
-2	-1	0	1	2

Table 2.

Results in table 2 are presenting the averages of scores for each statement. As average is a measure of central tendency, a general map of how respondents look at those questions is likely to be got by this. Statements number 2 and 4 are negative expressions. The averages for question 2 and 4 are -0.29 and -1.02 respectively, indicating that employees' attitude actually are positive. For the 8 positive statements, I defined the respondents who chose label "agree" and "strongly agree" as engaged employees, and vice versa for those two negative expressions. Percentages of engaged respondents are also listed in table 2. What out of my expectation was the engagement level appeared to be very high. For 7 out of 10 statements, the engaged percentage were equal or above 70%. There are 84% respondents show that they

Answer Options	Rating Average	Engaged Percentage %	Relevant percentage in GPS %	Top company %
1. I am still identifying myself with this company even after the announcement of savings in personnel costs was made.	1.11	76	–	–
2. The current news on organizational change influenced my view on the future career path in Volvo Cars in negative way.	-0.29	35	–	–
3. I am still putting in a full day (or maybe more) to get more work done even the company is under a saving personnel cost situation.	1.26	84	45	71
4. I have thought about leaving this company voluntarily to another company after the announcement regarding savings in personnel costs was made.	-1.02	70	56	69
5. I'm still sharing the same goals with Volvo Cars under this cost saving situation.	1.28	84	–	–
6. Once have chance, I still would like to recommend Volvo Cars as an employer even it's under cost saving situation.	0.88	77	66(eNPS)	83
7. I'm talking to other people about Volvo Cars in a positive way even it's under cost saving situation.	1.30	81	65	81
8. I am putting a great deal of effort to help the organization to get better off from current situation.	1.26	80	–	–
9. Volvo Cars is still inspiring the very best in me in the way of job performance even under this situation.	0.78	62	52	75
10. I worry about the organization's fate due to the current cost saving situation.	0.24	47	–	–

\*for the last statement, it is difficult to say if the respondents who worry about the company are engaged or vice versa; thus the percentage only shows the proportion of who show their worries.

Table 3. Measurement of EE.

are still putting a whole day or even more to complete the work while sharing the same goals with Volvo Cars. 76% of them are identified with the organization while only 16% have

thought about leaving the company. Except the last statement, there are two percentages are under 70%. Only 35% respondents express that they are not influenced in the negative way regarding their career within the company. There are approximately 40% respondents do not perceive Volvo Cars is inspiring them in the best way.

However, from a general point of view, the whole set of data shows a very positive result of EE under an organizational change circumstance in Volvo Cars. This is also confirmed by comparing the result with some data from GPS. The engagement was divided into three parts in GPS: strive, say and stay. For each part there were two questions to evaluate. The 5 statements which have comparison data on the right side of table 2 (marked as red) are evaluating engagement level from similar perspective as GPS. Obviously showed in the table, the percentages from my questionnaire are accordingly much higher than GPS's. Especially for question 3, there is almost 40% difference between two results (the original statement in GPS was "This organization motivates me to contribute more than is normally required to complete my work"). The index called eNPS (employee net promoter score) in GPS was aimed at measuring the amount of employees that would recommend Volvo Car Group as employer and 66% was got as the result, while 77% was got from my survey. Same for two results, respondents who perceived themselves as well inspired by Volvo Cars with their daily task performance were both at a quite low level compared with other index.

Although the comparison work was done and the results were quite differential, it is hard to make a conclusion that EE level has been going up. It is essential to keep in mind that GPS was a very big survey applied within Volvo Cars globally, while this survey was only applied within the white-collar employees at Volvo Cars Gothenburg, thus the two surveys do not share the same datum line. However, I still argue that engagement level within Volvo Cars, Gothenburg is at a quite high level under this organizational change environment due to the fact that: 1) the overall engagement percentage of Volvo Cars in Sweden which given in GPS was 48%. The result for my survey is far higher than that number when calculated in whatever way; 2) compared my data with the percentage for global top companies', they are quite close except question 9. For question number 3, 84% employees in Volvo Cars, Gothenburg are putting full effort to work, which is 13% higher than global top company. What worth mentioning is that there is only a difference of 6% for the eNPS index.

In the interviews, no interviewees showed their doubts on the company's decision to reduce cost. Cost reduction is absolutely necessary to be done if the company is not making as much

profit as before, as the interviewees said. On the other hand, people seem to get used to this kind of reduction since this is not the first time that Volvo Cars on a reduction situation. For example:

*“This is nothing new of this project. We have the same set up as the last time, last time we had decreased.. rightsizing. So for managers who were part of that this is a similar process and this is the same steps.”*

*“For the people who have been here since 15 years back, so you to say that they are used to this. You know if the company is not performing well, of course they know this will come.”*

When asked the questions if they have experienced any kind of changes of employees' engagement level after the project has been launched, almost none of them have seen obvious negative changes. As one manager said:

*“They are engaged. I have ambitious, positive and engaged people”,*

Overall, the project, as well as the personnel changes within the department, including the termination of consultants and the coming of new member, hasn't set strong affect on employees' behavior. There are always people who complain about the company, especially at such a period of time when the organization is doing reduction, according to the manager. But they still experienced their team members as putting all effort with daily work, trying their best to do what they should do.

However, it is natural to have discussions and questions within workplace when the company is under a cost saving situation. As interviewee mentioned:

*“They are a little bit worried of course. Because they have asked how is this going to affect us and if there's someone have to leave or .. they were asking questions but they are still engaged and I explained to them.”*

Questions were got mostly from the elder employees who might interest in getting a package. They wanted to know if they would be given a package or change the department. And if the package turned out to be good enough, they might want to voluntarily early retirement. Worries also exist due to the fact that the employees may not have access to enough information, especially for the employees who left during the rightsizing in 2008 and then re-employed.



*“Some people get laid off at 2008 and 2009 and then re-employed, and they get really nervous that they may get laid off once again then,”*

Explained by interviewee. Another negative impact on EE can be generalized as the worries about their career paths within the organization. This kind of worry was quite strong when the news of cost reduction just came out since by then no one knew what was going to happen. But as the time went by and the project has been proceeding, employees in the department that would not be affected started to come back to normal because that they knew their work will continue as usual. When talked about the identification with the company, the interviewees held positive attitude towards this and they were quite sure that most of the employees were identified with Volvo Cars and would talk about positive things of the company to others.

Overall, I would argue that there was no obvious negative influence on EE level due to the launch of personnel cost reduction project. The survey and the interviews with managers showed consistent results that EE level in Volvo Cars is quite satisfactory. The main impact regarding EE was that some employees got worried and anxious about their career path and company's fate because the company's non-ideal financial situation.

#### **4.4 Antecedents to employee engagement**

After the last session we know that EE level in Volvo Cars is at a quite high level. The diverting result regards the EE level at Volvo Cars fostered my interests to gain knowledge of the antecedents to it. According to the interviewees, they have been experiencing an overall increasing engagement level during the past 10 years. This could be due to the reason that Volvo Cars had several tough periods during the past 10 years, including twice acquisitions and some decrease in sales, explained by interviewees. The difficulties made employees realize that their efforts counted. They connected their own fate with the company's destiny thus became more engaged for the company's sake as well as themselves'.

Another fact is that in Volvo Cars there are many employees who have been staying in the company for 20 years or more. The feeling of belonging to this organization is one of the reasons for maintaining a high level of engagement, according to the interviewees. This positive feeling can be regarded as the main driving force for the employees to talk about the company in a good way, protect the company's reputation and further more become a

promoter of the company's employer brand. Furthermore, the high reputation of Volvo Cars is also contributing to form the EE. The managers perceive it as normal and natural since people tend to stay in a high-reputed company especially when they connect themselves with the company.

What worth mentioning is that not only one manager pointed out their appreciation towards the policy in Volvo Cars that they have the possibility to change jobs within the organization, from department to department. The interviewees described as:

*“I think it is a really good company that has a great opportunity to change work and positions. There is no end of opportunities that you can have as a person and develop your personal skills and everything.”*

*“What is great with this company is that you can really change from finance to HR to development and how many companies can give you that.”*

This is undoubtedly a powerful factor which helps the company to maintain employees. As retaining employees is one main part of engagement measurement, thanks to this policy, the EE is created from achieving low turnover rate perspective.

When talked about the compensation and benefits, interviewees do not take it as a main reason for high EE level. One interviewee pointed out that the company does provide chances for training and coaching and so forth, but compensation and benefits are more proper to say on high management team. Another interviewee compared the compensation and benefits system with another company's where the low level employees also have bonus for performance which Volvo Cars don't have such thing.

## **4.5 Communication within the organization**

Although the EE level is high, problems still exist during the project inevitably. Communication is always a problem in big companies and Volvo Cars is not an exception when it comes to this issue, according to the interviewees.

*“The communication from EMT members or from CEO level is ok, downwards. But I think it needs to be stronger on director levels, vice president, director levels. Those management teams need to be stronger in communication and more town hall meetings when it comes to this type of information.”*

Once again, it is crucial for all the people get the same information at the same time when talking about personnel cost reduction issues. But this is something that hasn't been done in a right way in Volvo Cars. Some interviewees indicated that if they hadn't been through the same thing several years ago, they wouldn't know why this happening or how this will be like. The interviewees said:

*“The managers they have too poor information about the company's financial condition. I think a lot of people were taking this by surprise...”*

From this point, interviewees think it is better for the company to inform the employee about the status the company at, thus making it easier for people to understand the reason of the project with more understanding. The procedure is not clear enough to all managers. Some of them have confidence that they know the process due to the previous experiences, while some others don't have the whole picture. One interviewee pointed out that:

*“What I missing is that we all know that certain of people will get the package, but what is the second step if they say no?”*

One interview also argued that the managers should be honest to the people who were offered the package. It is not right to tell a person that he has been doing great and then let him go. She talked about this issue as:

*“the company should be more aggressive when presenting the package to persons and really saying that why they get this package of offer..managers..Who have to ask people to leave they tell the people that they are all great that we cannot give you another position, but it's not the case”*

Instead talking about this, the managers should speak frankly, said by the interviewee.

Another interesting point is about the usage of HR Portal. Only two interviewees expressed that they would frequently check HR Portal, especially on the main page to see what big is going on in the company. One interviewee also told her team members to check HR Portal since there were documents uploaded there for all the managers and employees regarding the personnel cost reduction project. However, most interviewees said that they didn't use HR Portal as a useful tool and they seldom checked it. Neither have they believed their employees would use it.

The time when the managers were informed about the project was quite different from each other. Several of them attended the meeting where presentation of this project was given by executive management team at the end of last year. The opportunity to get the firsthand information was good for both of themselves and their team members since they were able to know details at a pretty early stage. Several other interviewees they got the information from their managers due to the fact that the presentation from EMT was given to the managers who were at a certain level of positions. One interviewee didn't get any information from his manager. Thus he and his team members got to know this project quite late until the news from press came out and some news appeared on intranet. This is also true for majority of the employees that they first got the news of reduction from media. Regarding this point, interviewees believe it would be better if the EMT could act a little bit earlier on internal information and act later towards outside. The news from media was not accurate and somehow described this reduction as something horrible which might have led to misunderstanding and gossip among the employees. It is really important for the employees to get the information from internal and it is essential to make sure the information they get is right, as argued by interviewees.

One interviewee think the problem lies in the fact that before the internal news was published, there were someone, either from suppliers or dealers or employees who had known this information, “*leaking*” information to the outside. While another interviewee took it as the company informed the newspaper way too early.

## **4.6 Top-down information delivery**

Despite the communication issue, top-down information delivery is also needed to be improved. Top-down information delivery is essential within any organizations meanwhile it is a rough job since blocking-ups are inevitable and happen time to time. One of the important data is the portion of respondents on managerial positions (26.17%) and non-managerial positions (73.87%). Managers were expected to be more knowledgeable regarding the cost saving project due to the well-given information on Volvo Cars' HR Portal. Information was given to different target groups on portal, including HR, managers and employees. According to the portal, managers have the access to all the relevant documents except some specific HR information. Based on these facts, an assumption was made for the question asking how well does the respondent know about this ongoing project that managers

would most likely to pick option 1(“I have good knowledge about how it works”). As it shows in the result, 86 out of 262 respondents (32.8%) have perceived themselves as having good knowledge of this project works (see Chart 1).

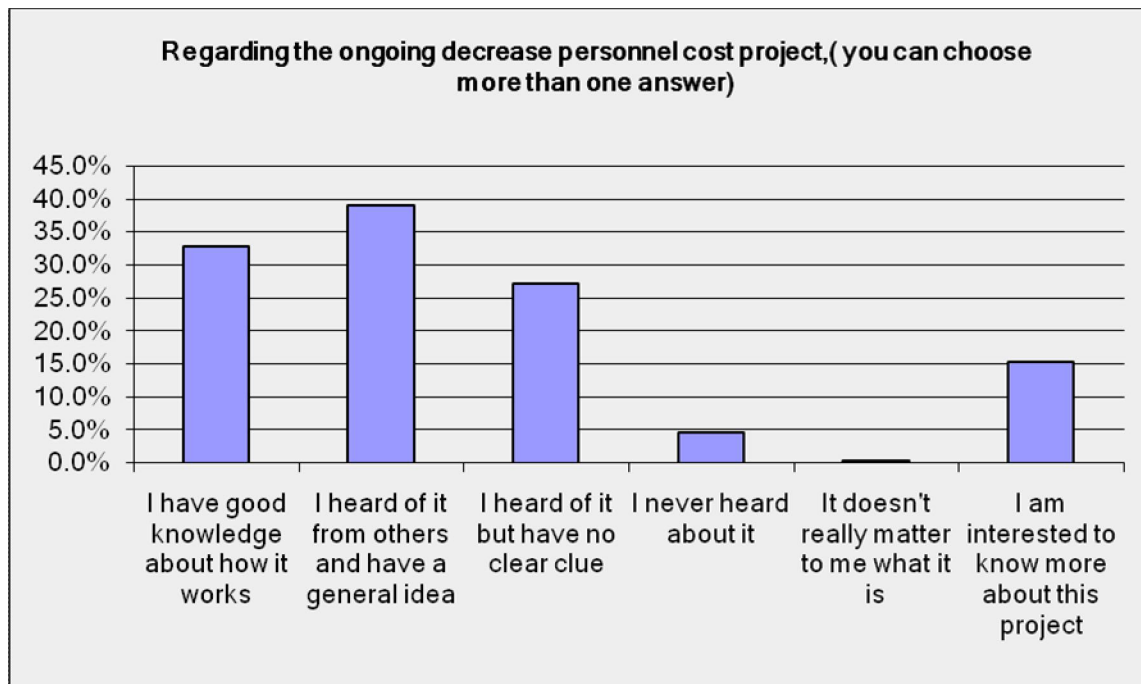


Chart 2. Knowledge about the personnel cost saving project

By cross tabulating variables in Microsoft Excel, accurate numbers of people choosing each option were got. 45 managers out of a total number of 67 fell into the first option, the left 22 think they have heard of this project elsewhere but only have a general idea or have no clear clue. Quite few people show that they never heard about it, including 11 non-managerial employees and no managers. None think this project is not relevant to them and around 15% expressed as they have interests in knowing more about this.

		Value	Approx. Sig.
Nominal by Nominal	Phi	1.096	.000
	Cramer's V	.633	.000
N of Valid Cases		263	

Table 4. Crosstabs output from SPSS

The data above in Table 2 are results for crosstabs calculation from SPSS. After recoding the data into nominal, I was able to use position and “knowledge” (based on the question how much knowledge do they perceive themselves have) as two variables for crosstabs. The value of Cramer’s V is the one that I would take look at as it measures the intercorrelation of two discrete variables (Sheskin, 1997). For this case it helps to tell if there is any correlation between the two variables, and a positive result means that the knowledge the respondents got is very much depend on if they are managers or non-managers. Normally in the statistical analysis, we say the two variables have intercorrelation when the value of Cramer’s V is bigger than 0.3. So I would like to argue that how much of knowledge the employees got do is strongly related to which position they are at. Managers have access to more knowledge than non-managerial employees. This is on one hand corresponding with the top-down hierarchical organizational structure, and on the other hand may indicate a lack of transparency of information for employees and a communication problem between managers and their team members.

Despite the answers directly got from the multiple choice question, some of respondents’ views were also generated from the open questions. *Clear and updated information* was found to be used as a frequent code when doing Atlas analysis with open questions. Both employees and managers have stressed this point. Some respondents have suggested that it could or should be clearer from the top-down of how they want to have this project. One manager stated as following:

*“As a manager I get a lot of questions, but I don't have any answers. I think the managers should have received more information to answer questions from staff”.*

Here may implicate a problem of information delivery gap within top-down structure. The executive management team (EMT) wanted to deliver information to managers but the managers were not well informed as planned.

## **5. Discussions**

This chapter gives explanations to the findings from the empirical result. The explanations are based on theories from three perspectives including sense-making, self-identification as well as job security.

## 5.1 Sense-making of reduction of personnel cost

It is found that some respondents tend to use expressions like *“I guess it’s necessary”* or *“probably needs to be done”* when they describe their feelings for the implementation of the personnel cost reduction project. From the results of both open questions and interviews we got to know that employees were not well informed about the company’s status, including its performance on market or financial conditions. This lacking of information caused employees’ feeling of uncertainty and confusion about the reason why the company is setting up this project, as described by the interviewees. Employees were worried at the beginning when most discussions were taken place among them regarding this project. However, as the project is proceeding and the majority of them haven’t been asked to leave the company or change their jobs, they started to give meaning to company’s behavior and regarded it as an understandable decision. Group cognition was formed during the period when employees experiencing changes around them and gathering information. This process is what I would like to argue as the sense-making of them.

To be short, sense-making is a process by which people giving meaning to experience. The concept of sense-making was first introduced to an organization level by Karl Weick in 80s with elaborating it as a collaborative process of creating shared awareness and understandings of different individual’s perspectives and interests (Weick, 1988, 1993, 1995). For this case, there are 70% respondents who participated in the survey have been staying in Volvo Cars for more than 6 years, which means that majority of them have experienced the rightsizing between 2008 and 2009. They have the experience of this kind of organizational changes and have applied this experience to this time as well. Some interviewees said that although they were not formally informed about the ongoing reduction project, they were able to understand it due to the previous experience. They look at this project as the same thing as the previous ones thus adding meaning to it. It is the same for the employees. People who haven’t been affected felt lucky thus it is easier for them to perceive this project as reasonable and understandable. And I argue that is a process of making sense of what the company is doing based on their own experience. And of course, this kind of sense-making could have already been formed earlier in the later time of 2008 and 2009, among those who successfully survived in the lay-off period. The whole process can be illustrated by the following chart (chart 2).



Chart 3. Sense-making process

The consequence of sense-making is that employees wouldn't be affected too much nor hold a negative attitude towards personnel cost reduction project since they have made it rational and acceptable for themselves. And I argue this as one of the antecedents to such an impressive engagement result in the survey.

## 5.2 Employees' self-identification with the organization

Based on what the respondents and interviewees said, I would like to argue that employees of Volvo Cars have a high level of identification with their company. Identity is a concept derived from social psychology and has been widely used in employee satisfaction and commitment study. It is tested in a wide range of fields and settings and includes prejudice, stereotyping, negotiation and language use and also implicated on the way people deal with social and organizational change (Rummen, 1993). Tajfel et al (1986) developed this theory and tried to identify the minimal conditions that would lead members of one group to discriminate in favor of the ingroup to which they belonged and against another outgroup by conducting the experiments among schoolboy groups and testing the ingroup favoritism. Hogg & Vaughan (2002) defined Social identity as the individual's self-concept derived from perceived membership of social groups. According to the theory, an individual has multiple "social identities" and for identified employees they tend to use "we" or "us" when describing themselves and the company.

I would argue that the identification of employees are formed by a long tenure within the company and is much relevant with Volvo Cars' social reputation. The difficulties that the company has been through are also crucial in creating employee identification. It is illustrated by the interviewees that Volvo Cars has a high reputation within Sweden and Europe since a long time ago. It was treated as pride and was more like an institution which was almost "unbreakable" back to 20 years ago. At that time employees were not as engaged as nowadays since they looked at the company as a good and safe place to stay but had no idea



what they could do to make the company better off because the company's condition was good enough. However within the recent 10 years the company was caught by some unstable factors. The unsatisfactory performance in the market led to financial problems which caused the first acquisition in 1999 by Ford. Several severe lay-offs were taken place in 2008 and 2009 and the company was once again acquired by another company. The difficult times caused big loss for the company but somehow strengthened employees' identification with it because during when they started to realize their efforts might help the company to get rid of the troubles. A strong link took shape between employees and the company which they connected their own fates with the company's destiny. This point was also argued by the interviewees to be the biggest reason why he experienced an increasing engagement within recent 10 years.

Compared with the previous lay-off activities, the ongoing personnel cost reduction project is not affecting as many people as before. The company is not in a worse situation thus the damage is not enough to break the employees' identification with Volvo Cars. And I would argue that the strong identification makes the employee look at themselves as part of the company and they perform their best to against the outside dangers.

### **5.3 The feeling of insecurity to change jobs**

Job security has been discussed over past few decades. Same as self-identification, job security and insecurity were examined with regard to OC and job satisfaction. It is the probability that a person can keep his or her job; a job with a high level of job security means a person with the job would have a small chance of becoming unemployed. It is argued that job security have a positive and direct relationship with both job satisfaction and OC (Mokhles & Bahrami, 2011). Here I argue that a person do not quit job maybe because he or she feel secure at one position, or could because of the feeling of insecure to change jobs if talking from another side.

Before this study was launched, the feeling of insecurity to change jobs was mentioned by a manager when talked about the retention reason for the employees. This point was further agreed and confirmed by the interviewees and they argued the feeling of insecurity to change jobs would be a reason for people to stay thus the high level of engagement within Volvo Cars was enhanced from a "stay" perspective. This is related to Swedish labor law's policy of "last in first out" which means the one who newly enter the company should be first as

considered to leave when a company has to dismiss people. Although this policy seems to be not strictly followed in big organizations in Sweden, it is still a potential threaten for people which put them into a risk of unemployed. Job security in most countries was described as depends upon the capitalist system and the minimal government intervention in businesses. Compared with countries such as the US, Sweden's labor market is comparatively inactive which might set certain limitations for people to change their jobs to other satisfactory ones. Staying in Volvo Cars is a good choice due to the fact that 1) most of the employees are holding open-ended contract. The longer they stay here, the smaller possibility that they would get laid-off; 2) they have the possibility to change jobs within the organization; 3) Volvo Cars has a good employer brand in Sweden; 4) it might be hard to find a same good job if then left Volvo Cars. Overall, employees feeling of security at Volvo Cars and feeling of insecurity to change jobs are argued as one antecedent to EE.

## **6. Conclusion**

In conclusion part, firstly there is a recap of the research heading to a review of the research questions, empirical results as well as discussions. After that the contribution and limitations of this research are given, followed by some suggestions and implications for future research and the companies.

### **6.1 Recap of the research**

This study aimed at investigating the impact of organizational changes on EE and was carried out as a single case study in a Swedish company Volvo Cars Corporation. The research questions were set as:

- 1) How does the reduction of personnel costs influence EE level?
- 2) What problems could merge during personnel cost reduction project regarding EE?

To be able to answer these research questions, this study was designed to be consists of two parts, respectively with a survey and interviews as data collection methods. The results of the survey show interesting points that the EE hasn't been negatively affected by this organizational change and still remained at a quite high level. This is something that not

corresponding with the previous research on OC and EE, and a necessity to listen to the managers' perspective were thus generated.

According to a combined analysis of the answers both from open questions and the interviews, the problems which emerged during cost reduction period were found. The problems mainly lie in communication and top-down information delivery process. Employees had limited access to relevant information which caused worries and anxious feelings among them. The internal information came up later than external news was a main source for rumors and gossips which set negative impact on employees. Blocking-ups during top-down information delivery process existed which led to employees' dissatisfaction on the project. The suggestion is that the top management team should act earlier to internally inform the staffs. Clear information update should be given and transparency should be increased. These possible improvements also help to ease the tension and worry emotions among the employees at the very first beginning. Communication is surely needs to be strengthened at all levels. Employees appreciate communication by any means and they believe there will never be too much communications.

The explanations for the high level of EE were argued from three perspectives. The process which employees switching their attitudes from confusing and worries to understanding and accepting is regarded as a process of sense-making. This process of making sense of the company's behavior is based on their previous experience of similar organizational changes. They are "used to" this sort of reduction and give meaning to the ongoing one since they haven't been asked to leave nor put in a bad situation. The second reason that I would like to argue is the employees are highly identified with this company. They linked their own fates with the company's condition and initially want to contribute to make the company better off, both for their own and company's sake. The last reason lies in employees' feeling of security at Volvo Cars and insecurity to change jobs. This kind of feeling is somehow depending on the culture and the country's economic and labor market settings.

## **6.2 Contributions and Limitations**

This research contributes to the literature in HRM field regarding EE and organizational changes in bidirectional ways. While the academic content on this topic is expanded, a blank of studies on EE under organizational change circumstance is filled by this research. Studies on this topic are not limited to the antecedents and consequences exploration but starting to

have new insight. Take the development of OC researches as an example, studies on EE will future go in various ways thus the literature will surely be enriched. At the same time, a new point of the impact of organizational change on employees was brought up by this study. Previous researches on OC easily led people make an assumption that it is not absolute for cost saving organizational changes to set obvious negative influence on EE. This case study inspires researchers as well as companies discard this stereotype and gain a new perspective that EE could maintain the same or even increase the same even when organizations are at a changing or difficult situation. This finding, on the other hand, can also enlighten the organization in dealing with engagement issue when doing organizational changes.

Limitations also exist in this research. Due to the fact that this research is a single case study within a certain organization, it might be difficult to say the result can be applied to all organizations in different countries. The differences in economic and culture context may lead to various results; Secondly, I wasn't able to interview more managers from more units in the organization because of the time and resource limitations. Thus a bias caused by age as well as differences in departments may exist; Finally, the analysis of open questions and interviews were based on researcher's own interpretation where the subjectivity should be part of the things that should be aware of.

### **6.3 Future research**

First of all, more case studies of companies in various countries are expected to be done regarding this topic. Due to the fact that different social and economic settings as well as companies' size, culture and structure could lead to diverse possibilities, more studies might inspire people to generate some certain regular pattern which will have great value from academia to practical application. Secondly, more perspectives can be taken into consideration when designing either questionnaire or interview guidelines. It will be very interesting to look at the EE difference between temporary workers and employees, for instance. Additionally leadership, empowerment and coaching etc. could also be taken as focus. Thirdly, new measurement tools are needed to be developed and tested. With a well developed and scientific measurement tool, the future studies will have increased reliability.

## **6.4 Managerial implication**

Companies should abandon the old stereotype when talk about the changes of employee commitment or engagement level when during organizational changes. The changes are not always negative, according to the findings of this study. Company administrators should initiatively take organizational changes as opportunities, make full use of internal communication and information delivery pathway to stabilize the situation and aim at maintaining or even increasing EE. The unstable factors may not be caused by organizational change itself, but because of what companies do and how companies do it, to a large extent. Promote transparency and of course communicate effectively and efficiently is crucial and that's what companies should indeed make efforts to. Moreover, companies should also emphasis managers' role particularly when doing organizational changes. As manages are the bridges linking top to down at all levels within organization structure, it is vital to make sure all bridges are working well so that no one would get drowned.

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# Appendix

## Questionnaire template

This survey will be completely anonymous, respondents will not be able to be identified by anyone at any stages within this study.

### 1. What is your gender?

- Female
- Male

### 2. Which category below includes your age?

- 20 or younger
- 21-29
- 30-39
- 40-49
- 50-59
- 60 or older

### 3. Where are you from?

- Sweden
- Other European countries
- China
- Other Asian countries
- North America
- South America, Oceania or Africa



**4. What is the highest level of school you have completed or the highest degree you have received?**

- Elementary School
- High School Degree
- Vocational Education (e.g. KY)
- College Education
- Bachelor Degree
- Graduate Degree
- Phd

**5. In which unit are you working?**

- R&D
- Finance
- HR
- IT
- Legal
- Manufacturing
- MSS
- PS&VLM
- Corporate communication
- Purchasing
- Quality and Customer Satisfaction
- Design

Other (please specify)

**6. Your position at Volvo Cars is**

- Non-managerial position
- Managerial position

**7. For how long have you been working in Volvo Cars?**

- Less than 1 year
- 1-5 years
- 6-10 years
- 11-15 years
- 16-20 years
- 21-25 years
- more than 26 years

**8. Regarding the ongoing decrease personnel cost project,( you can choose more than one answer)**

- I have good knowledge about how it works
- I heard of it from others and have a general idea
- I heard of it but have no clear clue
- I never heard about it
- It doesn't really matter to me what it is
- I am interested to know more about this project

**9. To what extent do you agree or disagree with the statements below?**

	strongly	neither	strongly
	disagree	agree	agree
		nor	
		disagree	

I am still identifying myself with this company even after the announcement of savings in personnel costs was made.

	strongly disagree		neither agree nor disagree		strongly agree
The current news on organizational change influenced my view on the future career path in Volvo Cars in negative way.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am still putting in a full day(or maybe more) to get more work done even the company is under a saving personnel cost situation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have thought about leaving this company voluntarily to another company after the announcement regarding savings in personnel costs was made.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I'm still sharing the same goals with Volvo Cars under this cost saving situation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Once have chance, I still would like to recommend Volvo Cars as an employer even it's under cost saving situation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I'm talking to other people about Volvo Cars in a positive way even it's under cost saving situation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am putting a great deal of effort to help the organization to get better off from current situation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Volvo Cars is still inspiring the very best in me in the way of job performance even under this situation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I worry about the organization's fate due to the current cost saving situation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**10. On which aspect had changes occurred to your daily work after the news reduction on personnel cost was announced?**

**11. Do you think that you are performing differently now compared with the time before the reduction news was announced? In what way?**

**12. What is your general view on the ongoing organizational change situation?**

**13. Do you think there is anything that Volvo Cars should improve when dealing with this reduction issue? (e.g is the communication sufficient?)**

Thanks for taking time to answer questions! Your view is very valuable for me and the company. Hope you enjoy the work at Volvo Cars!

# Interview guideline

## ***Part A. Personnel cost reduction project***

1. In which department are you working at Volvo Cars? How many people in your group?
2. How much knowledge do you think you have regarding the personnel cost reduction project?
3. When were you informed about this project?
4. Did you get the information from management meetings or from your manager?
5. Do you think your group members have been well informed about this?  
Have you had meeting about this?
6. Was there any discussion about this project among the employees? What kind of discussions?
7. How did this project affect your group and department? Any personnel changes?  
Increasing workload? End of project? Any new tasks?
8. How do you look at the information delivery from top to down regarding this project?
9. Do you know there is information on HR portal regarding this project?
10. Overall, do you think the information that you and the team members got enough?

## ***Part B. Communication***

1. How do you perceive the role of communication under this situation? Do you think the communication is enough?
2. Regarding the problem that many employees got to know this project from outside (media, press) rather than internal, how do you think about this?
3. How do you perceive the communication between you and your team members, and you and your managers?
4. From which perspective do you think the company should improve when doing such project?

## ***Part C. Employee engagement***

1. How do you like to describe your team members' engagement level?

2. From which perspective do you think they are engaged?
3. What are the reasons of this engagement?
4. Have you experienced any kind of changes on engagement after the project has been announced?
5. Is there any negative influence on employees' behavior and attitude?
6. Do you think people are identified with the company? And what are the reasons?
7. Since many employees have been working for Volvo for more than 20 years. What are the reasons for them to stay? Examples?
8. Would you recommend Volvo as a potential employer? What about your team member?
9. What do you think the company has done to motivate employees and maintain or increase employ engagement under such situation?
10. How do you think the company should improve?