



School of Management

MMBA 532 – BUSINESS RESEARCH PROJECT

*‘Laboratory employee’s reflections towards change in transitioning
from a public to a private laboratory service.’*

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Executive Summary

Laboratory testing plays a critical role in health-care, providing clinicians with information that enables disease prevention, diagnosis and treatment. However like all public health care systems, laboratory services face increasing pressures that come from marketplace, environmental and political factors. These factors led the three District Health Boards (3DHBs) of the Wellington region i.e. Wairarapa, Hutt and Capital & Coast District Health Boards to work together towards service integration of hospital and community based laboratory testing which subsequently led to privatisation of the hospital laboratory services.

The topic this research investigates is ‘laboratory employee’s reflections towards change in transitioning from a public to a private laboratory service’. This research topic is important as analysis of the literature revealed the small amount of data available on how employees view and undergo change and the mechanisms they employ to cope with change. The research topic is also relevant at the organisational level as the findings will enable a review of the transformational change process based on employee’s reflection which may also reveal ways in which transitioning through the change as well as through privatisation can be made easier for employees.

This investigation is based on an interpretative qualitative approach, as the focus is on understanding the social world through an examination of the interpretation of that world by its participants i.e. laboratory employees (Bryman & Bell, 2011). Thus, this study explored the views of laboratory employees based at Wellington Regional Hospital and Hutt Hospital laboratory sites. Semi-structured interviews with thirteen participants were conducted to collect the data. The data was analysed via thematic analysis and then coded to reflect common themes and conceptual relationship underlying the employee’s reflection of the transformational change process.

The findings of the interviews suggested that communication plays a key role in the respondents understanding, engagement and involvement in a change process. Communication was cited as the biggest barrier towards change. It was also acknowledged that there is strong presence of public sector ethos amongst the laboratory employees, which can create a lack of commitment towards the privatisation process, as employees perceive a loss of quality in the service provided to patients as a result of decisions being driven by commercial imperatives.

Additional barriers to change were also identified in the form of change fatigue, lack of engagement and involvement of employees in key decisions in regards to the way the future service would be provided. Healthcare professionals show high levels of autonomy due to the nature of their profession, hence any change initiative that does not have the support of these professionals or is perceived to decrease quality of the service will be resisted to some extent. The process model of stressors and coping mechanisms in transformational change presented by Robinson & Griffiths (2005) was useful in determining what the sources of stress were for the respondents and the mechanisms they used to cope with these stressors. The stressors identified to be aggravated for the current change process included increased workload, uncertainty and interpersonal conflict. The coping mechanisms utilised by the respondent's strongly correlated with the coping mechanisms that the process model proposed in the literature. This report highlights employee's reflection of the drivers and barriers to change as well as how employees cope with transformational change in the form of privatisation.

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1 Introduction

Laboratory testing is an essential part of providing quality health care as it aids clinicians in disease prevention, diagnosis and treatment. At the population level, laboratory testing plays a critical role in the identification of hospital-acquired infections, antimicrobial resistance patterns and in the control of exposures to toxic substances and disease outbreaks (National Health Committee [NHC], 2015).

In 2010, Wairarapa District Health Board (WDHB), Capital Coast District Health Board (CCDHB) and Hutt Valley District Health Board (HVDHB) embarked on a Three District Health Board (3DHB) Programme to gradually improve integration of services between the three DHBs as a result of growing financial, clinical and governmental demands (3DHB, 2013). In March 2014, CCDHB and HVDHB laboratories were integrated and are now known as 'OneLab', with the new name reflecting laboratory integration at the senior management and laboratory information systems level.

WDHB's laboratory services are contracted to a private laboratory services provider. Prior to 2014, CCDHB operated two hospital laboratories based in Wellington Regional Hospital and a satellite laboratory at Kenepuru Hospital. HVDHB operated one hospital laboratory at Hutt Hospital. Privately owned Aotea Pathology provided CCDHB and HVDHB community-referred laboratory services under a contractual agreement (Association of Salaried Medical Specialists [ASMS], 2014).

Concurrently to the OneLab integration, the three DHBs were also looking at ways to integrate community and hospital laboratory services and thus a tendering of its laboratory services took place. Two community laboratory service providers, Aotea Pathology and

HealthScope's Southern Community Laboratory (SCL) tendered a proposal. However, in a surprising move Aotea Pathology withdrew from the process in February 2015 citing that the three DHBs plans were 'clinically unsound and financially unsustainable' (Powell, 2015).

On 24 April 2015, Aotea Pathology was sold to Healthscope's new company Wellington SCL (WSCL) Ltd based upon the condition of WSCL being awarded the 3DHBs pathology services contract (NZ Exchange [NZX], 2015). The same week, the Boards of the 3DHBs made the decision to proceed with a fully outsourced integrated laboratory service model with WSCL (3DHB, 2015). The contract involves a ten-year agreement with WSCL to provide an integrated laboratory service that is intended to commence from 1 November 2015. WSCL will be based across four sites at Wellington Regional Hospital, Kenepuru Hospital Hutt Hospital and Wairarapa Hospital. A new multi-million dollar hub laboratory will be set up at the Wellington Regional Hospital where both hospital and all of the Wellington region community laboratory work will be performed (3DHB, 2015). As a result, Medlab Central and former Aotea Pathology will discontinue their services in October 2015.

The impact of the fully outsourced service model on staffing varies:

- The DHB laboratory employees will transition across to the new laboratory service provider – WSCL under the same terms and conditions as they have immediately before the outsourcing takes place as per Schedule 1B of the Code of Good Faith for Public Health Sector of the Employment Relations Act 2000 (3DHB, 2015).
- The DHB laboratory employees have been provided certainty of employment for twelve months by WSCL (3DHB, 2015).
- As at October 2015, additional jobs have been offered to staff at the formerly known Aotea Pathology and Medlab Central although the number of positions offered to these staff has not been released.

Research Objective:

The objective of this research is to analyse ‘laboratory employee’s reflections towards change in transitioning from a public to a private laboratory service’. It is specifically focusing on those employees of OneLab i.e. employees at Wellington Regional Hospital and Hutt Hospital laboratory sites. The current research topic will enable a review of the transformational change from employee’s reflections, which may reveal ways in which transitioning from a public to a private laboratory service can be enhanced and made easier for employees.

2.0 Literature Review

The purpose of this literature review is to provide a systematic review of the literature on the issue of privatisation, how it affects employees and how employees cope and respond to these transformational organisational changes.

In order to understand the pressures and complexities involved in the delivery of laboratory services, the review starts with an overview of the laboratory services market in New Zealand (NZ). The report then seeks to review the literature on the topic of organisational change, the drivers and barriers to privatisation in the health sector. Lastly, existing research under the topics of the effect of privatisation on health care employees and the stressors and mechanisms of coping with change are reviewed.

2.1 Overview of Laboratory Services in New Zealand

National Strategy

In 2013, the Ministry of Health published a strategic framework to drive integration of laboratory services into a collaborative and well-connected network that aligns with the NZ Triple Aim (3DHB, 2013).

The Triple Aim objectives:

- Improve the patient experience of health care services
- Improve the delivery of healthcare to a defined population
- Reduce and control costs so that we are able to ‘live within our means’ (3DHB, 2013).

Thus, there is an emphasis on cost savings, increasing efficiencies and providing quality health care.

NZ Laboratory Market & Funding

NZ laboratory services are provided by private companies and publicly owned District Health Board (DHB) laboratories. The service models vary greatly by regions as in some regions a single laboratory provides all laboratory services where as in other regions community laboratories provides its services to the community referrers whilst the DHB laboratories provides its services to the DHB (hospitals) and specialized testing to the community laboratories.

NHC (2015) described the current NZ community laboratory market as highly concentrated with two market participants; HealthScope Ltd and Sonic Healthcare dominating around 75% of the total market. The DHB laboratories are funded out of the individual DHB’s funding. The DHB laboratory bulk funds all community laboratory tests via a test schedule on a contractual basis. A very small proportion of community provided laboratory tests are non-publicly funded and are paid by patients (NHC 2015). Appendix 1 shows the market distribution and arrangements for community and DHB referred testing as at August 2013.

Workforce

The laboratory workforce consists of a hierarchical system of medical laboratory scientists, technicians and assistants who work alongside pathologists. Medical laboratory scientists appear on Immigration NZ’s long-term skill shortage list (CareersNZ, 2015). Despite this, job opportunities for medical laboratory scientists are listed as ‘average’ on CareersNZ (2013)

as jobs are hard to find due to high competition, low staff turnover, automation and due to closing down or amalgamation of laboratory services in some regions.

Association of Salaried Medical Specialists ASMS (2014) describes the laboratory workforce as vulnerable in respect of aging and shortages indicating that 38% of the total laboratory staff is aged 50 years or older and 16% are approaching retirement.

2.2 Organisational Culture in Health Care

Organisational culture of the public sector differs considerably from that of the private and has been well conceptualized in literature. Public-sector culture is described as a system of rational rules and procedures, structured hierarchies and a formalized decision making process which has central characteristics of stability and predictability (Parker & Bradley, 2000; Greasley, Watson & Patel, 2009). This type of organisational culture can have a negative impact on organisational change initiatives due to a lack of flexibility driven by the hierarchical structure and a lack of orientation towards adaptability, risk-taking, productivity and efficiency.

A unique feature of public-sector organisational culture is public sector ethos (Greasley et al., 2009). These are social values that are held by the employees and make a positive contribution by motivating employees thus ensuring employee commitment. In the case of public health care including public laboratories, there is a focus on providing quality care and putting patient needs first.

2.3 Organisational Change in Health Care

Organisations undergo change for numerous reasons. However, Kotter (2007) identified that in 'almost every case, the basic goal is the same; to make fundamental changes in how business is conducted in order to help cope with a new, more challenging market environment

(p. 96).’ This statement holds true for public healthcare organisations, which not only face marketplace forces but also political forces in the form of governmental initiatives and environmental forces such as emerging diseases and antimicrobial resistance as seen in the current case. Thus, in order to efficiently and effectively utilise finite resources, change has become increasingly common across all public sector organisations (Greasley et al., 2009).

Many healthcare professionals view privatisation of healthcare services negatively. They argue that private laboratories are geared towards making a profit where as public laboratories are geared towards identifying and solving public health problems (Avery, 2000). It is difficult to counteract this argument as a lack of transparency due to private corporations being protected by law from public disclosure is hindering an evaluation and comparison of private vs. public health laboratories (Sutherland, 2012).

Drivers for Change

Increasing future demand and the need for cost efficiencies are two of the numerous factors driving health care integration. The drivers for laboratory change include financial challenges and cost-reduction initiatives from Ministry of Health, which have initiated a cost reduction theme for laboratories (3DHB, 2013). It is difficult to forecast the demand for laboratory services however it is expected to increase due to an increase in population, increasing incidence of cancer and other medical conditions as well as increasing complexity per case of an aging population (ASMS, 2014).

Barriers to change

Resistance to change can occur at both the organisational level ‘where there is a reluctance to change how we do things around here’ and at the individual level. Individual resistance

depends on the perceived inconvenience, loss of autonomy, economic implications and security in the past and uncertainty due to fear of the unknown. Individuals will respond differently to change efforts; some may view change positively as it gives them a chance to grow and learn whilst others may lack enthusiasm for change as it increases their workload. Thus, employees need to be incentivized and persuaded of the benefits of the change in order to avoid resistance to change (Greasley et al., 2009).

In the health sector, poor communication, lack of transformational leadership, top-down change initiatives, lack of individual buy in and a lack of resources and training have been cited as potential barriers to change (Greasley et al., 2009). Furthermore, health care organisations are described as being more difficult to manage than other organisations (Anson, 2000; Johnson & Boss, 1993). This is due to reasons that are unique to healthcare organisations such as high levels of interdependence among employees and departments, high level of education and skill development of employees, increasing technological advances and the need to ensure quality health care.

2. 4 Autonomy of health professionals

Healthcare professionals have high levels of autonomy and independence due to the nature of their profession, which can act against a change process. Thus, any major changes in health care cannot be implemented without the support of clinicians and healthcare deliverers as the perception of decreased autonomy and independence strengthens resistance to change (Johnson & Boss, 1993). Studies show that clinicians often initiate healthcare integration and a top-down organisational integration can lead to workplace tension and conflict between senior management and clinicians (ASMS, 2014). This was evident in the transition of Auckland's laboratory service being transitioned to a new provider; where a lack of clinical leadership and oversight led to numerous failures in the change initiative (Milne & Mueller,

2010). Furthermore, providing quality patient care is hugely important to healthcare professionals hence any change initiative that is perceived to decrease quality will be resisted (Johnson & Boss, 1993).

Psychological cost of change

Change requires constant effort hence it has high psychological energy costs. As healthcare professionals are highly visible, loss of influence or failed change attempts can be detrimental for health institutions (Johnson & Boss, 1993).

2.5 Case study: The Effect of Privatisation on Employees

Falkenberg (2010) conducted a questionnaire-based research in Swedish acute care hospitals to understand how privatisation and corporatization can affect employees. This case study highlights the uniqueness of healthcare organisational culture discussed above.

The data was used in the following empirical studies:

Study 1

The aim of this study was to compare and describe the consequences privatisation of health care could have on a specific profession, in this case physicians at three hospitals (Falkenberg, 2010).

Findings

The attitude towards privatisation was more positive at privatised hospitals compared to public hospitals. This may have been due to physicians perceiving leadership at their organisation as employee and production oriented, leading to more positive experiences of their work climate in comparison to public sector physicians (Falkenberg, 2010). This suggests that privatisation does not have a negative impact if the changes had beneficial effects on the employee's work climate.

Study 2

This study investigated the change in work-related attitudes and ill health for different hierarchic levels i.e. physicians, registered nurses and assistant nurses in relation to privatisation of a hospital.

Findings

The assumption from previous studies that privatisation has the most negative consequences for low hierarchic level employees was contradicted. The reason for this was stated as; privatisation did not affect the immediate work situation of low hierarchic employees to any great extent in this change (Falkenberg, 2010).

Results also showed that registered nurses i.e. the middle hierarchic employee reported less job satisfaction and greater turn over intention after privatisation (Falkenberg, 2010). It was rationalized that the middle hierarchic level did not have the same resources and access to control as employees at highest hierarchic levels. This further led to the middle hierarchic level being subjected to conflicting demands from those at higher (holding down costs) and lower (reasonable workload) hierarchies. These conflicting pressures on employees lead to a negative work-related attitude hence leading to middle hierarchic employees being more affected by privatisation.

2.6 How do employees deal with change?

The current literature review thus far has focused on the possible causes and overall responses change such as privatisation initiates from employees. There is now a need to understand the underlying triggers that make employees respond to change in a certain way and why. However, there is little research on why change can be a stressful experience and the mechanisms that employees use to cope with change. This is reflected in a study by Robinson

& Griffiths (2005) where the researchers observed that there have been only a handful of papers written in this area and the models of coping with change are still speculative.

Robinson & Griffiths (2005) investigated the root causes of stress and how individuals cope with these stressors through semi-structured interviews of 28 participants working in a British Government department. The results showed that the sources of stress were not attributed to transformational change but to five sources of stress that were intensified or activated by the changes (Figure 1).

The five sources of stress include increased workload, uncertainty, interpersonal conflict, unfair treatment and perceived loss. The five stressors lead to efforts to cope with change through overlapping coping mechanisms such as task-centered coping, social-support based coping, cognitive coping and emotion focused coping which dictates the particular coping responses (Robinson & Griffiths, 2005).

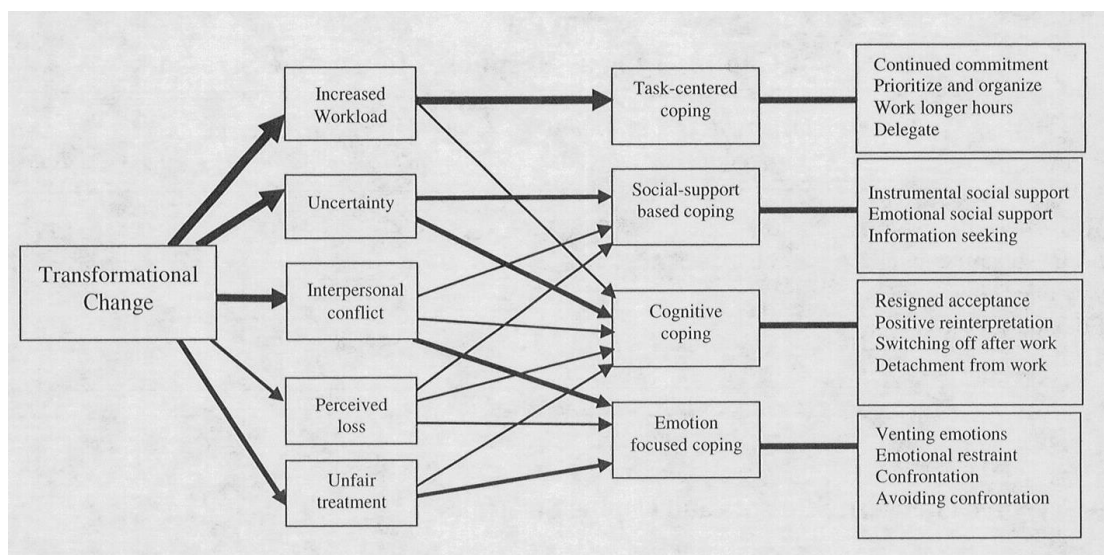


Figure 1: Process model of stressors, coping types and coping responses in transformational change (Robinson & Griffiths, 2005).

2.6.1 Increased Workload

An increased workload was the most commonly cited source of stress in Robinson & Griffiths' (2005) study. Transformational change increases the workload of employees as time and effort is required to maintain service delivery as well as remove the old business systems and replace them with the new systems.

Employees will respond to this stressor mainly via task-centered coping mechanisms of continued commitment, prioritising and organising, working longer hours and delegation of the increased workload in order to cope and meet deadlines (Figure 1).

2.6.2 Uncertainty

As discussed previously, organisational change leads to uncertainty and the fear of the unknown due to unpredictability of the future. This is central to understanding the way employees respond to change. If employees perceive that they have control over situation, they view the situation as less threatening. Thus, perceptions of control have shown to be able to reduce uncertainty and stress (Falkenberg, 2010). Public sector organisations are inherently hierarchic thus access to resources is not easily available or evenly distributed through various employment social status.

Uncertainty can have a negative impact on employee's attitudes towards not only the change but also their view of the support their organisation provides and ultimately their job satisfaction and performance (Cullen, Edwards, Casper & Gue, 2013).

Uncertainty is dealt through social-support based coping and cognitive coping (Figure 1). Social-support based coping includes seeking instrumental and emotional social support

through information seeking behavior and gaining moral support from colleagues and other stakeholders.

Cognitive coping responses include resigned acceptance as a necessary step toward actively cope with inevitable transformational change. Other cognitive coping responses include positive reinterpretation of the change through positive comparisons of the organisation, individual and/or emphasizing the temporary nature of the stressor (Robinson & Griffiths, 2005). Mental disengagement from work through detachment and switching off after work diverted attention away from the stressor but this strategy was only used by two lowest levels of the organisation staff (Robinson & Griffiths, 2005).

2.6.3 Interpersonal conflict

Interpersonal conflict is defined as stress arising from actual conflict between individuals and groups (Robinson & Griffiths, 2005). This stressor can be exacerbated when privatisation occurs as seen in the case of MidCentral DHB's privatisation of laboratory services (3DHB, 2013). It was noted that cultural differences in staff from the community and hospital laboratories created conflicts that were difficult to manage in a combined workforce. Furthermore, this had a direct impact on the new organisation's culture and 'years were required to build up a shared culture' (3DHB, 2013).

The main coping mechanism for interpersonal conflict is emotion-focused coping which includes responses such as showing emotional restraint in reacting to the stressor or avoiding confrontation. Another response to this stressor is in fact confrontation thus focusing on vocal and open expression of negative emotional feeling to others i.e. venting emotions (Robinson & Griffiths, 2005).

2.6.4 Perceived loss

The psychological response to transformational change was compared to that of personal bereavement and claimed that employees will often experience a sense of perceived loss (Robinson & Griffiths, 2005). This stressor elicits social-support based coping, cognitive and emotion-focused coping (Figure 1).

2.6.5 Unfair treatment

Events that are categorized as unfair are those in which individuals perceived a lack of equity in their relations with organisation (Robinson & Griffiths, 2005). This stressor leads to cognitive and emotion focused coping with responses depending on the perception of the situation.

2.7 Literature Review Summary

The literature review highlighted the marketplace, environmental and political pressures that have led to the push towards service integration in the form of privatisation for the Wellington regional laboratory services. The change driving factors include the need for cost-reduction in the face of forecasted increasing demand of laboratory services due to increases in population, complexity per case and incidence of cancer (Association of Salaried Medical Specialists [ASMS], 2014).

The literature also emphasised the uniqueness of the organisational culture of the public health sector. A system of rational rules, procedures, structured hierarchies and a formalized decision making process gives way to public sector ethos where emphasis is given to providing quality care and putting patient needs first (Parker & Bradley, 2000; Greasley, Watson & Patel, 2009). This can have a negative impact on change initiatives due to the hierarchical structure resulting in a lack of flexibility. Furthermore, healthcare professionals

have high levels of autonomy and independence, which can be detrimental for change initiatives that do not have the support of healthcare deliverers (Johnson & Boss, 1993).

The effect of privatisation on healthcare employees was also studied through a case study. Falkenberg's (2010) study suggested that privatisation does not have a negative impact on the employees if the changes had beneficial effects on the employee's work climate. Furthermore, the study showed that middle hierarchic employees felt conflicting demands from those at higher (holding down costs) and lower (reasonable work load) hierarchies (Falkenberg, 2010).

The literature review also focused on a study carried out by Robinson & Griffiths (2005) in order to understand the underlying triggers that make employees respond to change in a certain way and why. The results of this study exposed that employees showed signs of stress during change; however, the stress was not attributed to the transformational change but to five sources of stress that were intensified or activated by the changes. These five stressors lead to efforts to cope with change through overlapping coping mechanisms, which dictate the particular coping responses (Robinson & Griffiths, 2005).

Thus, it is the purpose of this research paper, to utilise the literature findings and the framework presented by Robinson & Griffiths (2005) to discover, examine and evaluate OneLab employee's reflections of the change process that will lead to the integration and privatisation of the Wellington region's laboratory services.

3 Research Methodology

The current research aimed to analyse employee's reflections of the change process in order to gain insights and evaluate how employees perceive change. Thus, the purpose of this research justified the appropriateness for an interpretative qualitative approach as the focus was on 'understanding the social world through an examination of the interpretation of that world by its participants' i.e. employees (Bryman & Bell, 2011). This approach can be further characterised epistemologically into a research methodology known as phenomenology. Phenomenology is a study of phenomena as they present themselves in direct experience thus such approaches are highly dependent on individuals as methods such as interviews are used to draw out the experiences of a particular phenomenon (O'Leary, 2004). This methodology is useful as it enables gaining and understanding insights into people's actions where the emphasis is on the importance of personal perspective and interpretation (Bryman & Bell, 2011).

As the researcher is also an employee of OneLab, it was important that the method selected ensured that the researcher's inherent biases did not influence the outcome nor threaten the validity of this research. Thus, a semi-structured interview method was chosen as it enabled the focus to be on the interviewees' point of view (Bryman & Bell, 2011). Furthermore, the researcher actively tried to engage with the interviewees as an inquisitive and objective observer rather than as a colleague or subject matter expert. Nonetheless, a risk remained that the views expressed by the interviewees could have potentially been influenced by the interviewer's own biases.

3.1 Ethical considerations

The organisation - OneLab's, approval for gaining access to organisational information and its employees was obtained. Ethics consent was also sought from the Victoria University of Wellington Human Ethics Committee. Once this had been approved, the research participants were contacted via email with the relevant consent forms (Appendix 2 – 4) that ensured each participant of their anonymity and informing them that they would be identified in the research only by their job title and/or a pseudonym (e.g.: R1, R2).

3.2 Research Method & Data Collection

As mentioned earlier, the researcher is an employee of the selected organisation thus permission for access to the participants was attained. The research method was in the form of qualitative semi-structured interviews of thirteen participants split across the Hutt (six participants) and the Wellington laboratory site (seven participants). The number of interview participants enabled the researcher to gain insights into employee's reflections across different hierarchical levels as the participants were selected by their role such as medical clinicians, managers/leaders, laboratory scientists, technicians and assistants. The participants were recruited via email, which also informed them of the nature of the research project and included a consent form. Consent was also obtained to record interviews so that they could be transcribed fully and allow a detailed analysis.

The interview followed a semi-structured format where the demographics details of each participant were attained as well as their view of privatisation and the change process thus far (Appendix 5). The interview focused on the participant's reflection of the change and whether it had caused any particular stressors through questions that utilised the process model of stressors, coping types and coping responses framework proposed by Robinson & Griffiths (2005).

3.3 Data Analysis

As mentioned above, all interviews were recorded and transcribed. Furthermore, detailed notes of observations were taken after each interview to ensure in depth analysis of the information (Bryman & Bell, 2011). Data analysis took place via thematic analysis where emergent themes were identified based on the research questions and narratives from the participants (O’Leary, 2004). The data was then coded to reflect common themes and conceptual relationship underlying employee’s reflection of the transformational change process. A limitation of thematic analysis is that the interpretation and grouping of data into themes is subject to researcher’s interpretation and bias. Furthermore, the purpose of this research was not to create a theory – it was to observe and evaluate employee’s reflections as they under went a change process using a process model.

3.4 Data Validation

Reliability and validity are important criteria by which the quality of research can be assessed. Alternative methods for evaluating qualitative research include trustworthiness and authenticity. Trustworthiness is made up of credibility, transferability, dependability and confirmability where as authenticity is made up of fairness, ontological, educative, catalytic, and tactical authenticity (Bryman & Bell, 2011). The research sought to employ triangulation to meet these validation criteria; the data from each interview was compared against direct observations to ensure the data was not misunderstood. Trustworthiness of the research was ensured through maintaining a chain of evidence as well as through transcriptions of interview recordings and analysis of data and coding (Bryman & Bell, 2011).

3.5 Resources & Planning

Semi-structured interviews are considered to be one of the most effective ways of gaining in-depth first-hand information on a change process (Robinson & Griffiths, 2005). The

researcher interviewed thirteen OneLab employees. The sample group consisted of medical clinicians, laboratory manager/leaders, scientists, technicians and assistants, thus revealing employee’s reflections across differing hierarchical roles. The interviews took place in early September 2015 with each interview being approximately 60-90 minutes long. The interviews were scheduled on agreement with each participant. The observational findings, data validation and coding occurred after each interview.

4 Results

A total of thirteen respondents agreed to participate in the interview process across Onelab. There was one instance of a request for an interview where no response was received. The respondents have been grouped as per their role in the organisation (Table 1).

Respondent role	Number of Respondents		Code
	CCDHB Lab	HVDHB Lab	
Laboratory Assistant/Technicians	2	2	R1, R2, R3, R4
Laboratory Scientists	2	1	R5, R6, R7
Managers (Includes any person with direct reporting lines e.g.: technical specialists, section head, team leader, laboratory manager)	2	2	R8, R9, R10, R11
Clinicians/Pathologists	1	1	R12, R13

Table 1: Demographic of respondents, note that R denotes ‘Respondent’.

Three main themes were identified and discussed:

1. Understanding the change
2. The change process
3. Coping with change

4.1 Understanding the change:

Interviewees were asked to describe their views on the changes taking place in the laboratory services. The two main themes that arose and were crucial to understanding the change included laboratory service integration and the outsourced contracted laboratory service model.

4.1.1 Service Integration

The interviews revealed that most respondents could visualize the potential benefits that integration of laboratory services would bring in the form of standardization of services, increasing efficiencies, technology and financial savings.

“I like the idea of standardization; whether a patient is going to the local general practitioner or the hospital, they are going to get the same level of laboratory services provided.” **R5**

“Integration has huge benefits – in terms of integrated repository. In laboratories generally in terms of efficiencies the answer is the bigger it is, the better. We can get economies of scale; can afford automation, which leads to more consistent turn around times. It opens automation possibilities for areas such as microbiology which neither the community nor hospital laboratories would have been able to afford.” **R8**

4.1.2 Contracted Services Model

However, nine of the thirteen participants showed concern regarding the 3DHB’s decision for a fully contracted laboratory services model despite the contract being for a length of ten years.

“I feel sadness that in order to get an integrated laboratory, we couldn’t do it with public funding and for that to occur we needed to go to private funding.” **R8**

“It is my preference for the DHB to have a bigger input in the service delivery. They have completely sold that off – I think that carries a risk in a tertiary hospital.” **R9**

Furthermore, there were concerns among this group of participants about the financial aspects and the loss of a public service to a private entity:

“Honestly, I think it’s a mistake. You should never manage a public sector health service in a private model...while it can provide a good service; it is all about making money. WSCL says that it can improve the service, save DHB money while at the same time WSCL makes profits for its shareholders. So it’s either that the DHB are currently doing a horrible job or there is no way WSCL can actually deliver all of these things.” **R7**

“I find it difficult to understand how a public entity can save money by contracting out to a private company which has to make money.” **R13**

“I think a lot of us have stayed working for a DHB because we don’t mind working the hours and we don’t want to work for a private company. Whereas now, we have no choice in it and that fundamentally and eventually our terms of employment will be with a private employer and not a government employer.” **R6**

“I am not absolutely opposed to the contracting out but I would have preferred a shared model. There is a certain loss of control from the DHB perspective, they might not think so because they have governance procedures in place but the reality is that WSCL will be driven by commercial imperatives that may sometimes be in conflict with what we, as pathologists

and scientists might want. We really won't be able to negotiate as easily as we could have if we had a DHB as a partner." **R12**

This matter raised issues in regards to the financial savings information released by the DHBs to validate the decision for choosing a fully out-sourced service model. A number of respondents felt that there was a lack of transparency and **R12** wondered if the financial savings were just a result of 'creative accounting'.

"Yes, there are potential benefits (of this model) but I don't think the DHB has been very forthcoming with exactly what those benefits are. They have paid lip service to saying that \$8 million will be saved – we have not seen this in black and white. I believe that the DHB have been in such a financial state that they are glad to get shot of us off the books." **R6**

4.2 Employee reflections on the Change Process

Interviewees were asked to reflect upon the change process from when it first initiated in 2013 with the 3DHBs seeking expressions of interest from the private laboratory sector for the integration of community and hospital laboratory services to September 2015 with WSCL being the chosen service provider who are currently setting up a new laboratory hub at the CCDHB laboratory site (Appendix 6). This timeframe has essentially seen employees being informed of decisions from the 3DHBs at the start of project initiation to currently being informed of decisions by both the 3DHBs and more frequently by WSCL.

Under this theme, the following topics are discussed:

- a. Communication
- b. Employee feedback
- c. Role of change fatigue

- d. Employee involvement
- e. The role hierarchy plays
- f. HVDHB laboratory services

4.2.1 Communication

All respondents felt there was a lack of timely, information-driven communication from the 3DHBs to the employees throughout the initiation phase of the change process. This is summarised by the following comments:

“In the beginning, it was just a mess! There was a lack of information as well as useless information. There were meetings every week that were an hour – which is an hour away from your work and it is really hard to cover for this – but they were still expecting everyone to be at the meeting only for them to say, ‘we still don’t have an answer’. I think it was just a mess, a better communication means would have been ideal.” **R4**

“Often we have been spoken to rather than being engaged.” **R10**

“The communication has not been speedy enough. Sometimes the language that has been used has been inappropriate, it has been obscuring rather than illuminating. The communications people especially in environments such as this often want to hedge their bets and use safe words. Staff don’t want safe words, they just want the truth.” **R8**

In April 2015, WSCL was chosen as the new community and hospital laboratory services provider. The interview analysis showed there was a shift in some of the respondent’s experience and reflection of the communication aspect of the change process post April 2015.

“A lot more information is coming out now. I like the departmental meetings and the newsletters are brilliant. Good to see the ball rolling.” **R4**

Respondents also considered the difficulties WSCL faced in communicating with staff:

“It is hard for them [WSCL] to communicate because we are still employed by the DHB. This last month we have been having fortnightly updates. You know, people thought ‘another meeting’ but I think going forward, it is going to be beneficial because we get an opportunity to talk to them face to face.” **R10**

Lastly, when respondents were asked to give advice for any related or non-related future change processes, all thirteen respondents suggested timely and useful communication is required to engage employees as well as for the change to be implemented successfully.

4.2.2 Employee feedback

All respondents felt that they had numerous opportunities to feedback into the change process throughout the initiation stage. However, the respondents perceived that either their feedback was not taken into account or that it was too early in the process to see the results of their feedback.

“Yes, absolutely we have had enough chances. At every business point they have asked for your feedback but that is exactly the problem – you put your feedback in and somehow the direction they go is further and further away from what your feedback is.” **R7**

Respondents felt that WSCL failed to consult or ask for their involvement in technical and clinical decisions such as the choice of assays and equipment to be used in the new laboratory:

“I am able to give feedback but I am not able to change some of the outcomes I would have liked to change. Obviously this contract is to save the DHB some money but I don’t think necessarily that its enhanced our scientific laboratory services. There are going to be a whole lot of assays changes and they are not assay changes we would have chosen as being the best test but they are a forced issue because the contract was negotiated without any input from us as to what the best test would be. So, I have given my advice which they have politely listened to, acknowledged it and rejected it...well not really rejected it because there was no prospect that my advice could have been taken because the contract was already signed and sealed.” **R12**

4.2.3 Change fatigue

There have been continuous change projects for both the CCDHB and HVDHB laboratory sites due to the OneLab change process, which also involved the implementation of a new laboratory information system. Hence, this has impacted on how respondents have felt and given their feedback into the current change process.

“There is an incredible amount of apathy from a lot of people. I lay that at the feet of OneLab and at its introduction. I know in my department, a number of us put submissions around OneLab and then the whole thing just sort of collapsed and we are OneLab in name only basically. I think that generated a lot of apathy towards the current change process. People might just do it once but if it turns to custard than they won’t do it again.” **R6**

4.2.4 Employee involvement

The majority of the respondents felt that due to poor communication, commercial sensitivity and privacy of the contract, their involvement was essentially excluded at the initiation phase of the change process. They also felt that decisions were not made in a timely manner.

“It took weeks and weeks for them to decide things which I feel could have been done in one week max. There were times when I thought there wasn’t much happening for the amount of time it was taking” **R5**

“It was bad from our perspective right from the start. We were excluded right throughout the beginning of the process and it is well documented that both pathologists and scientists have complained vehemently about that but with no real outcome.” **R12**

Respondents also showed irritation towards the 3DHB’s delays in making decisions:

“The DHBs said they were going to announce the preferred provider in November 2014 than it got delayed to April 2015 so that was completely basket case.” **R2**

This led to respondents feeling that the change process was being rushed post April 2015:

“Perhaps a more intensive view at their timelines – there is some view that they are rushing towards 1 November.” **R5**

“Its been years and years of consultation, what’s another six months. We wouldn’t be sitting here having deadlines and staff pulled out. I think it wouldn’t affect staff as much if there was a longer time frame.” **R4**

A number of respondents felt sympathy for WSCL as the short time frame placed constraints on WSCL to not only get the new laboratory site constructed but to also get the hospital and community laboratory services integrated by 1 November 2015:

“I feel that it has been very rushed and the blame lies with the DHBs. If WSCL can get a laboratory running in the space of six months – kudos to them.” *R13*

“Strengths that come to the fore are their [WSCL’s] clarity and speed of decision-making has been really positive in some instances, ‘Right, we need to do that. Done!’” *R8*

4.2.5 The role of hierarchy

During the interviews, it was observed that respondent’s role and hierarchy had a significant impact on the level of engagement that an employee had in the change process post WSCL winning the contract. This is due to employees who have a managerial role, being more informed of the change details. These employees are also involved in various focus or workshop groups and thus have had direct involvement in the change process. This has in some instances filtered down to hierarchical levels below being more involved for example, Scientists being assigned particular tasks such as developing, testing and training on new laboratory systems. Analysis of the interview data revealed that these employees who have had a greater involvement in the change process were generally more understanding and optimistic of the change compared to those with little or no direct involvement.

4.2.6 HVDHB laboratory site services

The change process to date has focused on ensuring community and hospital laboratory services are fully integrated and operating at the Wellington Regional Hospital laboratory site whilst the Hutt laboratory site currently remains status quo. There is a fear amongst the Hutt laboratory site’s respondents that the future of laboratory services being offered at the Hutt site is in jeopardy due to an increase in automation capabilities at the Wellington site which enables Hutt laboratory’s Microbiology services along with its employees to transition to the Wellington site in 2016 (3DHB, 2015). Furthermore, the Hutt site is smaller than the Wellington laboratory site in terms of laboratory disciplines, tests offered and the number of

employees thus combined with the above change decisions, led to a further negative impact on the employee's morale and team environment at the Hutt site.

“I can see WSCL coming and restructuring this and making it a satellite lab, I think that is the general feeling. We feel somewhat resilient in the sense that we can't change anything, it's going to happen anyway.” **R4**

“Being from the Hutt site, I feel a little bit distanced at the moment. It is very much Wellington Central, I hope they take into account as to how their decisions affect Hutt. Its important that Hutt staff are involved with these workshop groups even if the focus is on Wellington because it is important for them to understand what is going on. It's also about ensuring that we continue to provide a really good service at the Hutt too.” **R10**

“The target approach currently is most of the information is going to Wellington as they are getting impacted upon sooner. I think that is appropriate but there is also a danger that you potentially alienate or leave out the Hutt which is essentially a third of this venture.” **R13**

4.3 Coping with change

Under this theme, the following categories are discussed:

- a. Increased workload
- b. Uncertainty
- c. Interpersonal conflict
- d. Perceived loss and unfair treatment

4.3.1 Increased Workload

Respondents in the role of laboratory assistants and technicians did not feel an increase in their workload. Conversely, respondents in roles of laboratory scientists, managers and clinicians did feel an increase in their workload. This supports the previous observation of the level of respondent involvement in the change process is affected by the respondent's role hierarchy.

“That’s the challenge; how do you fit this bit of work with business as usual. It is about delegating and an opportunity for some people to step up. I have still had to work extra time but I am active and ensure I maintain a work-life balance.” *R10*

“Yes, absolutely! There have been so many meetings. I usually work on things at night but that was more my personal interest however now I have had to take my ordinary work such as responding to emails etc. at night. So it is not quite as enjoyable and it is not by choice but I just have to do it effectively.” *R12*

4.3.2 Uncertainty

All respondents felt varying degrees of uncertainty. Respondents at the assistant, technician and scientist level felt slightly less uncertain of their role in the future organisation compared to those with senior scientist and management roles. Interview analysis also revealed that despite feeling some level of uncertainties, the respondents have not acted upon these feelings due to the code of good faith for public health sector employees and WSCL providing certainty of employment for one year i.e. until 1 November 2016 for all DHB employed staff.

R2 expands on the positive impact this has had on the employees:

“What WSCL did positively as far as appeasing and pleasing people was promise our jobs for one year. It’s bad from their business perspective as they are not picking their own

employees, they will end up with workers who do not share the same business ethics and values. However, as far as staff morale goes – I think it has had a positive impact.” **R2**

The reasons behind the uncertainty also varied and included uncertainties regarding adequate staffing levels post transition and an individual’s role in the new organisation was of concern especially to those seeking career progression and those at higher hierarchic levels.

“Yes, I feel uncertain about whether to continue doing my studies towards gaining registration as a scientist. I will only have the choice of WSCL as an employer in terms of getting a scientist role and as I don’t want to move out of Wellington, I can only hope that some people retire and I can get a scientist position.” **R4**

“It is just job security. I just keep telling myself and try to deal with it in a professional way. I have never worked for a private company so I don’t know what their criteria would be. They might see me as old school and so might want to boot me out and get the younger ones in...who knows.” **R6**

“Absolutely, I have felt uncertainty every single way down the line. The job is only guaranteed for one year so I don’t know what I will do after that. I haven’t taken any further steps apart from thinking and discussing this with my family. We have discussed moving overseas because lets face it – WSCL or SCL will now be running most of the laboratories in New Zealand.” **R7**

At the time of the interviews, the interim management structure had just been announced hence most of the respondents in management roles saw their roles being lessened to some

degree, for example: Section Head roles are now shared between the Section Heads of Wellington Regional Hospital laboratory and Aotea Pathology with one having technical responsibilities while the other has personnel responsibilities.

A manager responded with the following:

“The uncertainty is in regards to my position. Ok, so we have been guaranteed a position for a year but my position is effectively gone from 1 November. We will then be competing for management roles with our counterparts from Aotea Pathology and possibly Hutt laboratory. So there is a lot of uncertainty for people in my position or higher.” **R9**

4.3.3 Interpersonal conflict

All respondents reported that there were no situations of interpersonal conflict that they were involved in as a result of the change process. Interestingly, three of the respondents reported conflict between the 3DHBs and WSCL project management teams.

“A group from WSCL and a group from 3DHB have been working in parallel rather than as a tightly knit group because they both see themselves as having different agendas and if those agendas and personnel had been better aligned and had there been different decisions and outcomes made earlier then we would have seen a more cohesive team. I think we will get there but the road has been more difficult than it needed to be.” **R8**

“The relationship seems to be quite difficult, I haven’t personally witnessed anything but I have just heard some people complain.” **R2**

“The two project teams may not be on the same page but at least they are on the same floor and meeting more which has improved communication. From the DHB perspective, they

want and have to make it succeed and they also want business as usual right up to that date. In the case of WSCL, it is going to be their biggest integrated lab in the country so if it succeeds it will be a big coup for them.” *R10*

4.3.4 Perceived loss & unfair treatment

Respondents did not feel a sense of unfairness or perceive loss thus far in the process. A few respondents speculated that this might change post 1 November 2015, once the community laboratory testing as well as ex-Aotea Pathology staff members transition to the new laboratory site.

5 DISCUSSION

The results revealed that whilst respondents understood the major themes behind the change, they only partly agreed with the reasons for change. The respondents acknowledged the benefits of service integration but were disappointed and viewed the fully outsourced laboratory services model as privatisation despite the service contract being only for ten years. A number of respondents were dissatisfied with the 3DHB’s financial rationalisation and could not understand how it was possible for a private organisation to enable financial savings for the 3DHBs as well as make a profit for its shareholders. It is difficult for the 3DHBs to counteract this argument, as there is a lack of transparency in their financial analysis as well as a failure in communicating this to their employees due to ‘commercial sensitivities’ (ASMS, 2015). These findings are also similar to the American experience (Avery, 2000) where healthcare professionals viewed private laboratories as geared towards making profit versus public laboratories being geared towards identifying and solving public health problems.

This study further demonstrated common threads with literature in that, that there is a sense of public sector ethos amongst the respondents. The respondents felt that decisions in a private company are driven by commercial imperatives rather than a focus on providing quality laboratory services. This can create a lack of buy-in from employees towards change initiatives resulting in a loss of commitment as well as an increase in resentment (Greasley et al., 2009). Moreover, these social values are found to be more important to public-sector workers than they are to those employed in the private sector hence making the transition to a private entity even more challenging for public sector employees (Hebson, Grimshaw & Marchington, 2003). This matter could also cause future tensions when ex-Aotea Pathology employees and DHB employees come together in the new organisation.

The respondents' views of the change process brought several issues and potential barriers to change to the fore including communication, feedback and change fatigue as well as a lack of employee engagement and involvement.

A lack of communication was cited as the biggest barrier of this change process which correlates with literature findings where poor communication is cited as one of the major barriers to change in the health sector (Greasley et al., 2009). All of the respondents expressed frustration at the level of communication from the 3DHBs during the initiation phase, not only in the lack of content but also in the manner it was conveyed. There was a lack of transparency in the information released which was cited as a result of commercial sensitivities of the contract. Furthermore, the numerous delays in announcing decisions by the 3DHBs added further tensions and uncertainty for the respondents. These outcomes convey that the respondents felt a certain degree of angst with the way the 3DHBs communicated and engaged staff in the change process. It is evident from the responses of those employees

involved that the failure in the change process lies in the way the 3DHBs have initiated and conducted the change. This is further supported by the change in the respondent's feelings and perception that the barriers around communication have decreased since the increasing involvement of WSCL from April 2015. Respondents have positively welcomed the regular updates around the change process and its progress through meetings, emails and newsletters. It is anticipated that these communication barriers will decrease as the change process becomes implemented and the 3DHB laboratory employees transition to WSCL.

Respondents believed that there were plenty of opportunities for feedback into the change process. However, they felt that their feedback was disregarded by the 3DHBs and/or that their feedback was not able to change the outcome. The respondents also felt that WSCL did not seek to engage their technical knowledge and expertise in the selection of laboratory equipment or new methods. As observed in literature, healthcare professionals have high levels of autonomy due to the nature of their profession hence any change initiative that either does not have the support of these professionals or is perceived to decrease quality will be resisted to some extent (Johnson & Boss, 1993).

There was also evidence of change fatigue in the interviewee's responses. There have been constant changes for laboratory employees at Wellington and Hutt laboratory sites for the last five years (Appendix 6). Respondents underwent a similar consultation process during the OneLab phase. There was also a major change and transition for both sites in the form of a new laboratory information system and mergers of some departments as part of the OneLab change process. The OneLab change initiative was then superseded due to the current change process being initiated. Hence, the respondents have gone through frequent changes without a recovery or stability period. Literature states that employees possess a limited number of

resources for adapting to change such as energy, time, coping skills, social supports etc. Additionally, change stressors that occur without a recovery period can be detrimental for the workplace as employees are challenged beyond what they have the capacity to manage (Ead, 2014).

The current investigation found that hierarchy played a role in respondent's engagement and involvement in the change process. This finding somewhat resonates with Falkenberg's case study which found that employees at the highest hierarchic level have the most access to resources and thus have the least risk of experiencing the negative consequences that uncertainty of privatisation might bring about (Falkenberg, 2010). Although, the respondents at the high hierarchy level did have a greater access to resources and were more involved in the change process, the current study somewhat differed from literature in that it was the high hierarchic level employees that were more impacted by the change (Falkenberg, 2010). In the current study, there is both privatisation as well as a merger in the form of Aotea Pathology managers and other staff transitioning to the new laboratory site of WSCL. Thus, for these high hierarchic levels it has meant a change in job role, as they now have to share their role with their Aotea Pathology counterparts. Furthermore, these affected employees will have to re-apply for management roles when a new management structure is sought post-transition to WSCL. Thus, although there is a greater access to resources and information available to these high hierarchy employees, there is also a higher degree of uncertainty felt by them.

These findings also highlighted the level of complexity and the large scale of this change process. There are many similarities between the respondent's reflections of the change process at both the Wellington and Hutt laboratory sites. However, due to a number of reasons, the respondents from Hutt laboratory have felt distanced and have cited a lack of

involvement in the change process and its outcomes. Whilst there is understanding among these respondents as to why the focus is currently on Wellington laboratory site, it has nonetheless had a direct negative impact on individual and team morale. Furthermore, these employees cited feeling increasing the levels of uncertainty due to a fear of the Hutt laboratory becoming a satellite laboratory. This could be just a unique factor of the current change process. Nonetheless, the new organization WSCL will need to ensure that all its employees are appropriately engaged in order to gain employee buy-in and maintain quality at all of its laboratory services sites.

The process model of stressors and coping mechanisms in transformational change presented by Robinson & Griffiths (2005) was useful in determining what the sources of stress were for the respondents and the mechanisms they used to cope with these stressors. The stressors identified to be aggravated for the current change process include increased workload and uncertainty with low levels of interpersonal conflict also being noted. It was also interesting to note that the stressors were exacerbated for those respondents in high hierarchical roles due to their greater involvement in the change process.

An increased workload was the most common cited sources of stress amongst the respondents. This is understandable as transformational change takes a lot of time and effort as employees have to not only get the old business systems and structure removed to enable the new systems and structure to take place but also carry on their business as usual tasks (Robinson & Griffiths, 2005).

Results analysis showed that the increase in workload was being managed via task-centered coping i.e. respondents prioritising and organising their workload, delegating business as

usual activities where possible and working longer hours. Interview analysis also showed a number of respondents were coping with the increased workload through cognitive coping in the form of resigned acceptance and switching off after work (Robinson & Griffiths, 2005).

All respondents revealed that they had felt uncertainties at some point during the change process thus far. In the early stages, the uncertainty was attributed to a lack of information and communication from the 3DHBs regarding the changes. In some cases, the respondent's level of uncertainty decreased once WSCL provided certainty of employment for one year for all DHB-employed laboratory staff. However, employees at high hierarchy levels felt the uncertainty level remained unchanged or worsened due to threat of job loss after the one-year period and the uncertainty of their job role in the new organisation post-transition.

Some respondents felt that the changes were inevitable and thus concentrated on accepting these changes through cognitive coping. Social-support based coping was utilised to a lesser extent in this study unlike in literature (Robinson & Griffiths, 2005). Social-support based coping includes coping responses such as seeking advice or assistance from others, information seeking and emotional social support seeking. Whilst, information and emotional social support seeking is somewhat evident from the respondent's feedback, it is assumed that this coping mechanism was not as utilised as the respondent's felt the change was out of their control and their manager's control hence the outcome could not be altered regardless of issues being raised with seniors.

A small number of respondents acknowledged that whilst they themselves were not involved in interpersonal conflict situations as a direct result of the change process, they had observed interpersonal conflict between the 3DHB's and WSCL's project management teams.

Respondents noted that the conflict had subsided post offices being on the same floor levels but nonetheless it is unsettling that respondents at lower hierarchical levels were aware of this conflict situation. In any transformational change process, there needs to be a powerful guiding coalition that can work together as a team to lead the change effort (Kotter, 2007). In order to develop a shared vision and create at least a minimum level of trust and communication within teams, Kotter (2007) suggests team building activities and retreats in order to ensure the change is implemented successfully.

5.1 Limitations

The current investigation carries several limitations. The first limitation is that no psychological tests were undertaken to assess respondent's reactions to change in general hence the study assumes that respondents are generally not change averse and cope with change to a normal extent. The second limitation is the researcher's role in the organisation as an employee and a colleague of the participants of the present study. Hence, this may have had an impact on the participant's responses. Furthermore, the themes developed and discussed in the current investigation were subject to the researcher's view on what constituted key themes and learnings. The third limitation is that due to the nature and scope of the current investigation as well as the time line of the change process investigated, a study on the longitudinal effect of change on individuals could not be undertaken. A longitudinal study would verify if respondent's views and reactions towards the change process are stage specific or are present continually throughout the change process.

6 Conclusion & Recommendations

This study demonstrates that there are numerous factors that influence an employee's reflection of a change process. In the current investigation, it was found that public laboratory employees were opposed to privatisation not only due to their core values in the form of public sector ethos but also due to a lack of transparency of the financial and commercial reasons behind the 3DHBs decision to choose an outsourced laboratory services model.

It was found that employee reflection and perceptions of the change is highly influenced by the quality of communication released by the organisation(s) carrying out the change initiative. The current investigation indicated that laboratory employees require clear, concise and evidence-based communication especially in a major change process where financial savings are cited as one of the key reasons for change in the form of privatisation. It also suggested that a lack of communication and transparency of information towards the initiation phase of the change process can have a detrimental effect on the level of engagement from employees.

Further outcomes suggest that the change process must ensure that feedback from employees is taken into account as constant requests for employee feedback without its perceived internalisation into the change process can have a detrimental effect on employee's reflection of the change. Additionally, constant change initiatives can lead to change fatigue especially when there is no recovery period for the employees to cope with the changes.

There is also a need to ensure employees are engaged and involved in the process especially where employee's technical expertise is a key factor in the quality of laboratory services provided. In the case of Hutt laboratory, there is a need to ensure that employees at this site are kept well-informed of the change process regardless of how they are affected.

Comparison of the current study and the literature highlighted the need for a greater collaboration and engagement between those driving the change process and the health care employees that are directly affected by the change initiative. The current investigation differed from Falkenberg's (2010) research. It was found that high hierarchy employees were more impacted by the changes than middle hierarchy employees. They also felt a higher degree of uncertainty than those below their hierarchy levels.

The process model of stressors and coping mechanisms gave an insight into how laboratory employees cope with the stressors of transformational change such as an increased workload, uncertainty and interpersonal conflict. Through the understanding of coping mechanisms, employees can be aided and provided relevant support in future changes.

The findings have illustrated the key factors that impact employee's reflection and perception of the 3DHB laboratory service integration and privatisation change process and the ways in which employee's reflection and engagement in the change process can be managed.

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Appendix 1 – New Zealand laboratory service market distribution

New Zealand Laboratory Service market distribution and testing arrangements for community and hospital referred testing, by DHB as at August 2013 (3DHB, 2013).

DHB	Community referred tests provided by	Hospital referred tests provided by
Northland	Healthscope (Northland Pathology)	Northland DHB
Waitemata	85% Healthscope (Lab Tests Auckland), 15% Sonic (Diagnostic MedLab Ltd)	Waitemata DHB
Auckland	90% Healthscope (Lab Tests Auckland), 10% Sonic (Diagnostic Medlab Ltd)	LabPlus the Auckland DHB hospital laboratory
Counties Manukau	85% Healthscope (Lab Tests Auckland), 15% Sonic (Diagnostic Medlab Ltd)	Counties Manukau DHB
Bay of Plenty	Pathology Associates (Pathlab BOP Ltd)	Pathology Associates (Pathlab BOP Ltd)
Waikato	Pathology Associates (Pathlab Waikato)	Waikato DHB
Lakes	Rotorua: Pathology Associates joint with DHB (Diagnostic Rotorua), Taupo: Healthscope SCL	Pathology Associates joint with DHB (Diagnostic Rotorua)
Tairāwhiti	Sonic joint with DHB (TLab)	Sonic joint with DHB (TLab)
Taranaki	Medlab Taranaki (independent laboratory provider)	Taranaki DHB
Whanganui	Sonic (Medlab Central)	Sonic (Medlab Central)
Hawkes Bay	Healthscope (Southern Community Labs)	Hawkes Bay DHB
MidCentral	Sonic (Medlab Central)	Sonic (Medlab Central)
Wairarapa	Sonic (Medlab Central)	Sonic (Medlab Central)

DHB	Community referred tests provided by	Hospital referred tests provided by
Hutt Valley	Joint Sonic (45%) and Abano (55%) (Aotea Pathology)	Hutt Valley DHB
Capital & Coast	Joint Sonic (45%) and Abano (55%) (Aotea Pathology)	Capital & Coast DHB
Nelson Marlborough	Healthscope (SCL)	Healthscope (SCL)
West Coast	DHB, Healthscope (SCL)	West Coast DHB
Canterbury	95% Healthscope (SCL), 5% DHB (Canterbury laboratory)	Canterbury Health the Canterbury DHB laboratory
South Canterbury	Healthscope (SCL)	Healthscope (SCL)
Otago –Southland	Healthscope (SCL)	Healthscope (SCL)

Appendix 2 – Letter of Introduction and Agreement



Letter of Introduction for Student/Employee

10 August 2015

Laboratory Manager
OneLab
Hutt Valley and Capital & Coast District Health Board

Dear Laboratory Manager,

As you know, I am employed by OneLab in the role of Medical Laboratory Scientist in the Immunology laboratory, and I am also a student of Victoria University of Wellington studying for the MBA degree. As part of my studies I am required to undertake a Business Research Project and would like to conduct research within the organisation.

The Research Project I have elected to do involves investigating OneLab employee's understanding of the change process as they transition from OneLab to Wellington Southern Community Laboratory. Employee's reflections on the change process and how they are coping with the change personally will be a primary focus of the research. I am anticipating a better understanding in this area will aid not only the current laboratory integration but also future changes the new organisation will face. Thus, I am hoping to interview a number of OneLab's employees including medical clinicians, laboratory managers, scientists, technicians and assistants.

I acknowledge that there is a potential conflict of interest, and this will have to be carefully managed. To this end I have prepared an agreement between the company and myself so that expectations are managed and progress is monitored.

Yours faithfully,

Priyankaben Topiwala

Agreement for employee/student relationship

Agreement between Priyankaben Topiwala and OneLab concerning a Business Research Project for the Victoria MBA programme.

This agreement is for the study of **Laboratory employee's reflections towards change in transitioning from a public to a private laboratory service** undertaken by Priyankaben Topiwala. The agreement covers the student to interview a total of 10 staff members across Wellington and Hutt laboratory sites, access information in the form of updates and other information regarding integration of laboratory services from OneLab/Wellington SCL/3DHB.

Priyankaben Topiwala has two roles, namely that of a student at Victoria University and that of an employee at OneLab. Therefore the student will make clear when they are operating as a student and when they are operating as an employee. A plan and timetable will be submitted to the sponsor outlining the access that is requested and the time that is involved. The student agrees to act professionally and with integrity throughout the research process. The data collection and the research paper remain the intellectual property of the student. The student will obtain written consent from staff before being interviewed and a summary of the research findings will be provided upon request. The student agrees to submit a draft copy of the research project for the sponsor's feedback and any concerns will be discussed before the report is submitted for examination.

Signed:

Priyankaben Topiwala
the company.

_____ on behalf of

Date: 10 August 2015

Date:

Appendix 3 – Request for Interview



Letter Request for a Personal Interview - Sample

10 August 2015

Priyankaben Topiwala
Medical Laboratory Scientist
OneLab
Wellington Hospital

Dear XXXXX

I would like the opportunity to interview you as part of my MBA Business Research Project. The research is concerned with employee's reflections towards change in transitioning to a privatised laboratory service and how employees cope with this change. The interview is designed to take between 60-90 minutes. The laboratory manager of OneLab has granted approval of this project.

The success of this research is reliant upon your honest opinion so maintaining confidentiality is of the utmost importance. **Under no circumstances will the information presented during the interview be attributed to any one individual. The organisation and your title may be identified but your name will remain anonymous.** Interview tapes and transcripts will be kept in a locked office, and will be destroyed at the conclusion of the research. The research findings will be published in the Victoria University library and excerpts may be included in academic publications and/or academic conferences. Victoria University of Wellington has granted ethical approval as a teaching activity and this project has been reviewed by the Course Coordinator.

With your permission the interview will be recorded and will be destroyed upon completion of this project. A summary of the findings of my Business Research Project will be made available to you following the submission of this project should you choose to request this.

If you for any reason would like to make contact regarding this research please contact me on 027719171, or via email one of the following: priyanka.topiwala@gmail.com.

Yours sincerely,

Priyankaben Topiwala

Appendix 4 – Consent Form



Consent Form for Personal Interview - Sample

Personal Interview CONSENT FORM

I agree to be interviewed by Priyankaben Topiwala for the purposes of her MBA Business Research Project and consent to the use of my opinions and information. I understand that none of the opinions or statements that I make during the interview will be attributed to me personally, and that I may withdraw from the research before 21th September 2015. I am also aware that the findings derived from this study will be published in the Victoria University Library and excerpts may be included in academic publications and/or academic conferences and may also be presented to OneLab at Hutt Valley and Capital & Coast District Health Boards.

I have been informed of the purpose of the research and the confidentiality conditions.

I understand that raw data collected during the interview will only be available to the researcher, Priyankaben Topiwala, and her supervisor, David Stewart.

I have been informed that I am able to obtain a copy of the research summary of this Business Research Project should I choose to request this. I have also received Priyankaben Topiwala’s contact details should I wish to seek further feedback from the interview.

Name: Date:

Signed:

If you would like a copy of the research summary please add your email/address below:

.....

Appendix 5 - Sample Interview Questions for Participants

The interviews will be conducted in a semi-structured format.

- 1) Demographic Questions: age, gender, years of service, department, position, do you manage other employees (direct reports).
- 2) What is your view on the contracting out of the laboratory services?
Prompts: how has this impacted your work and you personally? What are your thoughts around the need for an integrated/contracted laboratory service? Do you feel the implementation has benefits? If so, what?
- 3) Describe your involvement with the current change process (e.g.: part of governance/focus/workshop groups).
- 4) What are your thoughts around the change process?
Prompts: what was done well and what could be done better/improvements
- 5) How would you describe the current laboratory/department environment?
Prompts: How do you feel? Has there been an impact to your colleagues/team and how has this been dealt with/addressed?

Topical Questions (utilising the process model of stressors, coping types and coping responses framework):

- 6) Has the change process increased your workload?
Prompts: If yes, how have you managed this? Are you working longer hours or delegated the increased workload in order to cope?
- 7) Have you felt any uncertainties as a result of the change process?
Prompts: If yes, describe the uncertainties. Describe any actions undertaken to address this and how you coped with these uncertainties.
- 8) Have you been in a situation of interpersonal conflict as a result of the change process? If yes, briefly describe the situation and how you dealt with this.
- 9) During the change process so far, have you experienced situations where you have perceived loss or an unfair treatment? Describe and detail how these situations were managed.
- 10) How has the current change process affected you personally/your personal life?

Concluding Questions:

- 11) Has your view of the change process changed from its initiation up till now?

Prompts: If yes, how and why?

12) From your experience, what advice would you give to organisations undergoing a similar change or for future changes in the current organisation?

Appendix 6 - Timeline of events

Adapted from information released by the 3DHBs and Association of Salaried Medical Specialists. (2014).

2010

Capital & Coast Health, Hutt Valley and Wairarapa district health boards embarked on a '3DHB Programme' to gradually improve integration of services between the three DHBs.

December 2012

To advance the '3DHB Programme', the three DHBs' planning and funding units were amalgamated to form a Service Integration and Development Unit (SIDU).

Mid-2013

The three DHBs commissioned SIDU to develop a strategic framework to improve integration of laboratory services. They established a steering group to oversee development of the strategic framework for laboratory services. The group was chaired by SIDU Director and included SIDU staff, an independent pathologist, a private laboratory expert, a general practitioner, chief medical officer and chief operating officer.

July/August 2013

A 16-person laboratory working group was formed 'to provide direction to the development of the strategic framework'. It included clinicians and management representation from community and hospital services and an SIDU staff member. The steering group oversaw the working group's activities.

28 August 2013

The working group's report, Laboratory Services Strategy, was published. It includes an overview of the current state of laboratory service provision across the three DHBs, recommendations, and options for possible configurations of the region's laboratory services.

September 2013

The three DHBs endorsed the Laboratory Services Strategy and agreed the future configuration of laboratory services should seek to achieve, among other things, 8% savings.

October 2013

SIDU, on behalf of the three DHBs, sought expressions of interest (EOI) from the private sector in providing community-referred laboratory services, and broader proposals seeking to integrate hospital and community-referred laboratory services. ASMS Health Dialogue 4 March 2014 Providers shortlisted through the EOI process were invited to participate in a Request For Proposal (RFP) stage, beginning with a 'competitive dialogue' exploring different partnership models. Details were not publicly disclosed.

August 2014

The RFP was issued. Documents were not publicly disclosed.

Implementation of a new shared laboratory data system (Laboratory Information System - LIS) for CCDHB and HVDHB hospital laboratories was announced. The system has potential to be expanded to become a regional shared data repository.

3 September 2014

The three DHBs released an Integrated Laboratory Services Proposal and Consultation Document. The proposal presented two options; potentially both options involve forms of privatisation of publicly provided services. Two weeks were allowed for feedback.

24 September 2014

The RFP submissions were closed.

September-November

An appointed panel, which includes clinicians and management representatives, has been evaluating the RFP submissions.

Early December

DHB Boards are due to consider recommendations from the evaluation panel and the steering group.

Mid December

Consultation with staff about impact of Boards provisional decision delayed to March 2015

March 2015

Boards announced decision: WSCL as the laboratory services provider.

May 2015

Transition to new service – commencement of building the new laboratory site on Level 5, Clinical Services Block, Wellington Hospital

August 2015

Announcement of interim management structure

17 October 2015

Core laboratory including Immunology/Serology moves to new laboratory site on level 5 from level 6. Microbiology services move to level 10. Work to commence on part of level 6.

1 November 2015

New employment contract starts. Aotea Pathology staff and community work commences at new level 5 laboratory site.