

## CHAPTER 18 – ORGANIZATIONAL CHANGE & STRESS MANAGEMENT

### FORCES FOR CHANGE

No company today is in a particularly stable environment. Even those with dominant market share must change, sometimes radically.

Six specific forces stimulating change:

No	Forces	Examples
1	Nature of the workforce	<ul style="list-style-type: none"><li>– More cultural diversity</li><li>– Aging population</li><li>– Many new entrants with inadequate skills</li></ul>
2	Technology	<ul style="list-style-type: none"><li>– Faster, cheaper, and more mobile computers and handheld devices</li><li>– Emergence and growth of social networking sites</li><li>– Deciphering of the human genetic code</li></ul>
3	Economic shocks	<ul style="list-style-type: none"><li>– Rise and fall of global housing market</li><li>– Financial sector collapse</li><li>– Global recession</li></ul>
4	Competition	<ul style="list-style-type: none"><li>– Global competitors</li><li>– Mergers and consolidations</li></ul>
5	Social trends	<ul style="list-style-type: none"><li>– Increased environmental awareness</li><li>– More multitasking and connectivity</li></ul>
6	World politics	<ul style="list-style-type: none"><li>– Rising health care costs</li><li>– Negative social attitudes toward business and executives</li><li>– Opening of markets in China</li></ul>

### Planned Change

- Change -- Making things different
- Planned Change -- Activities that are intentional and goal oriented
- The goals of Planned Change:
  1. Improve the ability of organization to adapt
  2. It seeks to change employee behavior
- Change agents – people in organization who is responsible for managing change activities. They see the future of organization that others haven't identified, and they are able to motivate, intent, and implement this vision.

## Resistance to Change

- Forms of Resistance to Change
  - Overt and immediate - Voicing complaints, engaging in job actions
  - Implicit and deferred - Loss of employee loyalty and motivation, increased errors or mistakes, increased absenteeism
  
- Source of Resistance to Change
  - Individual sources
    1. Habit Security
    2. Economic factors
    3. Fear of the unknown
    4. Selective information processing
  - Organizational sources
    1. Structural inertia
    2. Limited focus of change
    3. Group inertia
    4. Threat to expertise
    5. Threat to established power relationship
  
- Overcoming Resistance to Change
  - Education and communication

Communicating the logic of change can reduce employee resistance:

    1. It fights the effect of misinformation and clear up misunderstandings
    2. It can help “sell” the need for change by packaging it properly
  - Participation

Expertise can help to make a meaningful contribution, their involvement can reduce resistance, obtain commitment, and increase quality of the change decision
  - Building support and commitment

Counseling and therapy, new-skills training or a short-paid leave of absence may facilitate adjustment
  - Develop positive relationships

People are more willing to accept changes if they trust the managers implementing them
  - Implementing changes fairly

Its crucial that employees see the reason for the change and perceive its implementation as consistent and fair
  - Manipulation and cooptation

*Manipulation* refers to covert influence attempts. Twisting facts to make them more attractive, withholding information, and creating false rumors to get employees to accept change are all examples of manipulation.

*Cooptation* combines manipulation and participation.
  - Selecting people who accept change

## Improvement Is A Proof!

- Coercion  
Coercion is the application of direct threats or force on resisters
  
- The Politics of Change
  - Impetus for change is likely to come from outside change agents.
  - Internal change agents are most threatened by their loss of status in the organization.
  - Long-time power holders tend to implement only incremental change.
  - The outcomes of power struggles in the organization will determine the speed and quality of change.

## Approaches to Managing Organizational Change

### I. LEWIN'S THREE-STEP MODEL

Successful change in organizations should follow three steps:

1. **Unfreezing** the status quo  
Change efforts to overcome the pressures of both individual resistance and group conformity
2. **Movement** to a desired end state
3. **Refreezing** the new change to make it permanent  
Stabilizing a change intervention by balancing driving and restraining forces.  
Driving forces = forces that direct behavior away from the status quo  
Restraining forces = forces that hinder movement from the existing equilibrium

### II. KOTTER'S EIGHT-STEP PLAN

- a. Establish a sense of urgency by creating a compelling reason for why change is needed.
- b. Form a coalition with enough power to lead the change.
- c. Create a new vision to direct the change and strategies for achieving the vision.
- d. Communicate the vision throughout the organization.
- e. Empower others to act on the vision by removing barriers to change and encouraging risk taking and creative problem solving.
- f. Plan for, create, and reward short-term "wins" that move the organization toward the new vision.
- g. Consolidate improvements, reassess changes, and make necessary adjustments in the new programs.
- h. Reinforce the changes by demonstrating the relationship between new behaviors and organizational success.

### III. ACTION RESEARCH

A change process based on systematic collection of data and then selection of a change action based on what the analyzed data indicates.

## **Improvement Is A Proof!**

Process Steps:

1. Diagnosis
2. Analysis
3. Feedback
4. Action
5. Evaluation

### **Action research benefits:**

- Problem-focused rather than solution-centered.
- Heavy employee involvement reduces resistance to change.

## IV. ORGANIZATIONAL DEVELOPMENT

A collection of planned interventions, built on humanistic-democratic values, that seeks to improve organizational effectiveness and employee well-being.

- OD methods value human and organizational growth, collaborative and participative processes, and a spirit of inquiry
- OD values:
  - Respect for people
  - Trust and support
  - Power equalization
  - Confrontation
  - Participation
- OD techniques:
  - Sensitivity training*
    - Training groups (T-groups) that seek to change behavior through unstructured group interaction.
    - Provides increased awareness of others and self.
    - Increases empathy with others, improves listening skills, greater openness, and increased tolerance for others.
  - Survey feedback*
    - The use of questionnaires to identify discrepancies among member perceptions; discussion follows and remedies are suggested.
  - Process Consultant (PC)*
    - A consultant gives a client insights into what is going on around the client, within the client, and between the client and other people; identifies processes that need improvement.
  - Team Building*
    - High interaction among team members to increase trust and openness.
    - Activities:
      - Goal and priority setting.
      - Developing interpersonal relations.
      - Role analysis to each member's role and responsibilities.

## Improvement Is A Proof!

- Team process analysis

### *Intergroup Development*

- OD efforts to change the attitudes, stereotypes, and perceptions that groups have of each other.
- Intergroup Problem Solving:
  - Groups independently develop lists of perceptions.
  - Share and discuss lists.
  - Look for causes of misperceptions.
  - Work to develop integrative solutions.

### *Appreciative Inquiry*

- Seeks to identify the unique qualities and special strengths of an organization, which can then be built on to improve performance.
  - Discovery: recalling the strengths of the organization.
  - Dreaming: speculation on the future of the organization.
  - Design: finding a common vision.
  - Destiny: deciding how to fulfill the dream.

## Creating a Culture for Change

- Stimulating a culture of Innovation

Innovation – a new idea applied to initiating or improving a product, process, or service.

Sources of Innovation:

- Structural variables
  - Organic structures; positively influence innovation because they're lower in vertical differentiation, formalization and centralization, it facilitate flexibility, adaptation, and cross-fertilization that make the adoption of innovations easier.
  - Long-tenured management
  - Slack resources
  - Interunit communication; high in innovative organizations – are high users of committees, task forces, cross functional teams, etc
- Organization's culture
- Human resources

**Idea Champions** -- Individuals who take an innovation and actively and enthusiastically promote the idea, build support, overcome resistance, and ensure that the idea is implemented.

- Creating a Learning Organization

- **Learning Organization** -- An organization that has developed the continuous capacity to adapt and change.
- Characteristics:

## **Improvement Is A Proof!**

1. Holds a shared vision.
  2. Discards old ways of thinking.
  3. Views organization as system of relationships.
  4. Communicates openly.
  5. Works together to achieve shared vision.
- The ways they engage:
    - ❑ **Single-Loop Learning**  
Errors are corrected using past routines and present policies.
    - ❑ **Double-Loop Learning**  
Errors are corrected by modifying the organization's objectives, policies, and standard routines.
  - Fundamental Problems in Traditional Organizations:
    - ❑ Fragmentation based on specialization.
    - ❑ Overemphasis on competition.
    - ❑ Reactiveness that misdirects attention to problem-solving rather than creation.
  - Managing Learning
    - ❑ Establish a Strategy
    - ❑ Redesign the Organization's Structure
    - ❑ Reshape the organization's culture

## **Work Stress and Its Management**

**Stress** A dynamic condition in which an individual is confronted with an opportunity, constraint, or demand related to what he or she desires and for which the outcome is perceived to be both uncertain and important.

Types:

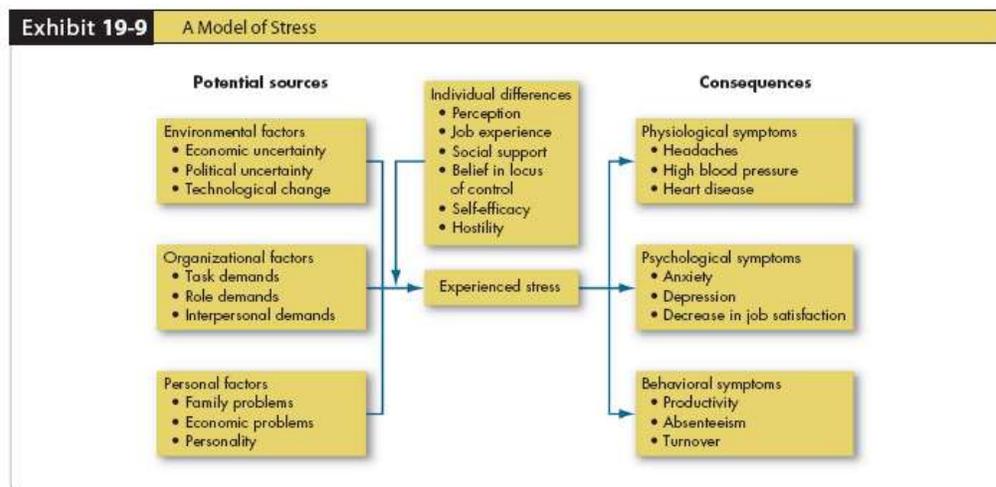
- ❖ Challenge stressors – stressors associated with workload, pressure to complete tasks, and time urgency
- ❖ Hindrance stressors – stressors that keep you from reaching your goals

More typically, stress is associated with DEMANDS – responsibilities, pressures, obligations, and uncertainties individuals face in the workplace and RESOURCES – things within an individual's control that he or she can use to solve demands.

## Improvement Is A Proof!

### Potential sources of Stress

- Environmental Factors
  - Economic uncertainties of the business cycle
  - Political uncertainties of political systems
  - Technological uncertainties of technical innovations
  - Terrorism in threats to physical safety and security
- Organizational Factors
  - Task demands related to the job
  - Role demands of functioning in an organization
  - Interpersonal demands created by other employees
- Individual Factors
  - Family and personal relationships
  - Economic problems from exceeding earning capacity
  - Personality problems arising from basic disposition
- Individual Differences
  - Perceptual variations of how reality will affect the individual's future
  - Greater job experience moderates stress effects
  - Social support buffers job stress
  - Internal locus of control lowers perceived job stress
  - Strong feelings of self-efficacy reduce reactions to job stress



## **Improvement Is A Proof!**

### **Consequences of Stress**

1. Physiological symptoms  
Stress could create changes in metabolism, increase heart and breathing rates and blood pressure, bring on headaches, and induce heart attacks
2. Psychological symptoms  
It states in tension, anxiety, irritability, boredom, and procrastination
3. Behavioral symptoms  
Include changes in productivity, absence, and turnover, as well as changes in eating habits, increased smoking or consumption of alcohol, rapid speech, fidgeting, and sleep disorders.

### **Managing Stress**

- Individual Approaches
  - Implementing time management
  - Increasing physical exercise
  - Relaxation training
  - Expanding social support network
- Organizational Approaches
  - Improved personnel selection and job placement
  - Training
  - Use of realistic goal setting
  - Redesigning of jobs
  - Increased employee involvement
  - Improved organizational communication
  - Offering employee sabbaticals
  - Establishment of corporate wellness programs