



Organizational Change and Stress Management

Forces for Change

Force	Examples
Nature of the workforce	More cultural diversity Aging population Many new entrants with inadequate skills
Technology	Faster, cheaper, and more mobile computers On-line music sharing Deciphering of the human genetic code
Economic shocks	Rise and fall of dot-com stocks 2000–02 stock market collapse Record low interest rates
Competition	Global competitors Mergers and consolidations Growth of e-commerce

EXHIBIT 18-1

Forces for Change

Force	Examples
Social trends	Internet chat rooms Retirement of Baby Boomers Rise in discount and “big box” retailers
World politics	Iraq–U.S. war Opening of markets in China War on terrorism following 9/11/01

EXHIBIT 18–1 (cont'd)

Managing Planned Change

Making things different.

Planned Change

Activities that are intentional and goal oriented.

Change Agents

Persons who act as catalysts and assume the responsibility for managing change activities.

Goals of Planned Change:

Improving the ability of the organization to adapt to changes in its environment.

Changing the behavior of individuals and groups in the organization.

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



Sources of Individual Resistance to Change

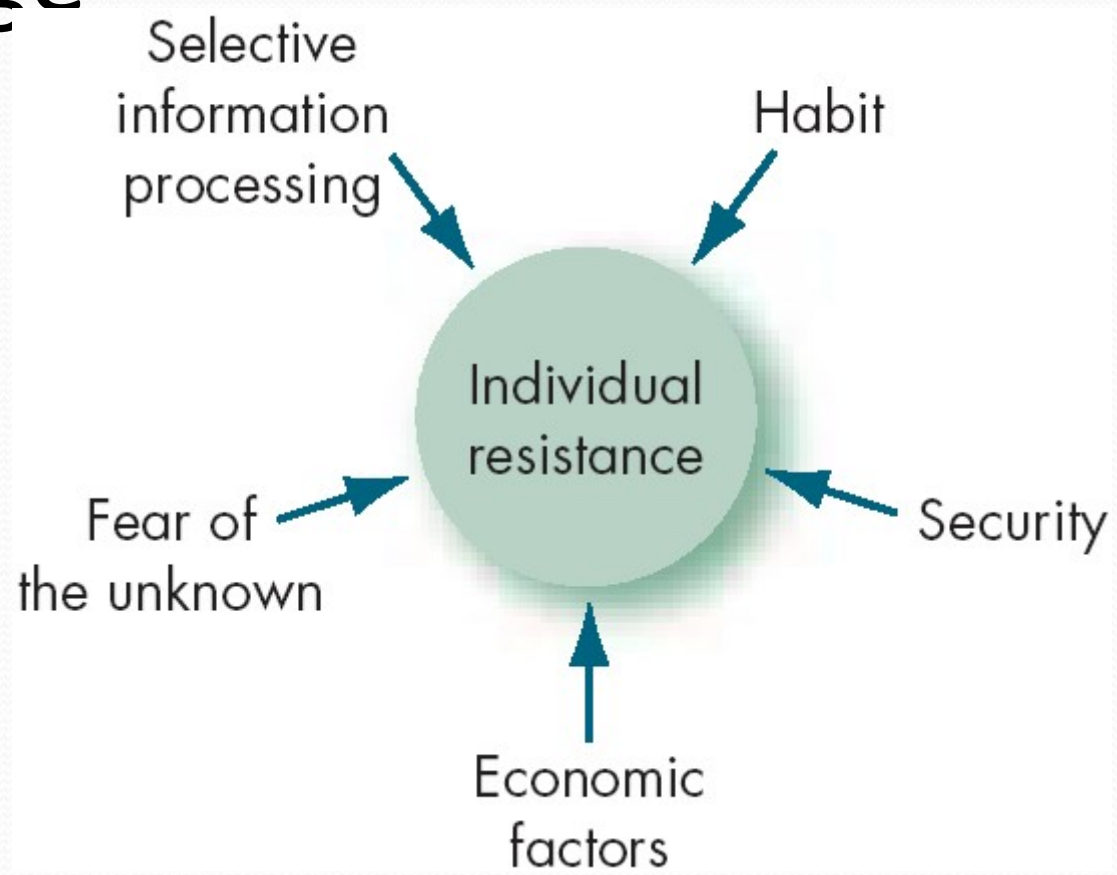


EXHIBIT 18-2

Sources of Organizational Resistance to Change



EXHIBIT 18-2 (cont'd)

Overcoming Resistance to Change

Tactics for dealing with resistance to change:

- **Education and communication**
- **Participation**
- **Facilitation and support**
- **Negotiation**
- **Manipulation and cooptation**
- **Coercion**

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.

Lewin's Three-Step Change Model

Unfreezing
Change efforts to overcome the pressures of both individual resistance and group conformity.

Refreezing
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.

Lewin's Three-Step Change Model



EXHIBIT 18-3

Unfreezing the Status Quo

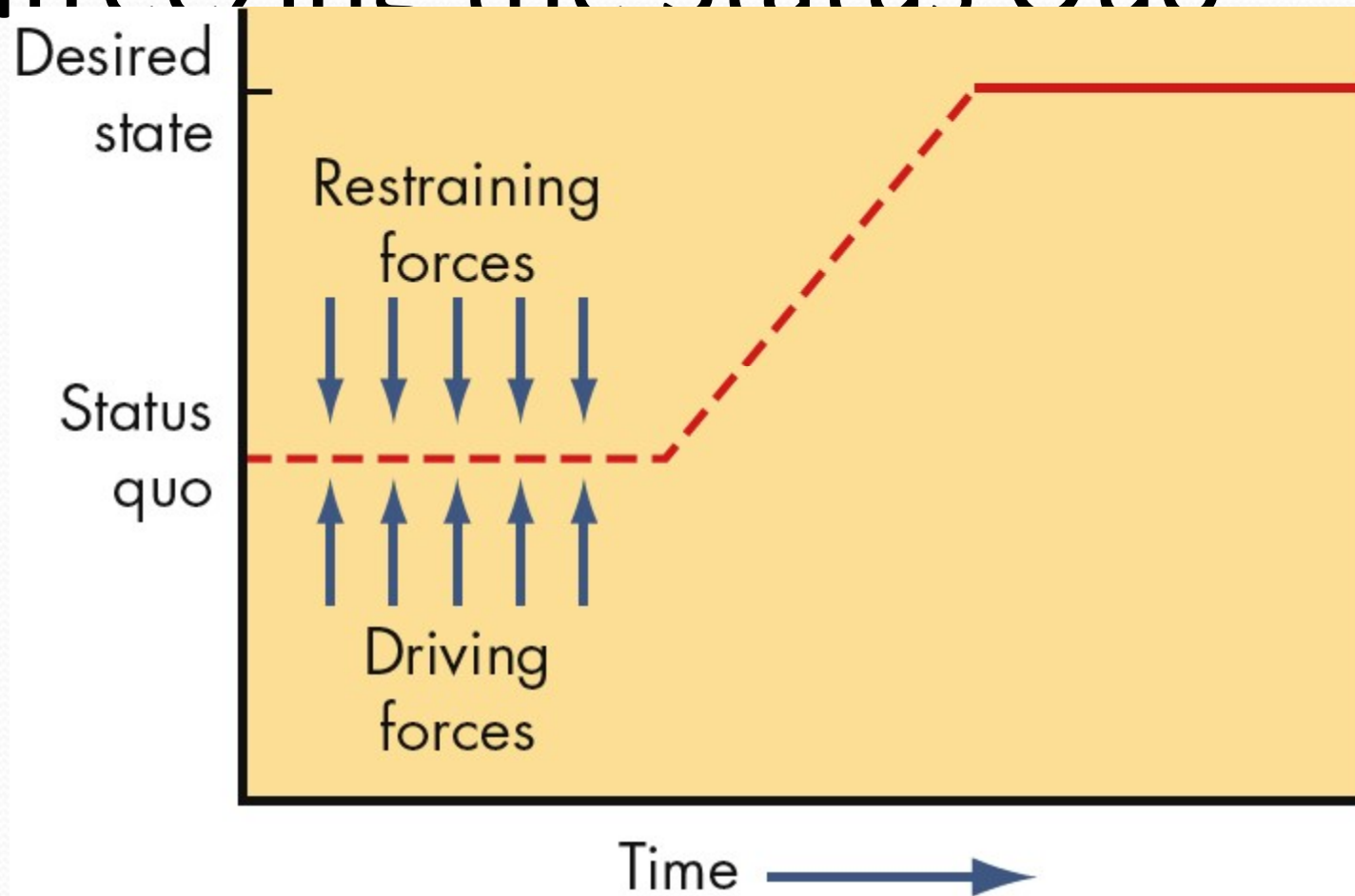


EXHIBIT 18-4



1. Establish a sense of urgency by creating a compelling reason for why change is needed.

Kotter's Eight-Step Plan for Implementing Change

- 2. Form a coalition with enough power to lead the change.**
- 3. Create a new vision to direct the change and strategies for achieving the vision.**
- 4. Communicate the vision throughout the organization.**
- 5. Empower others to act on the vision by removing barriers to change and encouraging risk taking and creative problem solving.**
- 6. Plan for, create, and reward short-term “wins” that move the organization toward the new vision.**
- 7. Consolidate improvements, reassess changes, and make necessary adjustments in the new programs.**
- 8. Reinforce the changes by demonstrating the relationship between new behaviors and organizational success.**

EXHIBIT 18-5

Source: Based on J. P. Kotter, *Leading Change* (Boston: Harvard Business School Press, 1996).

Action Research

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

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.

Organizational Development

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

OD Values:

- 1. Respect for people**
- 2. Trust and support**
- 3. Power equalization**
- 4. Confrontation**
- 5. Participation**

Organizational Development

Techniques

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.



Organizational Development Techniques (cont'd)

Survey Feedback Approach

The use of questionnaires to identify discrepancies among member perceptions; discussion follows and remedies are suggested.



Organizational Development Techniques (cont'd)

Process Consultation (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.



Organizational Development Techniques (cont'd)

Team Building

High interaction among team members to increase trust and openness.

Team Building Activities:

- **Goal and priority setting.**
- **Developing interpersonal relations.**
- **Role analysis to each member's role and responsibilities.**
- **Team process analysis.**

Organizational Development Techniques (cont'd)

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.

Organizational Development Techniques (cont'd)

Appreciative Inquiry

Seeks to identify the unique qualities and special strengths of an organization, which can then be built on to improve performance.

Appreciative Inquiry (AI):

- **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.

Contemporary Change Issues For Today's Managers

- How are changes in technology affecting the work lives of employees?
- What can managers do to help their organizations become more innovative?
- How do managers create organizations that continually learn and adapt?
- Is managing change culture-bound?



Technology in the Workplace

- Continuous Improvement Processes
 - Good isn't good enough.
 - Focus is on constantly reducing the variability in the organizational processes to produce more uniform products and services.
 - Lowers costs and raises quality.
 - Increases customer satisfaction.
 - Organizational impact
 - Additional stress on employees to constantly excel.
 - Requires constant change in organization.



Technology in the Workplace

- Process Reengineering
 - “Starting all over”
 - Rethinking and redesigning organizational processes to produce more uniform products and services.
 - Identifying the organization’s distinctive competencies—what it does best.
 - Assessing core processes that add value to the organization’s distinctive competencies.
 - Reorganizing horizontally by process using cross-functional and self-managed teams.

for Today's Managers: Stimulating Innovation

Innovation

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

Sources of Innovation:

- Structural variables
 - Organic structures
 - Long-tenured management
 - Slack resources
 - Interunit communication
- Organization's culture
- Human resources

Stimulating Innovation (cont'd)

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:

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.

Source: Based on P. M. Senge, *The Fifth Discipline* (New York: Doubleday, 1990).

EXHIBIT 18-6

Creating a Learning Organization

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.

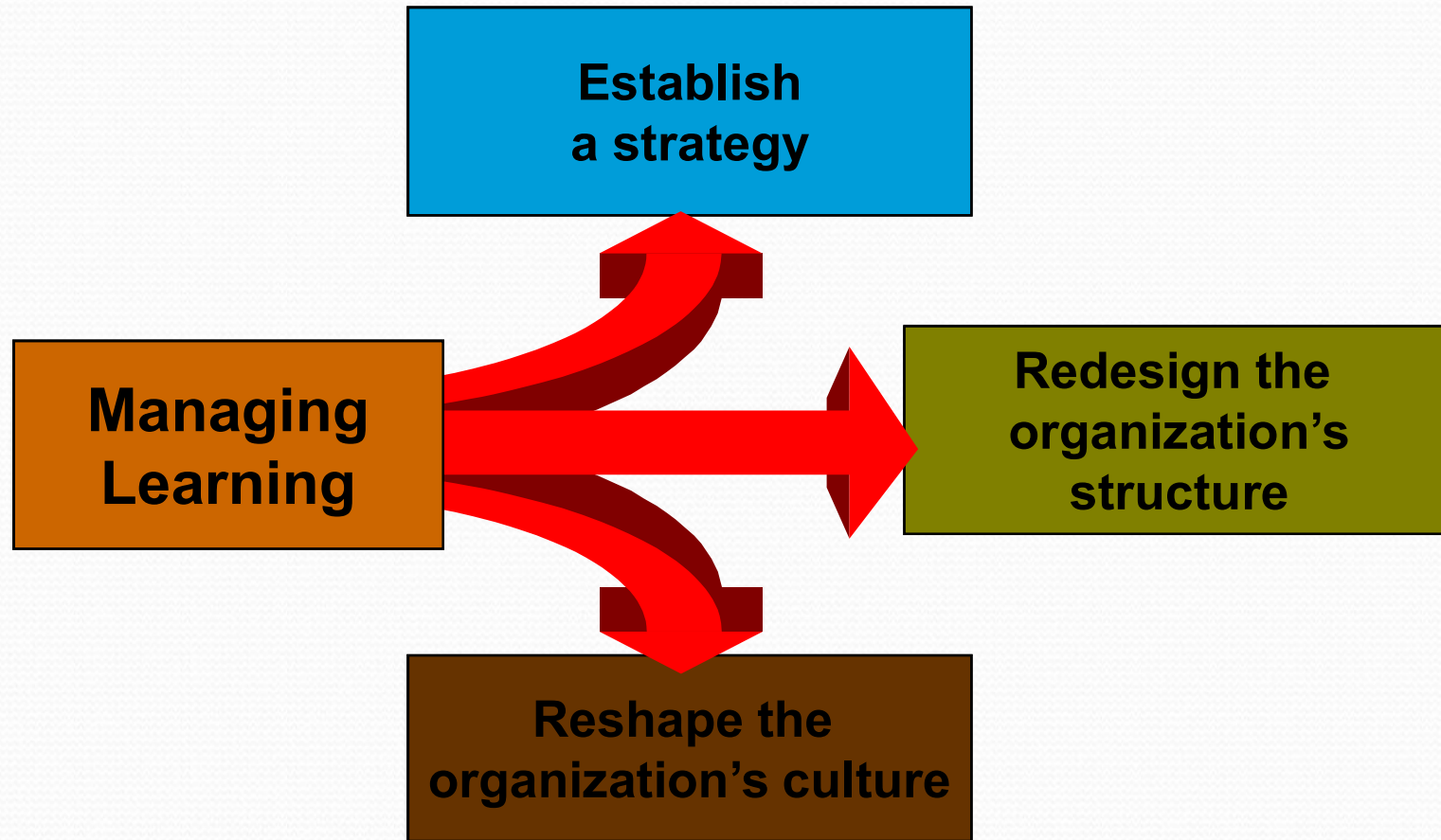


Creating a Learning Organization

Fundamental Problems in Traditional Organizations:

- Fragmentation based on specialization.
- Overemphasis on competition.
- Reactiveness that misdirects attention to problem-solving rather than creation.

Managing a Learning Organization



Mastering Change: It's Culture-Bound

Questions for culture-bound organizations:

- 1. Do people believe change is even possible?**
- 2. How long will it take to bring about change in the organization?**
- 3. Is resistance to change greater in this organization due to the culture of the society in which it operates?**
- 4. How will the societal culture affect efforts to implement change?**
- 5. How will idea champions in this organization go about gathering support for innovation efforts?**

Too Much Work, Too Little Time

With companies downsizing workers, those who remain find their jobs are demanding increasing amounts of time and energy. A national sample of U.S. employees finds that they:

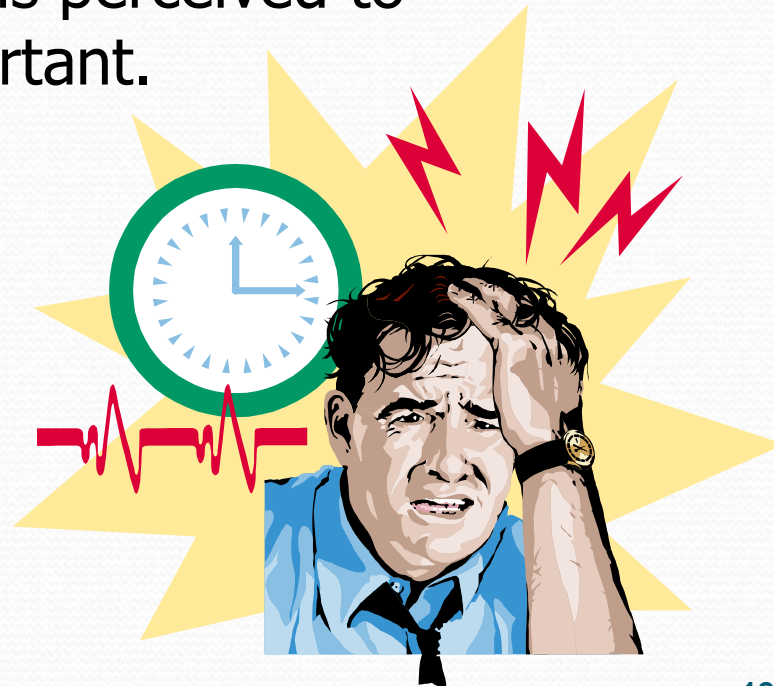
Feel overworked	54%
Are overwhelmed by workload	55%
Lack time for reflection	59%
Don't have time to complete tasks	56%
Must multi-task too much	45%

EXHIBIT 18-7

Source: *Business Week*, July 16, 2001, p. 12.

Work Stress and Its Management

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.



Work Stress and Its Management

Constraints

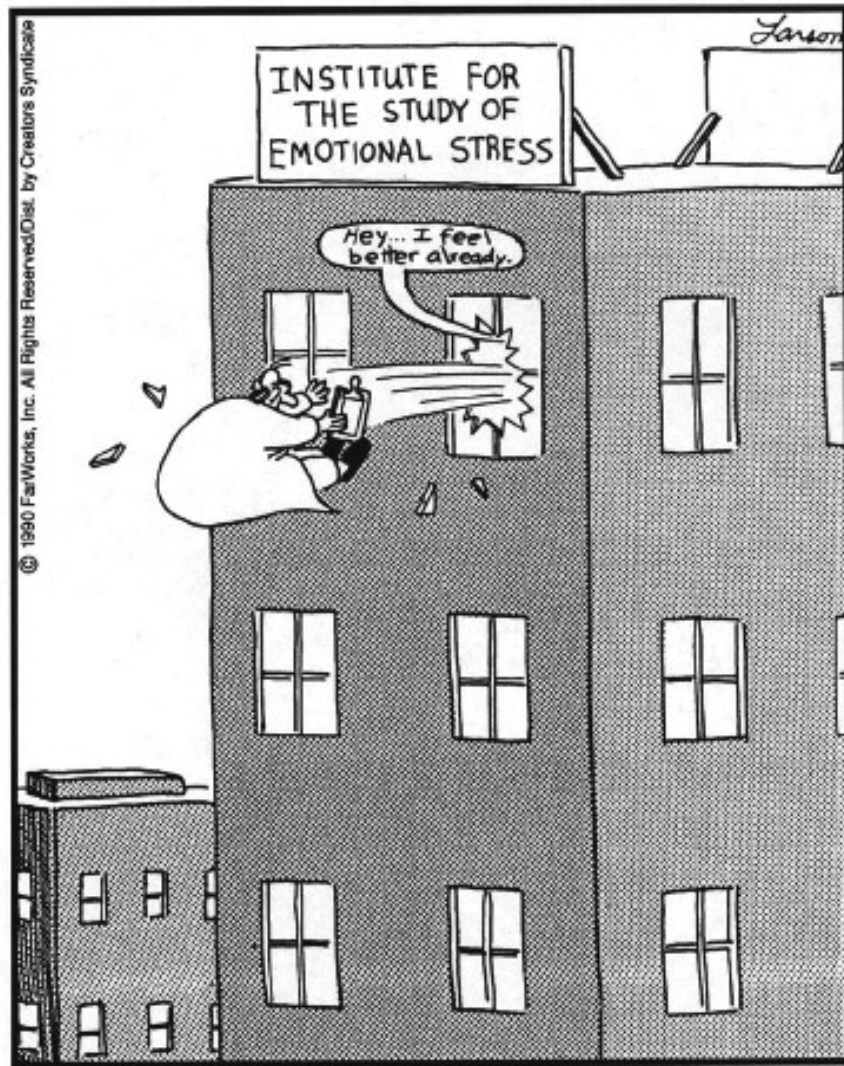
Forces that prevent individuals from doing what they desire.

Demands

The loss of something desired.



THE FAR SIDE® BY GARY LARSON

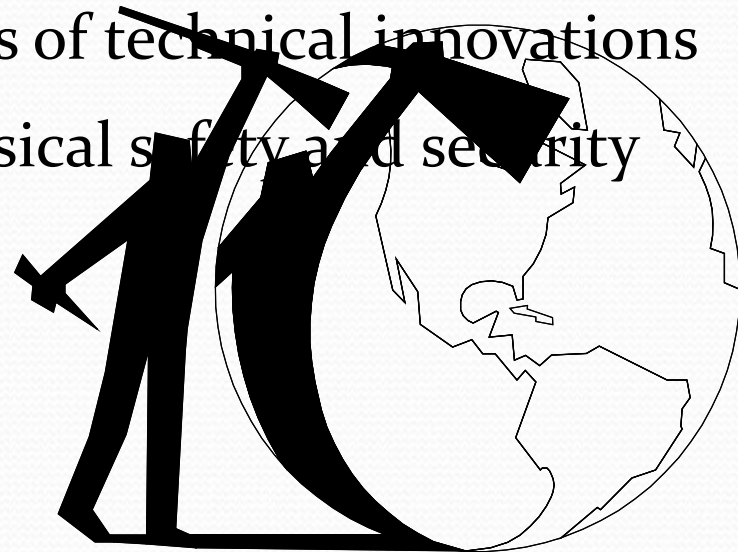


Source: The Far Side® by Gary Larsen © 1995 & 1991 Farworks, Inc./Distributed by Universal Press Syndicate. Reprinted with permission. All rights reserved.

EXHIBIT 18-8

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



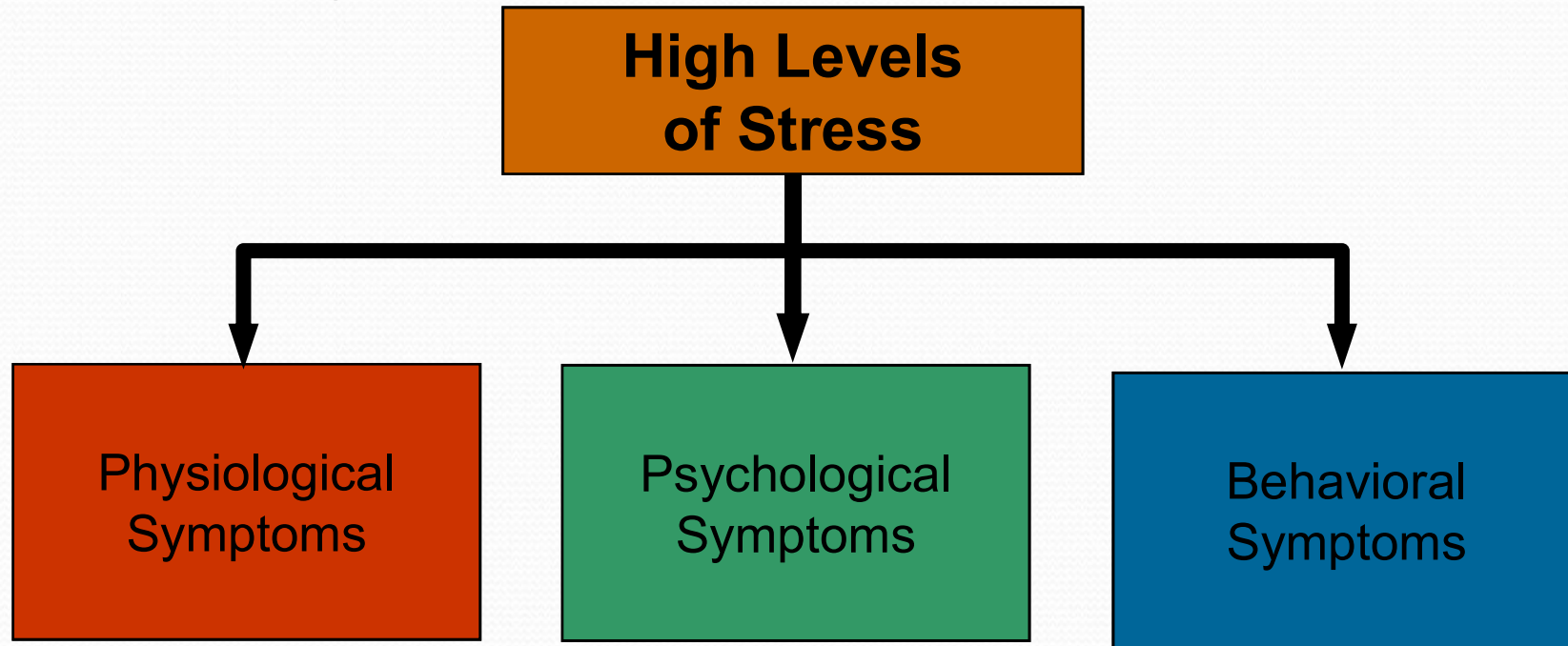
Potential Sources of Stress

- Organizational Factors
 - Task demands related to the job
 - Role demands of functioning in an organization
 - Interpersonal demands created by other employees
 - Organizational structure (rules and regulations)
 - Organizational leadership (managerial style)
 - Organization's life stage (growth, stability, or decline)

Potential Sources of Stress (cont'd)

- 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.

Consequences of Stress



A Model of Stress

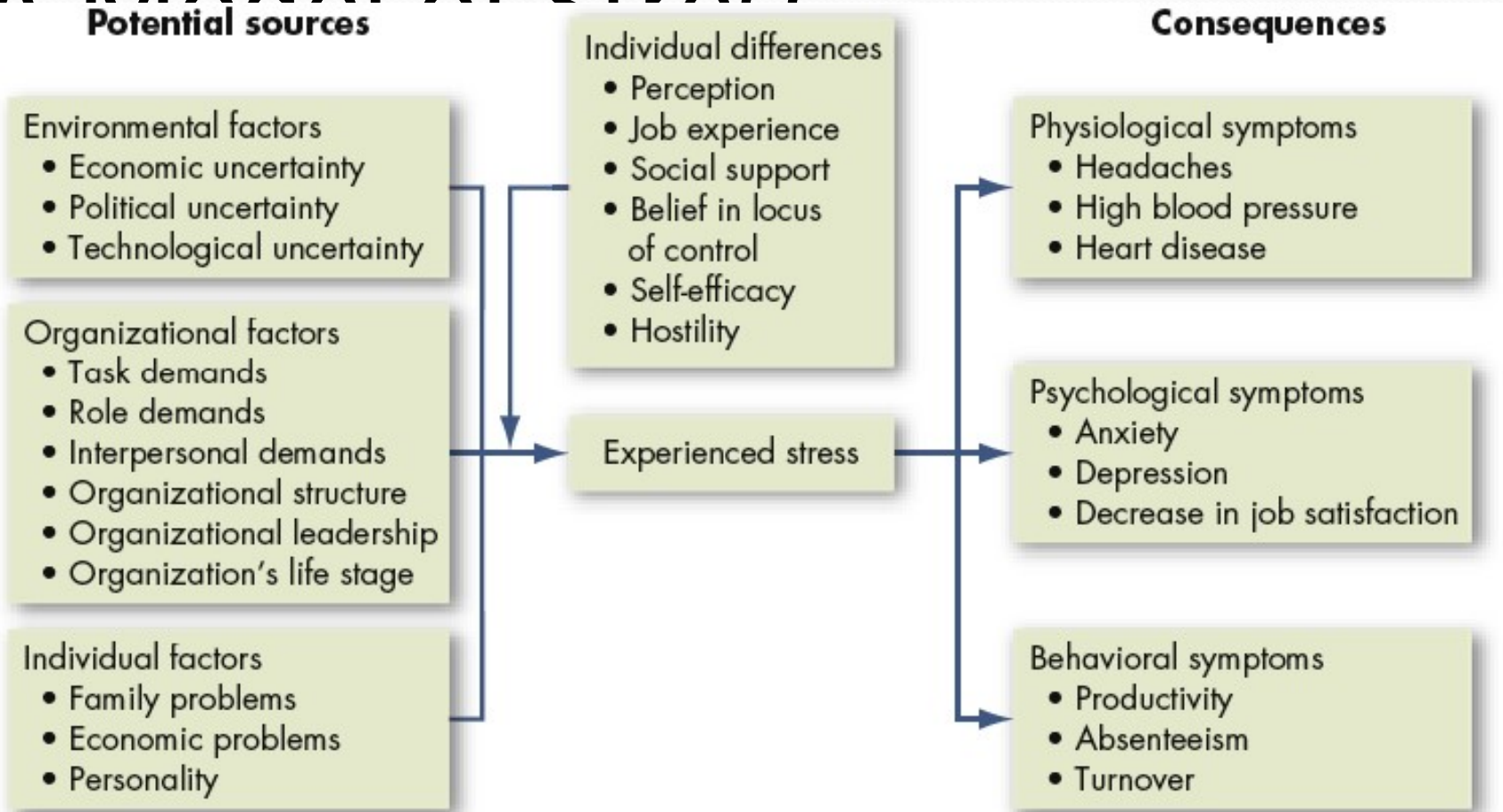


EXHIBIT 18-9

Inverted-U Relationship between Stress and Job Performance

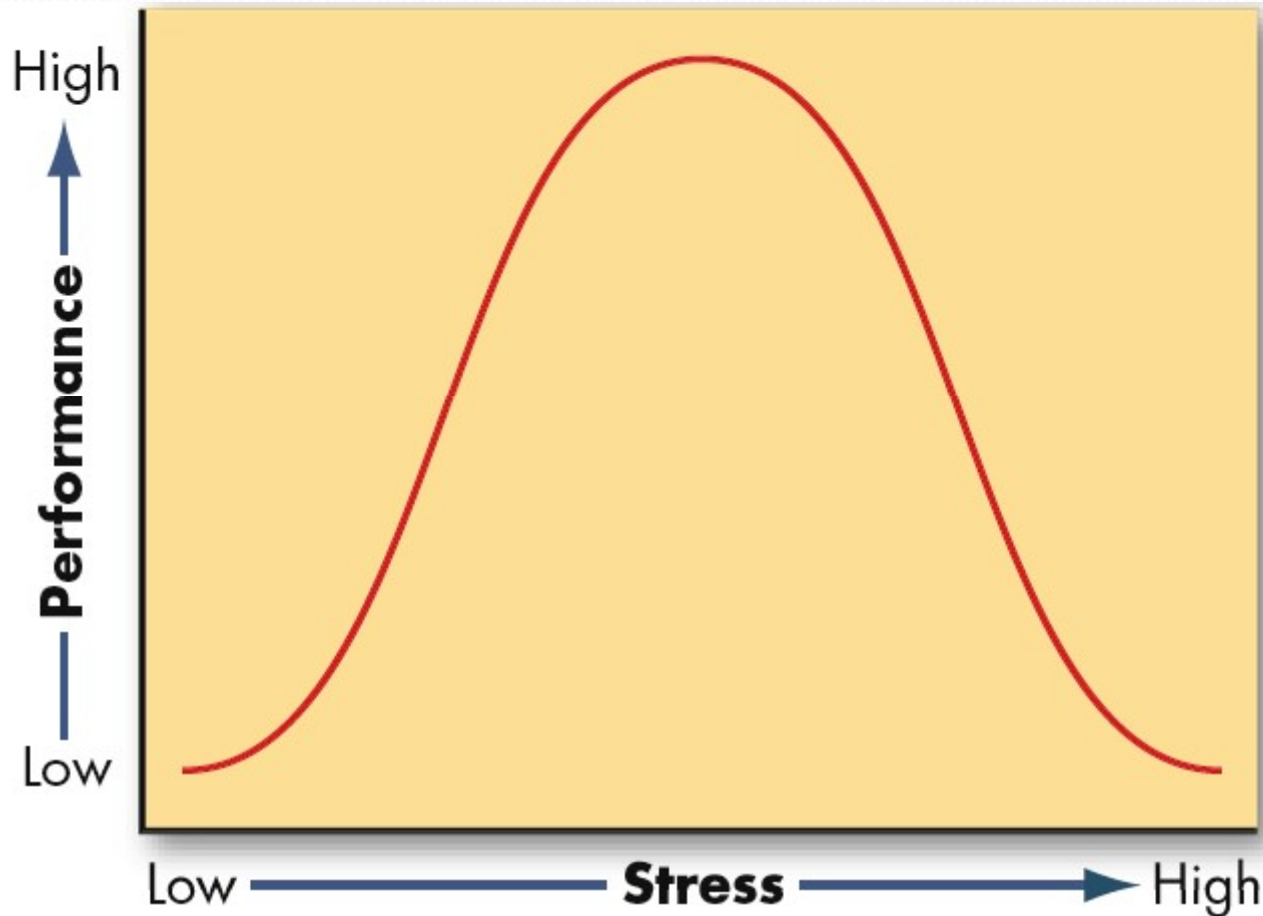


EXHIBIT 18-10

Managing Stress

- Individual Approaches
 - Implementing time management
 - Increasing physical exercise
 - Relaxation training
 - Expanding social support network



Managing Stress

- 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