16 MANAGING CHANGE AND STRESS

We conclude the book with how to manage change and stress. These organization-level processes (see Figure 16.1) are fitting ways to conclude our OB journey, because they either influence or are influenced by everything else you've learned. For instance, effectively managing change requires taking into account a host of person and situation inputs, as well as a host of processes at the individual, group, and organizational levels. And we measure the success of change initiatives in terms of outcomes across the three levels of OB. We discuss stress along with change because change is one of the most common and significant causes of employee stress. Managing change effectively will not only reduce the stress in your life, but it will also help you stand out from the competition throughout your career.

FIGURE 16.1   Organizing Framework for Understanding and Applying OB

A summary graphic outlining what will be learned in this chapter.

Winning at Work

How to W.I.N. at Stress and Change

You already know change is often stressful, and you will encounter both stress and change throughout your life. We offer some simple and practical recommendations you can apply at school, work, and other arenas of your life to manage both more effectively.

Determine What You Can and Cannot Control

Many people find that the more control they have over their environment, the less stress they experience. The same is true of change. For example, changes at work are typically much less stressful if you are active in planning them and have some say over the outcomes. Therefore, a good place to start when managing change and stress is recognizing what you can control and what you can't. Once you've done this, you'll be well on your way to applying what Sharon Melnick, a noted stress researcher, calls W-I-N at Change. First, identify a change in some arena of your life school, work, or a relationship. Follow the three steps below to reduce your stress associated with that particular change. Then apply this same approach to other changes and sources of stress in your life.

Written Inventory. Make a three-column chart. Write the implications of the change for you personally in column one. Describe your reactions to these implications in the second column. Pay particular attention to your emotions and the way they affect your reactions.

Individual Responsibility. In the third column describe specific things you can do to address the implications and your reactions. Do you need to manage your emotions? Would it be helpful to seek some support from a classmate, colleague, or friend? Also consider your attributions and potential biases, and the possibility of miscommunication. Be sure to focus on the aspects you can control, and don't get distracted or bogged down by what you can't.

New Learning Plan. Situations that cause stress and/or require change are often excellent opportunities for learning. You can discover what triggered your stress and how to avoid or prevent it in the future. But also be purposeful and identify the specific skills you need to effectively manage the change and associated stress. Then describe what you can do to learn these skills. Consider finding a mentor or coach, because this can also help build your social capital. Set goals, make a plan, work the plan, and don't forget to reward yourself!

What's Ahead in This Chapter

We know you've heard the statement: .The only constant in life is change.. But now we want you to think about what this fact might mean for your job and career. We created this chapter not only to help you figure that out, but also to give you practical knowledge and tools to help you manage change at different levels in the Organizing Framework for OB. To do this, we'll explore common forces or drivers for change, as well as learn about some popular models for understanding and managing change. Because it's normal for people to resist change, it helps to learn why and what you can do about it. Change is a major cause of stress at work and in your life as a whole, so we help you understand both its positive and negative aspects. The chapter concludes with suggestions on how to manage resistance, stress, and change more generally.

16.1 FORCES FOR CHANGE
MAJOR QUESTION

What are the common forces for change at work, and how can knowing them improve my personal effectiveness?

THE BIGGER PICTURE

There are a great many potential forces for organizational change. So that you can understand and manage them more effectively, we organize them into two broad categories external and internal.

Before we dive into a discussion of the forces for change, we'd like you to assess your own attitudes toward change. Remember that attitudes are tendencies to respond either favorably or unfavorably to a given object or situation. Complete Self-Assessment 16.1 to learn about your own general attitudes toward change. Then use all you learn in this chapter to help you strengthen an already positive attitude or improve one that is not.

SELF-ASSESSMENT 16.1 Assessing Your Attitudes toward Change at Work

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 16.1 in Connect.

What is your overall attitude? Are you surprised?

Think of three examples from school or work that are consistent with your score.

Now think of a clearly negative attitude you held toward a particular change. What made this response different from or similar to your general attitudes toward change?

Describe two specific ways you can improve your attitudes toward change. (Hint: Draw on what you learned about attitudes.)

SOURCE: Adapted from V. D. Miller, J. R. Johnson, and J. Grau, .Antecedents and Willingness to Participate in a Planned Organizational Change,. Journal of Applied Communication Research, 1994, 22: 59–80.

Now that you have a sense of your own attitudes toward change, consider this question about organizations: How do they know when they should change? What cues should they look for? Although there is no certain answer to this question, one way we can read the signs is to monitor the forces for change. We categorize them into external and internal forces to make them easier to understand and remember (see Figure 16.2).

FIGURE 16.2   External and internal forces for change

A summary graphic illustrating the need for organizational change due to external and internal forces. Access the text alternative for Figure 16.2.

External Forces

External forces for change originate outside the organization. They can either present new opportunities for the organization to realize and grow, or they can cause its ultimate demise. The advent of smartphones created an opportunity that Apple seized and converted into a market-dominating platform with the iPhone. This same opportunity caused the downfall of the BlackBerry. Let us now consider the four key external forces for change:

Demographic characteristics.

Technological advancements.

Market changes.

Social, political, and regulatory.

Demographic Characteristics

As shown in Figure 16.3, Asians are now the fastest-growing immigrant group in the United States, surpassing Latin Americans (including those from Mexico). Demographic factors like these are motivating organizations to change benefits and aspects of the work environment in order to attract, motivate, and retain diverse employees.

FIGURE 16.3 Racial Demographic Trends in the United States: 1965-2065

A column chart showing actual and projected immigrant population percentages.

Notes: Whites, Blacks and Asians include only single-race non-Hispanics. Asians include Pacific Islanders. Hispanics are of any race. Other races shown but not labeled.

Source: Pew Research Center estimates for 1965–2015 based on adjusted census data; Pew Research Center projections for 2025–2065

Access the text alternative for Figure 16.3.

Organizations also are changing the way in which they design and market their products and services and even plan their store layouts based on generational differences. For example, Ken Romanzi, North American chief operating officer for Ocean Spray Cranberries Inc., told a Wall Street Journal reporter, .We don't do anything to remind boomers that they are getting older..

Persistently high unemployment levels among young people around the world are creating a strong force for change felt by governments and organizations alike. Many believe much of the current unrest in the Middle East, and to a lesser extent in Europe, is being fueled by a younger population that cannot find meaningful employment opportunities.

Technological Advancements

Technology is a common and often cost-effective tool for improving productivity, competitiveness, and customer service. The effect of social media, for instance, cannot be overstated. It has changed every dimension of our lives, including the way we look for and find jobs, recruit talent, and make money facilitating these relationships. A McKinsey Global Survey

of CEOs and other senior executives revealed the five most significant digital enterprise trends in business:4

Digital engagement of customers.

Use of big data and advanced analytics.

Digital engagement of employees and external partners.

Automation.

Digital innovation.

Each of these may present job and career opportunities for you. OB will certainly play a central role in the level of success individuals and organizations will have with each trend. Put another way, it is people who design and use such technological tools, interpret the data, and then formulate and apply them effectively. .[D]espite the host of technical challenges in implementing digital [approaches],. McKinsey notes, .… success (or failure) of these programs ultimately relies on organization and leadership, rather than technology considerations..

Staples, the office supply retailer, sees technology as key to its survival, and the ability to effectively serve customers via online and mobile channels as its No. 1 challenge. If competitors do it better and do it first the challenge is that much tougher. To meet this challenge, Staples hired as chief information officer Tom Conophy, who had transformed the use of technology at Intercontinental Hotels Group, and as chief digital officer Faisal Masud, who had experience at Groupon, eBay, and Amazon. The two have formed e-commerce engineering and product teams to create and implement new digital products for the company's consumer and business customers.

A photo of Steve Mollenkopf.

Steve Mollenkopf has spent a large part of his career at Qualcomm, eventually ascending to CEO. The company is the world's leading supplier of chips for mobile devices and is a leader in 4G/LTE and other such technologies. It both manufactures and licenses its technology. Qualcomm is under constant pressure from customers and competitors in the markets in which it operates. For example, China is where many mobile devices are manufactured, which means it also is a major market for Qualcomm. Therefore, the company is subject to the regulations and pressures of the Chinese government and Chinese competitors.

Shareholder, Customer, and Market Changes

Increased shareholder activism is one of the most significant forces for change public companies have faced in the past several years. Shareholders have pressed organizations to be more efficient, respond to legal lapses, and justify executive compensation packages.

Qualcomm, for instance, the world's leading mobile chipset supplier, was pressured by a major shareholder, JANA Partners, to make significant changes. JANA urged Qualcomm leadership to split into two separate companies, implement major cost cuts, give JANA seats on the board of directors, and rein in executive compensation. Although Qualcomm decided not to split, it gave JANA much of what it asked for: total spending cuts of $1.4 billion including $300 million in compensation cuts, two board seats, and layoffs of up to 15 percent of its employees. Qualcomm's predicament was made worse by the fact that regulators in China, one of its largest markets, fined the company nearly $1 billion for anticompetitive practices. Regulators essentially

argued that the company had used its dominant market position to stifle competition and charge inappropriate rates for licensing its technology.

Customers also are increasingly sophisticated and demand that the companies with which they do business deliver higher-value products and services. If they don't get what they want, they shop elsewhere. This challenge has led more companies to seek customer feedback about a wide range of issues in order to attract and retain their business. Turning a potential negative situation into visible positive sentiment is social media's biggest potential advantage,. writes Lauren McCrea of the Ignite Social Media Agency.

Walmart, for instance, collects feedback from millions of customers to help improve service and merchandising, while UPS takes customer service to another level entirely. It not only includes the names and faces of its customer service representatives on its Facebook page so you can see the person you're dealing with but it also provides direct e-mail and phone contact info. Yes, you can contact a person directly!

Social, Political, and Regulatory

A photo of a table used for executions.

Social and political pressure often cause companies to change their policies, practices, and even products. For instance, pharmaceutical companies have now stopped selling products for use in executions.

Social, political, and regulatory forces are created by social and political events. Pfizer Inc. made news when it implemented even tighter controls on its drugs used in lethal injections. As the debate regarding capital punishment intensified over the past several years, Pfizer became the latest among 20 US and European pharmaceutical companies to restrict the distribution of their drugs for such purposes. Pfizer represented the last holdout, and according to Maya Foa, who tracks drug companies for a London-based human rights group, its refusal means .all FDA-approved manufacturers of any potential execution drug have now blocked their sale for this purpose. … Executing states must now go underground if they want to get hold of medications for use in lethal injection.. Many states are now considering other alternatives besides lethal injection.

Governments can and do apply political pressures to force or block changes. When French pharmaceutical company Sanofi restructured its research and development facilities around the world, it planned to close a lab in Toulouse that was not producing enough new drug discoveries to continue operating. However, the French government intervened and blocked the closing in court. French labor laws allow the government to prevent profitable companies from cutting jobs, particularly in high-tech industries that politicians want to foster. This was challenging for Sanofi, which wanted to consolidate specific operations to particular cities, like early drug research in Boston and infectious diseases in Lyon (another French city).

The ride-sharing service Uber has met formal government resistance in a number of countries, including Australia, Belgium, Germany, and the Philippines. Each of these countries has banned or limited Uber services to some extent, fearing they undermine the existing taxi industry. Taxi drivers' protests have occurred in many cities across the world, including Paris, Milan, and New York.

Internal Forces

Internal forces for change come from inside the organization. These forces may be subtle, such as low job satisfaction, or they can manifest in outward signs, such as low productivity, conflict, or strikes. Internal forces for change come from both human resource problems and managerial behavior and decisions.

Human Resource Problems or Prospects

Human resource challenges stem from employee perceptions about the way they are treated at work and the match between individual and organization needs and desires. Dissatisfaction is a symptom of unmet needs or mistreatment and most often requires attention from company leadership.

OB IN ACTION

Conflicts and Solutions at iPhone Manufacturers

Nearly all our laptops, televisions, smartphones, and tablets are built by contract manufacturers. Two of the world's largest, in part because they are major manufacturers for the iPhone, are Foxconn and Pegatron. Pressure on workers at these companies has risen with the popularity of the phones. Foxconn, along with many other Apple suppliers, has come under fire in the past few years for abusive working conditions such as mandatory overtime and low wages.

After Foxconn tried to sharply raise production demands for the iPhone 5, workers slowed production to a halt and even had violent clashes with management and inspectors. Tensions over the company's stringent quality standards were intensified when management canceled employees' vacation time during the holidays to meet production goals. Reports surfaced of a growing number of employee suicides at Foxconn and other suppliers. Apple has since taken a more active role in ensuring higher wages and better working conditions at Foxconn and its other contractors.

In the years since Foxconn's well-publicized problems, Pegatron, which employs 50,000 employees at a single iPhone assembly facility outside Shanghai, has limited employees' working hours and overtime. It requires employees to scan ID cards, use face scanners, and go through turnstiles to clock in for work. Then, before employees actually start their tasks, their cards are scanned once again by supervisors at their workstations. All these checks are attempts to comply with stringent new electronics-industry standards by tracking how much employees work, including how close they are to violating overtime restrictions.

YOUR THOUGHTS?

What are your thoughts about Pegatron's techniques for managing how much employees work?

What are three potential benefits of these practices?

What are three potential drawbacks?

It also is common for new executives to .clean house.. When new CEOs take charge, they often bring in their own people. About a quarter of chief financial officers (CFOs), for example, are gone within one year of a new chief executive taking the reins. CFOs who have survived such changes in leadership offer three pieces of advice for other executives:

Communicate. .It's better to err on the side of over communication … there's so much [the incoming CEO] needs to learn.. Share both job-critical details and information about the culture, people, and customers.

Identify the CEO's strengths and compensate for the weaknesses. Learn the CEO's knowledge and skill gaps and do what you can to cover them. This will prevent the new executive from being blindsided. Complement his or her skills and knowledge.

Don't be an obstacle or a resister. Embrace the change. .If you don't believe in the direction the boss is going, and you don't say why, and you sit there and simmer with resentment, that's not a good place to be..

Unusual or high levels of absenteeism and turnover also represent forces for change. To help combat these challenges, leaders and managers of change should encourage employee participation early and throughout the change process.

Managerial Behaviors and Decisions

Excessive interpersonal conflict between managers and their subordinates or the board of directors is a sign that change is needed. Andrew Mason, founder and former CEO of Groupon, was fired due to his strategy and the firm's underperformance. Mason had decided to take the firm aggressively into selling goods and not just coupons for discounts with local merchants. These actions, combined with a disappointing international expansion, led the board to conclude that his decisions and direction were not right for the company.

A photo of Andrew Mason.

.After four and a half intense and wonderful years as CEO of Groupon, I've decided that I'd like to spend more time with my family. Just kidding I was fired today.. From a farewell memo to Groupon employees from Andrew Mason, the company's founder and former CEO.

Marissa Mayer was the seventh leader in five years when she took over at Yahoo in 2012. All the previous leaders had been plagued by declining financial performance and low employee morale, and Mayer faced these as well. The board and investors once again clamored for change. It appears that change at Yahoo in strategy, leadership, or organization will have to be dramatic if not miraculous if the company hopes to regain its former glory.

The University of Arizona College of Law implemented a change that may shake up the entire industry of law education. The school decided to accept applicants who had taken the Graduate Record Examination (GRE) and not the traditional Law School Admission Test (LSAT). This policy change was motivated by a continuing decline in student enrollments, which has made it more difficult for schools to compete for applicants. According to the dean, Marc Miller, who implemented the change, the law school environment needs to experiment with the admissions process and serve a more diverse pool of applicants. The Law School Admissions Council, which oversees the law school application process, voiced a very stern warning and threatened to expel Arizona from its network. But shortly after, the deans of 150 other law schools signed a letter supporting Miller and Arizona's decision. They argued that .'experimentation benefits all of us,' and said that kicking out Arizona 'is unwarranted under the existing rules and sends a terrible message to law schools about experimentation in the admissions process.'.

Now that you have a sense of the various forces of change, let's explore some of the common forms of change and models used to both understand and manage change more effectively.

16.2 TYPES AND MODELS OF CHANGE
MAJOR QUESTION

How can my organization and I use different approaches to more effectively manage change?

THE BIGGER PICTURE

Researchers and managers alike have tried to identify effective ways to manage the change process, given its importance for organizational survival. This section provides insights into general types of organizational changes, as well as reviews of Lewin's change model, a systems model of change, Kotter's eight steps for leading organizational change, and the organizational development approach. Each serves as an organizational-level tool for managing outcomes across the levels of our Organizing Framework for Understanding and Applying OB.

To manage change effectively, a contingency approach suggests you'd be wise to have a variety of approaches or change management tools and use the one best suited for a particular change. We provide such knowledge and tools in this section. Let's start our discussion by looking at three general types of changes.

Three General Types of Change

A useful high-level way to organize and think about change is in terms of its degree of complexity, cost, and uncertainty and classify it as either adaptive, innovative, or radically innovative (see Figure 16.4).

FIGURE 16.4   Generic typology of organizational change

A summary graphic displaying the three categories of change and their positions on the continuum of complexity, cost, uncertainty, and potential resistance.

Adaptive change reintroduces a familiar practice either in a different unit or in the same unit at a different point in time. Adaptive changes are the least complex, costly, and uncertain. Allowing the market research group to operate on flextime, after allowing the sales group to do so, is an example of adapting the scheduling practices in one group based on those in another. Adaptive changes are not particularly threatening to employees because they are familiar.

Innovative change introduces a practice that is new to the organization. lt's midway on the continuum of complexity, cost, and uncertainty. If competitors in your industry utilize social media for recruiting but your company hasn't in the past, doing so qualifies as innovative change. Innovative changes bring more uncertainty and cause more concern than adaptive changes.

Radically innovative change introduces a practice new to the industry. At the high end of the continuum of complexity, cost, and uncertainty is radical innovation. The introduction of the sharing economy has been a radical change for many industries, such as transportation (Uber and Lyft) and housing (Airbnb). As each additional industry adopts the shared or peer-to-peer model I'll lend you what I have for a fee it accepts radically innovative change. Another example is DogVacay a host will watch your dog in either your home or the host's, providing a cheaper and more comfortable option than a traditional kennel.

OB IN ACTION

Cisco Thrives on (Radical) Innovation19

Under the legendary leadership of John Chambers, Cisco Systems has succeeded by successfully anticipating, capturing, and leading its industry through market changes. Since the 1990s the company's growth and product mix have mirrored the evolution of the Internet, from routers to switches, to mobile, video, cloud computing, and application-centric computing, and now to .the

Internet of things.. (Cisco actually coined the phrase.) Each one of these changes is innovative if not radical.

The company is always willing to change, and Chambers admits that sometimes it moved too early and other times too late. But to ensure that it wins more often than not, Cisco has adopted a start-up mentality. Chambers says, .When we're confident that the market is going to shift, we have three ways to adapt..

Build it. If Cisco sees the change early enough, it will invest in people and technology via its internal R&D process. It has also invested externally, in an .entrepreneurs-in-residence program, which provides financial support, mentoring, and collaboration opportunities. for a number of early-stage entrepreneurs working in areas that interest the company. Recent examples include cloud computing and big data analytics.

Buy it. During Chamber's tenure the company has made more than 170 acquisitions. If an existing company develops a valuable innovation and the market is already moving in that direction, Cisco will often purchase the company. This approach allows Cisco to accelerate the speed of change, since acquisition is faster than developing its own competing offering from scratch.

Spin in. The opposite of a spin-off is Cisco's .spin-in. approach. This strategy assembles engineers and developers to work on a specific project the company sees as valuable to its future growth, and then it moves these employees to a separate unit with appropriate resources, where they work independently of their previous roles, supervisors, and the company generally. To foster the start-up mentality and enable the company to recruit the needed talent, it pays employees in spin-in units as if they were indeed at a start-up. In a recent project 280 employees worked on a multibillion-dollar business for the future. When the project is complete, they will be brought back into the company, and the product will be folded into Cisco's offerings and be taken to market.

Chambers admits that .disrupting yourself can be really difficult. For instance in 2014 we announced plans to realign 6,500 people, driven by our need to focus on growth areas.. Cisco had never engaged in mass layoffs, but Chambers had. Earlier in his career he worked at Wang Computers and witnessed the company's demise, which resulted in all 32,000 employees losing their jobs. When the decision was made to institute cuts at Cisco, he said, .I'd hoped never to do another layoff. … But in this case we had to move so quickly that attrition wouldn't have gotten us where we needed to go.. By the end of the year the company had hired back about as many employees as it cut, but the new employees had the skill sets needed for the future.

A photo of John Chambers.

Radical innovation is extreme and difficult. However, during his time as CEO, John Chambers and Cisco Systems epitomized innovation. They were foundational to the infrastructure in the early days of the Internet, and now more recently they are central players in the Internet of things.

YOUR THOUGHTS?

What are your reactions to Chambers' and Cisco's approach to change?

Given Cisco's approach to change, what might be the challenges of being an employee there?

Likewise, what might be the benefits?

Common Elements of Change

Now that you have a way of describing and classifying types of change, we will explore several models to help you understand and manage change more effectively. But first, here are some key assumptions underlying many models of change:21

Learn and unlearn. The change process consists of learning something new as well as discontinuing or unlearning current attitudes, behaviors, or organizational practices.

Motivate or fail. Change will not occur unless there is motivation. Motivating others is often the most difficult part of the change process.

People make or break it. People are the key to all organizational changes, whether in structure, group processes, reward systems, job design, or strategy. Organizations don't change if employee behaviors don't change.

Even winners resist. Resistance to change is found even when the goals of change are highly desirable.

Reinforce to sustain. Effective change requires reinforcing new behaviors, attitudes, organizational practices, and cultures.

Lewin's Change Model

Most models of organizational change originated from the landmark work of social psychologist Kurt Lewin. Lewin developed a three-stage model of planned change that explained how to initiate, manage, and stabilize the change process. The three stages are unfreezing, changing, and refreezing (see Figure 16.5).

FIGURE 16.5   Lewin model of change

A summary graphic of Lewin's three-stage model of change.

Unfreezing

The focus of the unfreezing stage is to create the motivation to change. The most common, but not necessarily the most effective, way of communicating a convincing reason to change is to demonstrate that current practices are less than ideal. Data related to employee or customer satisfaction or showing market share gains made by competitors is often used. The process of unfreezing, moving, and refreezing occurred at Facebook.

OB IN ACTION

Unfreezing at Facebook

In 2012, when Facebook went public, the company had fewer than two dozen engineers working on mobile applications. It was almost entirely focused on users accessing Facebook on desktop computers. (It's hard to believe that was just a few short years ago.) The fact that it now has hundreds of engineers working on mobile is a strong signal that mobile apps are at the center of the company's strategy. To accomplish this, Facebook .unfroze. from the desktop, changed to mobile, and now has refrozen and solidified its new focus.

To unfreeze the organization, CEO Mark Zuckerberg and others shared growing criticisms that Facebook's iPhone app didn't function well it was slow and frequently crashed. Meanwhile other companies were gaining enormous popularity in the mobile space. Facebook needed to change to

compete and thrive. This led Mike Shaver, the company's director of engineering, to say, .If we are going to be a mobile company at scale, we needed to do something qualitatively different … we needed a nuclear option..

The nuclear option worked! Since it refocused its resources, Facebook has been earning the vast majority of its business from mobile apps. In early 2016 it earned more than $3 in revenue per user, compared to just over $1 in early 2013. And its mobile advertising now accounts for 80 percent of the company's advertising revenue (over $5 billion per quarter). If that isn't enough, some experts project that Facebook will receive a whopping 31 percent of US advertisers' display ad dollars in 2016. Second-place Google is projected to get 14 percent.

YOUR THOUGHTS?

Considering Facebook was already a dominant, high-flying company, what do you think were the biggest obstacles to unfreezing its desktop focus?

If you were Zuckerberg, how might you have tried to convince employees that this change was necessary?

What challenges do you think were likely in refreezing the mobile strategy?

Changing

Changing is where the rubber meets the road. Because change calls for learning and doing things differently, this stage entails providing employees with new information, new behavioral models, new processes or procedures, new equipment, new technology, or new ways of getting the job done.

How does management know what to change? There is no simple answer to this question. Organizational change can be aimed at improvement or growth, or it can focus on solving a problem such as poor customer service or low productivity. Change also can be targeted at different levels in an organization. The point to keep in mind is that change should be targeted at some type of desired end result. The Organizing Framework for Understanding and Applying OB is a good tool to use for identifying particular targets or purposes for change.

Refreezing

The goal of refreezing is to support and reinforce the change. Managers support change by helping employees integrate the new behavior or attitude into their accustomed way of doing things. They can first give employees a chance to exhibit the new behaviors or attitudes. Once this happens, positive reinforcement can encourage the desired change. More specifically, continuous reinforcement with extrinsic rewards (recognition, feedback, bonuses) is useful early in the change process. This helps establish clear links between the desired new behaviors and the reinforcing reward or recognition. And don't forget role modeling. Walking the talk of change is arguably the most powerful way to get others to follow.

A Systems Model of Change

The systems approach to change is based on the notion that any change, no matter how large or how small, has ripple effects. Promoting an individual to a new work group affects group dynamics in both the old and new groups. Creating project or work teams may necessitate revamping compensation practices. These examples illustrate that change creates additional change.

A systems model of change is similar to the systems framework used in the Organizing Framework. However, it is a bit more complex, as shown in Figure 16.6. This systems model of change includes inputs, strategic plans, target elements of change, and outputs. It is a very practical approach that can diagnose what to change and how to evaluate the success of a change effort. Let's explore its individual components.

FIGURE 16.6   Systems model of change

A flow chart showing the components of the systems model of change.

SOURCE: Adapted from D. R. Fuqua and D. J. Kurpius, .Conceptual Models in Organizational Consultation,. Journal of Counseling and Development, July–August 1993, 602–618; and D. A. Nadler and M. L. Tushman, .Organizational Frame Bending: Principles for Managing Reorientation,. Academy of Management Executive, August 1989, 194–203.

Access the text alternative for Figure 16.6.

Inputs

The starting point for organizational change should be asking and answering the question: .Why change?. Leaders need to be clear about the overarching motive or reason for change. The elements in the inputs box in Figure 16.6 can help answer this question. For instance, it is wise to ensure that the intended changes align with the organization's mission, vision, and resulting strategic plan.

A photo of Blake Mycoskie.

TOMS was first and is still best known for giving away one pair of shoes for each pair it sells. But founder Blake Mycoskie has used his mission of helping others to transform the company. Shoes were simply a vehicle with which to begin. TOMS now uses the same inspiration to provide eye care, clean drinking water, safe births, and kindness (via anti-bullying efforts). Many of these efforts are supported by sales of shoes and more recently coffee. The results are nothing less than phenomenal: TOMS has donated 50 million pairs of shoes, 250,000 weeks' supply of safe water, and 360,000 pairs of glasses or medical treatments to restore sight. Mycoskie attributes the company's success to its having a compelling .why.. That is the source of inspiration for him, employees, and customers.

Mission statements express the reason an organization exists. Some examples of clear and effective mission statements follow:

Instagram, the photo-sharing service .To capture and share the world's moments..

Southwest Airlines .Dedication to the highest quality of customer service delivered with a sense of warmth, friendliness, individual pride, and company spirit..

Charles Schwab .To empower individual investors to take control of their financial lives, free from the high costs and conflicts of traditional brokerage firms..

Interface .To be the first company that, by its deeds, shows the entire industrial world what sustainability is in all its dimensions: People, process, product, place and profits by 2020 and in doing so we will become restorative through the power of influence..

All well and good, you say, but how does an organization create an effective mission? Sally Jewell, former CEO of REI, the outdoor clothing and equipment retailer, describes how she and

her team of 150 leaders went about formulating a mission for the company. The details are in the Applying OB box.

APPLYING OB

How to Formulate a Meaningful Mission Statement

Missions are big-picture, long term, and existential. These qualities mean they are often quite general. But they cannot be too general, because that would make them abstract and meaningless. Sally Jewell, when CEO of outdoor clothing and adventure retailer REI, followed a very useful and repeatable process when refining the company's mission. She began by assembling a representative team of leaders. It's best to be inclusive rather than exclusive here, because engaging people in the process helps ensure that their interests are reflected in the mission and that they will be more likely to .live it.. Then she asked team members:

Why does our organization exist? Ask this question three to five times to get a deeper, richer view.

What would happen if our organization went away?

Why do I devote my creative energies to this organization?

Compile and consolidate the answers to these questions.

This process resulted in REI's mission statement: .To inspire, educate, and outfit for a lifetime of outdoor adventure and stewardship..

A photo of Sally Jewell.

Sally Jewell knows how to create and realize effective missions. She did this previously at REI and now as the US Secretary of the Interior. As CEO of REI she led a company long known to epitomize sustainability, and as Secretary of the Interior she helped shape the country's policy related to energy, climate, and sustainability.

Another input in the systems model of change is vision, a compelling future state for an organization and an important input in the systems model of change. Missions typically imply little or nothing about change and instead simply define the organization's overall purpose. Effective visions, in contrast, describe a highly desirable future and outline how the organization will get there, such as which markets, services, products, and people will be active, and how all these elements align with the organization's values. Interface Inc., a world leader in sustainability and commercial interiors, captures all these and more in its vision:

Interface will become the first name in commercial and institutional interiors worldwide through its commitment to people, process, product, place, and profits. We will strive to create an organization wherein all people are accorded unconditional respect and dignity; one that allows each person to continuously learn and develop. We will focus on product (which includes service) through constant emphasis on process quality and engineering, which we will combine with careful attention to our customers' needs so as always to deliver superior value to our customers, thereby maximizing all stakeholders' satisfaction. We will honor the places where we do business by endeavoring to become the first name in industrial ecology, a corporation that cherishes nature and restores the environment. Interface will lead by example and validate by results, including profits, leaving the world a better place than when we began, and we will be restorative through the power of our influence in the world.

Readiness for change is the strength of our beliefs and attitudes about the extent to which changes are needed, and our capacity to successfully implement them. Readiness can be an individual or an organization-level input. Put another way, effective change at work requires that both the employees and the employer have high readiness, that they be willing and able to change. Readiness has four components:

Necessity for change.

Top-management support for change efforts.

Personal ability to cope with changes.

Perceived personal consequences of change.

The first two pertain to an organization's readiness and the last two your readiness. Self-Assessment 16.2 will help you gauge your own readiness for change. You can also use it to measure the readiness of an organization to which you belong.

SELF-ASSESSMENT 16.2 What Is Your Readiness for Change?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 16.2 in Connect.

Focusing on your personal readiness, which component is higher?

Describe how you think this affects how you deal with this change? Think of how it affects you and your interactions with coworkers.

Of the two organizational readiness components, which is the lowest?

How do you think this result will affect the success of the particular change? Be specific.

Given what the readiness measure tells you, what do you recommend to improve your and your organization's readiness?

Strategic Plans

A strategic plan outlines an organization's long-term direction and the actions necessary to achieve planned results. Among other tools, strategic plans can use SWOT analysis, which identifies strengths, weaknesses, opportunities, and threats. In the process model of change, SWOT analysis provides input by helping managers develop an organizational strategy for reaching their desired change goals, such as higher profits, customer satisfaction, quality, or return on investment, or acceptable levels of turnover and employee satisfaction.

Target Elements of Change

Target elements of change are the components of an organization that can be changed. In the systems model of change they essentially represent levers managers can push and pull to influence various aspects of an organization. The target elements of change can also help diagnose problems and identify change-related solutions. As shown in Figure 16.6, there are four elements:

Organizational arrangements

Social factors

Methods

People

Each target element of change contains a subset of more detailed organizational features, all of which are OB topics discussed in this book and included in the Organizing Framework.

There are two final issues to keep in mind about the target elements. First, the double-headed arrows in the figure convey the message that change ripples across an organization. For example, changing a reward system to reinforce team rather than individual performance (an organizational arrangement) is likely to change organizational culture (a social factor). Second, the .people. component is at the center of the target elements of change box because all organizational change ultimately affects employees and vice versa. Organizational change is more likely to succeed when managers proactively consider the impact of change on employees.

Outputs

Outputs, the final piece of the process model of change, are the desired end results or goals of change. Once again, these end results should be consistent with an organization's strategic plan. Figure 16.6 indicates that change can be directed at the individual, group, or organizational level. Change efforts are more complicated and challenging to manage when targeted at the organizational level. The reason is that organizational-level changes are more likely to affect more than one of the target elements of change shown in the model.

Now that you've learned the details of the systems approach to change, we shift our focus to one of the most popular approaches to organizational change since the 1990s Kotter's eight stages.

Kotter's Eight-Stage Organizational Change Process

John Kotter, a world-renowned expert in leadership and change management, believes organizational change most often fails not because of inadequate planning but because of ineffective implementation. To help overcome this flaw, he proposed an eight-stage process for leading change (see Table 16.1). This approach differs from the systems model in that it does not help diagnose the need for change or the targets of change. It is somewhat like Lewin's model, however, in that it guides managers through a sequential process. For instance, you could map Kotter's first four stages onto Lewin's .unfreezing,. stages 5, 6, and 7 onto .changing,. and stage 8 onto .refreezing..

TABLE 16.1   EIGHT STAGES TO LEADING ORGANIZATIONAL CHANGE

STEP   DESCRIPTION

Establish a sense of urgency.

Unfreeze the organization using a compelling reason why change is needed.

Create the guiding coalition.

Create a team with appropriate knowledge and enough power to lead change.

Develop a vision and strategy.

Create a vision to inspire and a strategic plan to guide the change process.

Communicate the change vision.

Implement a communication strategy and .overcommunicate. the new vision and strategic plan.

Empower broad-based action.

Eliminate obstacles (processes and people) and encourage risk taking and creative problem solving.

Generate short-term wins.

Plan for and create short-term .wins. or improvements. Recognize and reward people who contribute to the wins.

Consolidate gains and produce more change.

Allow guiding coalition to use credibility from short-term wins to create more change. Additional people are brought into the change process as change cascades throughout the organization. Attempts are made to energize the change process.

Anchor new approaches in the culture.

Reinforce the changes by highlighting connections between new behaviors and processes and organizational success. Embed these in performance management and other processes hiring, promotion, and leadership development and succession.

SOURCE: J. P. Kotter, Leading Change (Boston: Harvard Business School Press, 1996).

The value of Kotter's approach is its recommendations about specific behaviors and activities. Notice that vision and strategy are central components, as they are in the systems model. But Kotter insists the stages need to be followed in sequence and none can be skipped. It therefore requires a tremendous commitment of time, money, and people to implement Kotter's eight stages. That makes this approach very challenging for organizations, and particularly for individuals, to implement. Its hurdles, however, are partially overcome by our final approach to change organizational development (OD).

Creating Change through Organizational Development (OD)

One way to think of organizational development (OD) is to approach the organization as if it were a sick patient: .Diagnose. its ills, prescribe and implement an .intervention,.and .evaluate. progress or effectiveness. If the evaluation reveals that positive change has not occurred, this information provides feedback you can use to refine the diagnosis or consider the extent to which the intervention was effectively implemented or appropriate in the first place (see Figure 16.7).

FIGURE 16.7   Organizational development processes

A summary graphic of the four components of the OD processes.

SOURCE: Adapted from W. L. French and C. H. Bell Jr., Organization Development: Behavioral Interventions for Organizational Improvement (Englewood Cliffs, NJ: Prentice Hall, 1978).

Let's improve your understanding by exploring each of these components in a bit more detail.

Diagnosis: What is the problem and its causes? Many means can be used to answer this question: interviews, surveys, meetings, written materials, and direct observation. We recommend the 3-Step Problem-Solving Approach and the Organizing Framework to help. The target elements in the systems model of change can also be useful. For example, you might ask, .To what extent does the structure or the reward system contribute to the problem?.

Intervention: What can be done to solve the problem? The treatment or intervention represents the changes being made to solve the problem. They are based on the causes. For example, if the cause of low-quality service is poor teamwork, team building might be a useful intervention. No one intervention technique applies to all situations the best solution depends on the situation.

Evaluation: Is the intervention working? Evaluation requires measurement, and the measures must match the problem. If the problem is job performance, you are highly unlikely to properly evaluate teamwork or quality of service if you measure only sales volume. The final evaluation should also compare measures of effectiveness obtained before and after the intervention.

Feedback: What does the evaluation suggest about the diagnosis and the effectiveness of the intervention? If the evaluation reveals that the intervention worked, then the OD process is complete and you can consider how best to .refreeze. the changes. However, a negative evaluation means one of two things: either (1) the initial diagnosis was wrong, or (2) the intervention was inappropriate or not implemented effectively. Negative evaluations generally require you to collect more information about steps 1 and 2 in the OD process shown in Figure 16.7.

OD has been shown to positively influence a number of outcomes in the Organizing Framework, such as increased employee satisfaction, when management was committed to the change process. And interventions using more than one OD technique were more effective in changing job attitudes and work attitudes than interventions that relied on only one human process or structural approach.

16.3 UNDERSTANDING RESISTANCE TO CHANGE
MAJOR QUESTION

Why do people resist change and what can I do about it?

THE BIGGER PICTURE

You can't think about change without also thinking about resistance. If you are going to effectively manage change you need to understand and manage resistance. Your ability to do this is fundamental to your effectiveness in managing this important organizational-level process and its many related outcomes in the Organizing Framework for Understanding and Applying OB.

 Resistance to change is any thought, emotion, or behavior that does not align with actual or potential changes to existing routines. People can resist both actual and imagined events, and both individuals and groups can resist. If you think about change in terms of influence, you can assume people will either comply, commit, or resist. This perspective leads many people to conclude that resistance to change represents a failed influence attempt. And while resistance can indeed spell failure, we are going to challenge this assumption and approach resistance in a different and more useful way, to help you gain more compliance and commitment to change.

To better understand the nature of resistance to change, you can learn about the level of your own dispositional resistance to change by completing Self-Assessment 16.3. Knowing this about yourself will help you manage your own tendencies and better recognize them in others. Both insights will make you more successful with organizational change throughout your career.

SELF-ASSESSMENT 16.3 Assessing Your Resistance to Change

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 16.3 in Connect.

Which of the four components is highest?

Given your answer to question 1, what are the potential implications if your manager changes?

Describe two things you can do to help reduce the negative impact of your attribute with the lowest score.

Describe two things you can do to help reduce the negative impact of your attribute with the second-lowest score.

SOURCE: Adapted with permission from S. Oreg, .Resistance to Change: Developing an Individual Differences Measure,. Journal of Applied Psychology 88, no. 4, 682.

A Dynamic View of Resistance

Many managers of change see resistance as employees pursuing their own interests, if not also actively undermining the interests of the manager or larger organization. In this perspective the cause of resistance resides solely with the individual employee, a narrow view of resistance. In contrast, some of the most widely recognized change experts argue that resistance does not reside within the individual but instead is a result of the context in which change occurs. Resistance is caused by an interaction between change recipients, change agents, and the relationships between the two. This is a more complex, dynamic, and systems approach to resistance. When viewed in this way, resistance is a dynamic form of feedback, as illustrated in Figure 16.8.

FIGURE 16.8   Dynamic model of resistance to change and its causes

A summary graphic of the components of the dynamic model of resistance to change. Each component affects the others, which in turn provide the resistance.

Causes of Resistance to Change

Figure 16.8 presents a model of resistance characterized by a dynamic interaction among three causes, rather than being caused solely by irrational and stubborn recipients of change. For example, recipients resist partly based on their perceptions of change, which are very much influenced by the attitudes and behaviors exhibited by change agents and the level of trust in the relationship between change agents and recipients. Similarly, change agents' actions and perceptions are affected by the recipients' actions and inactions and the quality of relationships with recipients. Let's consider each cause of resistance.

Recipient Characteristics

Recipient characteristics include perceptions and a variety of individual differences that help explain actions (engaging in new behaviors) and inactions (failing to engage in new behaviors). Six of the most common recipient characteristics are:38

Dispositional resistance to change. Individuals with high dispositional resistance to change, a stable personality trait, are .less likely to voluntarily initiate changes and more likely to form negative attitudes toward the changes [they] encounter..

Surprise and fear of the unknown. When innovative or radically different changes are introduced without warning, affected employees often become fearful of the implications. The same is true when managers announce new goals without explaining specifically how the goals will be achieved. Imagine how you would feel if your boss said your department was going to increase

sales by 25 percent without hiring any new employees. Managers' failure to set expectations around a change effort or a new goal is a key contributor to resistance.

Fear of failure. Many changes cause employees to doubt their capabilities. Self-doubt erodes self-confidence and performance, and it also impedes personal growth and development.

Loss of status and/or job security. Administrative and technological changes that threaten to alter power bases or eliminate jobs generally trigger strong resistance. For example, corporate restructuring usually eliminates managerial jobs. We should not be surprised when middle managers resist restructuring and other programs, such as empowerment, that reduce their authority and status.

Peer pressure. Someone who is not directly affected by a change may actively resist it to protect the interests of friends and coworkers.

Past success. Success can breed complacency. It also can foster a stubbornness to change because people come to believe that what worked in the past will work in the future.

Change Agent Characteristics

A change agent is someone who is a catalyst in helping organizations deal with old problems in new ways. Change agents can be external consultants or internal employees, and their characteristics can include actions or inactions. For example, a change agent who fails to communicate with employees or is perceived as instituting unfair policies is likely to create resistance from recipients. Another contributing factor is the change agent's perception of the reason employees behave the way they do in the face of organizational change. A change agent might interpret employees' questions as a form of resistance when in fact they are honest attempts to clarify the change process.

The role of change agent can be extremely important. We therefore want you, and other change agents, to avoid some common mistakes. Table 16.2 outlines five. Enhance your own effectiveness by becoming aware of and avoiding these pitfalls.

TABLE 16.2   COMMON PITFALLS EFFECTIVE CHANGE AGENTS SHOULD AVOID

Decisions that disrupt cultural traditions or group relationships. Whenever individuals are transferred, promoted, or reassigned, cultural and group dynamics are often thrown into disequilibrium. Resistance increases because of the uncertainty associated with dealing with new team members and their expectations.

Personality conflicts. Change agents who display narcissism, excessive ego, lack of fairness, or any of the traits of bad leaders are likely to engender resistance from recipients.

Lack of tact or poor timing. Undue resistance can occur because change agents introduce change in an insensitive manner or at an awkward time. They should not only .sell. the benefits of the change but also explain why it is strategically important to the organization's success and must occur at a particular point in time.

Poor leadership style. Research shows that people are less likely to resist change when the change agent uses transformational leadership and makes the change about the organization and the employees, rather than about the leader him- or herself.

Failing to legitimize change. Active, honest communication and aligned reward systems help recipients understand and believe in the value of changes. Change agents must also explain how

change will lead to positive personal and organizational benefits. They need a clear understanding about how recipients' jobs will change and how they will be rewarded. For example, an employee is unlikely to support a change effort he or she perceives as requiring more work and more pressure without a commensurate increase in pay.

Change Agent–Recipient Relationship

In general, resistance is reduced when change agents and recipients have a positive, trusting relationship. Trust consists of mutual faith in others' intentions and behavior. Mutual mistrust can doom to failure an otherwise well-conceived change. Managers who trust their employees make the change process an open, honest, and participative affair. Employees who trust management in turn are more willing to expend extra effort and take chances with something different. In support of this conclusion, a study of employees from the oil and banking industries showed that a high-quality relationship between managers and direct reports was associated with less resistance to change.

All that said, the following OB in Action box provides a very different means of dealing with resistance by the general manager of the NFL's Carolina Panthers.

OB IN ACTION

Should a New Leader Clean House?45

A photo of Dave Gettleman.

Dave Gettleman took a different path to success than most new general managers. Instead of replacing the existing coaching and administrative staff with his own people when he took over at the Carolina Panthers, he kept and worked with those already there.

A Different Approach   Dave Gettleman had been part of six Super Bowl teams earlier in his career. When he was named general manager of the Carolina Panthers of the National Football League (NFL) in 2013, he took a very different path than most new professional sports executives. He didn't fire any of the existing coaching staff.

His reasoning was that If you fire the head coach, for example, how long does it take to bring the new coach up to speed? It could be many months, so Gettleman prefers to work with what and who he has.

Why Fire the Existing Team?   It certainly is common practice, and some say common sense, to fire the old team. They are likely to resist your new ideas and new ways. They have made their living doing things in a particular way, and they may very likely continue to do things in that way. Business history is littered with examples of executives who came in and couldn't turn existing employees to a new path.

However, Gettleman's approach seems to have worked. The Panthers made the playoffs three years in a row, including playing in the Super Bowl in 2016.

YOUR THOUGHTS?

Assume you are taking over as a new executive in a company that is underperforming. Provide three reasons you would not fire the existing leadership team.

Provide three reasons you would fire the existing leadership team.

If you were a change recipient, which strategy would have the greatest impact on you?

16.4 THE GOOD AND THE BAD OF STRESS

MAJOR QUESTION

How does stress increase or reduce my effectiveness?

THE BIGGER PICTURE

This section addresses an outcome associated with most every change stress. As you know, change can be desirable or undesirable for you, but both results can be stressful. Realizing this helps you understand and realize the benefits and reduce the costs of stress, which makes you better equipped to effectively manage not only change, but also many other outcomes across levels of the Organizing Framework. To help your efforts, we will define stress, and introduce a model that helps explore the components of the stress process that improve your personal effectiveness.

The National Institute for Occupational Safety and Health (NIOSH) defines job stress .as the harmful physical and emotional responses that occur when the requirements of the job do not match the capabilities, resources, or needs of the worker.. This definition clearly implies that stress can mean very different things to different people. It also clearly describes stress as an interaction between person and situation factors, just as illustrated in the Organizing Framework you've applied throughout this book. It therefore is helpful to think of both types of factors as potential causes and remedies for stress. But before we explain this relationship in more detail, we must recognize that not all stress is bad.

Stress Good and Bad

Think of stress that generates positive emotions, like excitement instead of anxiety. This type of stress can motivate you to prepare and deliver a better presentation at school or work. Positive stress also adds to the fun of a first date or causes you to make the game-winning shot. We call stress that is associated with positive emotions and outcomes eustress. In contrast, however, stress can indeed be detrimental.

Our work can literally make us sick. Long hours, impossible demands from bosses, and uncertain job security can take their toll on our mental and physical well-being, leading to stress-induced aches and pains and anxiety. In extreme cases, the consequences can be worse heart disease, high blood pressure, alcoholism, mental illness.

Some studies estimate that job stress costs the US economy more than $190 billion per year. These points make it clear that stress is inevitable, which means your efforts need to be directed at managing stress, not at escaping it altogether.

A Model of Occupational Stress

Figure 16.9 presents a comprehensive model of occupational stress. It comes from psychology and health research and practice, and it can help you understand and manage your own stress more effectively.

FIGURE 16.9   Model of occupational stress

A flow chart showing the four components of the model of occupational stress.Access the text alternative for Figure 16.9.

Potential Stressors

The model begins with four potential types of stressors, which are factors that produce stress. The four types are:

Individual level. Job demands are the most common individual-level stressors, but work overload, unclear or conflicting expectations, everyday hassles, perceived lack of control over events occurring in the work environment, and job characteristics can also be problematic. One of the heaviest stressors is job loss, which negatively affects every aspect of people's lives financial, professional, health, and interpersonal relationships. If you lack opportunities for advancement, fear being laid off, or work at a job that is not in your desired career path, you too are likely to be stressed.

Group level. Bad managers create stress for employees by (1) exhibiting inconsistent behaviors, (2) failing to provide support, (3) showing lack of concern, (4) giving inadequate direction, (5) creating a high-productivity environment, and (6) focusing on negatives while ignoring good performance. Sexual harassment experiences and bullying represent other group-level stressors. And let's not forget annoying coworkers, one of the most common if not the most problematic sources of group-level stress.

Organizational level. Organizational culture also can be a stressor. For instance, a high-pressure environment that fuels employee fear about performing up to standard can increase the stress response. Many of the most notable firms on Wall Street, as illustrated in the OB in Action box, have come under fire for their intense, pressure-cooker cultures.

Extra-organizational. Extra-organizational stressors originate outside the organization. For instance, conflicts associated with balancing school with career or family life are stressful. Socioeconomic status a combination of relative income, education, and occupation is another extra-organizational stressor. Stress is higher for people with lower socioeconomic status.

OB IN ACTION

Terminal Stress on Wall Street

Wall Street is the center of the financial universe. Many employees will go to great extremes to set themselves apart. As Kevin Roose, author of Young Money, a book about young Wall Street bankers, put it: .You can't really stand out because most of what you're doing does not require original thinking. So the only way you can distinguish yourself is by sheer endurance. Gluttons for punishment are rewarded on Wall Street, especially at the young levels..

Historically, it has been common for junior employees to work without a day off for weeks on end, including pulling regular all-nighters and the occasional 72-hour stretch. Extreme hours and intense stress are a badge of honor for many, identifying those who are willing and able to take the most.

A photo of a scene from The Wolf of Wall Street, with Leonardo DiCaprio's character addressing a full office.

In The Wolf of Wall Street, Leonardo DiCaprio's depiction of the extremes and excesses of life in the financial industry made for good and even funny entertainment. However, the real-life pressures and stress for those who actually work in such environments are often far less humorous and glamorous.

This stressful situation is starting to change, however; due in part to a series of suicides. While there can be many causes for suicide, many observers are convinced that a major contributor to

those at Wall Street firms was the intense and all-consuming job stress. Many firms have created new policies to temper their stress-laden cultures.

Goldman Sachs tells summer interns to leave the office by midnight each day. No all-nighters. Full-time junior bankers are to stay out of the office between 9 pm on Friday and 9 am on Sunday, unless granted an exception.

Barclays limits analysts to working no more than 12 days in a row.

JPMorgan Chase gives its analysts the option to take a protected weekend (no work on Saturday or Sunday) each month.

Bank of America is trying to ensure that employees take off at least four weekend days a month.

More generally, research has shown that companies that develop and foster a culture of health and safety outperform both their direct competitors and the overall market. This suggests that health and safety can be a source of competitive advantage in the marketplace.

YOUR THOUGHTS?

What are your reactions to the earlier Wall Street culture the one of who can endure the most wins? What about the emerging new culture?

Describe what you think are some of the challenges in implementing stress-reducing practices in these firms.

Assume you are a CEO on Wall Street. What are your concerns about implementing stress-reducing practices?

Fighting Fatigue

Recent research by the Centers for Disease Control and Prevention shows that nearly a third of US adults (approximately 84 million people) don't get the recommended seven to eight hours of sleep per night. Fifty-four percent of workers in another study said work stress interferes with their sleep, either frequently or almost always! Still other research translates fatigue into lost productivity costing about $160 billion per year, or 10 times more than absenteeism.

Fatigue also is linked to increases in presenteeism, which occurs when employees show up but are sick or in no condition to work productively. A number of fatal bus and train accidents occur every year, and some proportion of these are ultimately attributed to driver error and sleep deprivation. And 30 percent of bridge officers (navigators) from offshore companies operating in the North Sea said they had insufficient sleep and rest most days when out at sea. Along with job pressures, lack of sleep was the primary cause of their work stress.

A photo of a Navy ship in the water.

All employees are tired sometimes, and too many are seemingly tired often or always. Although this obviously affects productivity to varying degrees depending on the person and the job, sometimes fatigue is dangerous if not catastrophic or even deadly. Just imagine the potential consequences for tired boat captains, pilots, bus drivers, or surgeons! If individuals doing these jobs aren't overly concerned, certainly their employers and customers would and should be.

SOURCE: U.S. Navy photo by Mass Communication Specialist 2nd Class Josue L. Escobosa/Released

You and your employer can do a number of things to fight fatigue and its negative effects.

Staffing. Maintain adequate staffing to cover the workload. This is especially necessary for companies that have downsized, because they are likely to simply spread the same amount of work across a smaller number of employees.

Scheduling. Consider overtime and commuting time when scheduling workers, to help ensure they have enough time between shifts to sleep the needed amount. Be wary of messing up people's circadian rhythms with crazy shift-work schedules nights, days, and back again.

Environment. Light, sound, temperature, and other workplace elements can have subtle but meaningful effects on worker fatigue.

Education. Educate workers to better manage their sleep and the factors that can affect it. Covering sleep-disorder screening under employer-provided insurance also can help, since many people have underlying clinical/health problems that reduce the quantity and quality of sleep.

Cognitive Appraisals

You've undoubtedly heard the expression: .It's not what happens to you but the way you respond that matters.. This sentence essentially describes cognitive appraisal, the process by which you evaluate the meaning of events and demands in your life. Put another way, what makes stressors actually stressful is the way we think about them. Two types of appraisals influence whether we experience a particular stressor as stress, and the degree to which it is stressful.

Primary appraisals are our perceptions of whether a stressor is irrelevant, positive, or negative. Negative primary appraisals are obviously the most relevant to our current discussion because they imply that we perceive a situation or stressor as harmful, threatening, or challenging.

Secondary appraisals are our perceptions of how able we are to cope with a given demand. During secondary appraisals we consider which coping strategies are available and which are most likely to help resolve the stressful situation.

Combined, these appraisals influence our choice of coping strategies and in turn the subsequent outcomes.

Coping Strategies

Coping strategies are specific behaviors and cognitions (thoughts) we use to cope with a situation. The appropriateness and thus the success of any particular type of coping depends on the person and situation factors. People use a combination of three approaches to cope with stressors and stress (see Figure 16.9). The first, called a control strategy, consists of behaviors and cognitions that directly anticipate or solve problems. A control strategy has a take-charge tone. Examples include talking to your professor or boss about workload if you feel overwhelmed with your responsibilities, or confronting someone who is spreading negative rumors. Some research shows health and other benefits from control coping. People are more apt to use control coping when they possess high self-esteem, self-efficacy, and problem-solving skills.

Escape strategies are those in which you avoid or ignore stressors. These strategies can be beneficial if you have no control over the stressors or their causes. If the president of your company is an unpredictable and unlikable individual but thankfully is not your direct

supervisor, then it is best not to attempt control coping but instead to avoid or escape stressful encounters with him or her.

Symptom management strategies focus on reducing the symptoms of stress and include relaxation, meditation, medication, and exercise. A vacation can be a good way to reduce the symptoms of stress. One of this book's authors plays with his sweet, savage Jack Russell terrier.

Stress Outcomes

Stress has psychological, attitudinal, behavioral, cognitive, and physical health outcomes. Besides your own personal experiences, a large body of research supports the negative effects of perceived stress on many aspects of our lives. Workplace stress is associated with undesirable effects on many outcomes in the Organizing Framework for Understanding and Applying OB:

Decreases in job satisfaction, organizational commitment, organizational citizenship behavior, positive emotions, and performance.

Increases in emotional exhaustion, burnout, absenteeism, and turnover.

The undesirable effects extend beyond these, however. Stress is linked to many counterproductive behaviors, such as yelling, verbal abuse, and violence toward others. It also is associated with frequent drinking and the taking of illicit drugs. These stress outcomes are very costly to individuals and organizations alike. Finally, ample evidence supports the conclusion that stress negatively affects our physical and psychological health. Stress contributes to the following physical and mental health problems:

Lower ability to ward off illness and infection.

High blood pressure.

Coronary artery disease.

Tension headaches.

Back pain.

Gastrointestinal problems.

Psychological well-being.

We think it is stressful just to think about all these problems! We close this section with an example of the way one company attempted to alleviate the stress experienced by its employees.

OB IN ACTION

Barrie D'Rozario DiLorenzo (BD'D) Takes Advertising, Marketing, and Employee Stress Very Seriously!

The Minnesota-based advertising and marketing agency Barrie D'Rozario DiLorenzo (BD'D) boasts an intensely people-centered culture. Not only is the work environment open and stimulating to foster interaction, but the firm's leadership has taken things much further. It offers each of its 18 employees 500 hours of paid time off to pursue their passions.

The Situation   The firm was entering the summer slow season, and instead of paying employees simply to show up or to do less than a full-day's work, Stuart D'Rozario, the agency's president and chief creative director, told employees to take 500 hours to do something they haven't done

because of lack of time. (Think of it as four years' worth of vacation in one summer!) Doing nothing was not an option, D'Rozario said. Employees were required to identify something specific, make a plan, and execute.

What Did Employees Do?   There's more to the story. BD'D had built up considerable cash reserves and decided to complete the 500-hour project before soliciting and taking on new business. Of course, current clients would be served, but employees would be paid from existing reserves.

Some employees traveled, at least one made music, another painted, and one even designed a hands-free dog leash! Though it was not a requirement, employees' choices were often consistent with the spirit of the firm, which is creative and enthusiastic.

Motives and Benefits   To keep the firm running during this time, employees were expected to split their time 25 percent BD'D business and 75 percent for their passion project.

D'Rozario believes the 500 hours will make the agency better, but that was never the explicit purpose. .Honestly, my big hope for this is now that they're back, people realize the things you wanted to do, you could always be doing and find a place for it in your lives,. he says. .Year after year we let the sun go down on our dreams because we can't take time. Maybe it's time to start giving it..

YOUR THOUGHTS?

If you are currently working, what effect do you think a 500-hour project would have on you?

What effect do you think it had on employee stress? Employee engagement?

16.5 EFFECTIVE CHANGE AND STRESS MANAGEMENT
MAJOR QUESTION

How can OB knowledge and tools help me effectively manage change and stress?

THE BIGGER PICTURE

We close the chapter and the book with practical suggestions on how to manage change and stress. Since organizational change often has implications for nearly every element of the Organizing Framework, it is an excellent opportunity to consolidate and apply the knowledge gained throughout the book. OB provides many practical tools to make you a more effective manager of change. Specifically, we'll describe how to apply the systems model you learned about earlier for strategic planning and diagnosis. We then provide advice on how to overcome resistance to change and manage stress, which is followed by some practical tips for successful change management.

Applying the Systems Model of Change Strategic Planning and Diagnosis

There are two ways to apply the systems model of change. The first is as an aid during the strategic planning process (why change?), and the second is to help identify the necessary targets of change (change what and how?). Together, these uses can assist leaders and managers in formulating and implementing effective organizational change (see Figure 16.6).

Use the following Problem-Solving Application to apply the systems model of change for diagnosing problems and identifying the targets for change.

PROBLEM-SOLVING APPLICATION

Not long ago it wasn't just the patients who had problems at the University of Colorado Hospital's Emergency Department (ED); it was the ED itself. One problem was common to emergency departments across the country overcrowding. The number of patients entering emergency departments had ballooned as more people used the ED not just for help after accidents or trauma but also as their primary source of medical care. From the hospital's perspective this makes emergency departments an important intersection between inpatient and outpatient services, where many patients are admitted while others are treated and sent home.

Situation Critical University of Colorado's ED had other problems too. Many patients were leaving without being treated and going to competing hospitals, due to frustration with unacceptable wait times. The ED also spent at least one-third of every day on ambulance diversion, which means it was unable to accept additional patients and had to send them elsewhere because the department was too crowded. The processes, policies, and practices were also inefficient, which meant it took more time to treat the patients who were accepted. All this damaged relationships with both physicians and other emergency care providers who referred patients to the University of Colorado Hospital.

Other Consequences Patient and staff satisfaction scores were not just bad; they were awful. Not surprisingly this poor quality led to near weekly visits from the Colorado Department of Public Health because of patient complaints and code violations. As a teaching hospital Colorado became a less-desirable destination for talented people at all stages of their medical careers, which also undermined the hospital and medical school's goal of being an innovative thought leader.

As Dr. Richard Zane, the newly appointed emergency department head, concluded, the ED was .small, crowded, and dysfunctional..

Potential Causes The causes were numerous. The hospital was very much siloed. Administration had an us-vs.-them relationship with the clinical staff, who also were segregated by specialty and status. Doctors, nurses, compliance, finance, and other stakeholders often had their own goals and processes and duplicate functions (such as hiring and budgeting). Focus slipped away from patient experience and satisfaction, normally the top priority for the organization and all its employees.

Problems such as staffing needs were often viewed narrowly in particular functional areas and solutions were not shared. As a result, many similar problems were solved multiple times by different people, duplicating the use of time, money, and talent.

And patient care data was lacking. Some areas collected data about who performed which duties (nurses, doctors, technicians), but other areas did not. Patients were not in danger, but it wasn't always clear who was doing which task and whether it was the best person. As a result, talent utilization was inefficient, with techs and physicians providing nursing care and nurses doing the care of technicians.

Assume you are Dr. Zane and just took over as head of the emergency department. Use the 3-Step Problem-Solving Approach to assess and remedy the problems at the University of Colorado Hospital's ED.

Apply the 3-Step Problem-Solving Approach

Step 1: Define the problems facing the University of Colorado Hospital's Emergency Department.

Step 2: Identify the potential causes.

Step 3: Make your recommendations.

How to Overcome Resistance to Change

We've noted that resistance is a form of feedback and that managers need to understand why it is occurring before trying to overcome it. They can do this by considering the extent to which the three sources of resistance shown in Figure 16.8 are contributing to the problem.

Respond to Employee Characteristics

Employees are more likely to resist change when they perceive that its personal costs outweigh the benefits. If this is the case, managers are advised to:

Provide employees with as much information as possible about the change.

Inform employees about the reasons for the change.

Conduct meetings to address employees' questions about the change.

Provide employees the opportunity to discuss how the proposed change might affect them.

Improve Change Agent–Employee Relationships

The four recommendations just described will also improve the agent–recipient relationship by enhancing the level of trust between the parties.

When Sergio Marchionne took over as CEO of Chrysler Motors, the company was in dire straits. The US government had bailed it out by taking a large ownership position. Marchionne knew he had to take drastic action shore up finances, revamp product lines, reduce costs, and increase revenues. However, he also knew that to be successful he needed the commitment of the company's 60,000 employees. He was the change agent who desperately needed productive relationships with the change recipients. To this end, he spent much of the $6 billion from the bailout to upgrade automotive design and production technology, as well as to integrate many of Chrysler's operations and products with those of Fiat, for whom Marchionne is also the CEO. He also eliminated the chairperson's role, giving the CEO more power and control, and changed the organization's structure so the key 26 managers now report directly to him.

A photo of Sergio Marchionne.

Sergio Marchionne, CEO of both Fiat and Chrysler, was instrumental in saving Chrysler during the financial crisis. He is widely regarded as a masterful change agent in the auto industry.

Implement Organizational Processes and Practices

Here again the Organizing Framework can be very useful. Furthermore, managers should not assume people are consciously resisting change. Resistance to organizational changes are often caused by some obstacle in the work environment, such as job design or performance management practices, that make the change difficult or counter to an employee's self interests. For instance, if employees are still rewarded for servicing customers only via e-mail and the phone, then it is foolish to expect them to provide customer service in the new way that requires quarterly face-to-face visits. Put another way, organizational structure or performance

management practices can present greater obstacles to organizational change than employees' direct or dispositional resistance. If employees, for example, are still rewarded for doing their jobs the old way, then it is unrealistic or even foolish to expect them to do their jobs differently.

Management should obtain employees' feedback about any obstacles that may be affecting their ability or willingness to accept change. In the end, change agents should not be afraid to modify the targeted elements of change or their approach toward change, based on employee resistance. If people are resisting for valid reasons, it is wise to consider altering the plan.

Take a Contingency Approach to Overcoming Resistance

As you have learned throughout this book, effective managers apply the knowledge and tools that match the requirements of the situation (one size does not fit all). A similar contingency approach is recommended for avoiding or overcoming resistance to change. Table 16.3 describes six managerial strategies, the appropriate situations in which to take each, and their respective advantages and drawbacks.

TABLE 16.3   SIX STRATEGIES FOR OVERCOMING RESISTANCE TO CHANGE

APPROACH	COMMONLY USED WHERE	ADVANTAGES	DRAWBACKS
Education & Communication	There is a lack of information or inaccurate information and analysis.	Once persuaded, people will often help with the implementation of the change.	Time consuming if lots of people are involved.
Participation & Involvement	The initiators do not have all the information they need to design the change and others have considerable power to resist.	People who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan.	Time consuming if participators design an inappropriate change.
Facilitation & Support	People are resisting because of adjustment problems.	No other approach works as well with adjustment problems.	Can be time consuming and expensive and still fail.
Negotiation & Agreement	Someone or some group will clearly lose out in a change and that group has considerable power to resist.	Sometimes it is relatively easy to avoid major resistance.	Too expensive if it alerts others to negotiate for compliance.
Manipulation & Co-optation	Other tactics will not work or are too expensive.	It can be a relatively quick and inexpensive solution to resistance problems.	Leads to future problems if people feel manipulated.
Explicit & Implicit Coercion	Speed is essential and the initiators of change possess considerable power.	It is speedy and can overcome any kind of resistance.	Risky if it leaves people mad at the initiators.

SOURCE: Choosing Strategies for Change, by J. P. Kotter and L. A. Schlesinger, March/April 1979. Copyright 1979 by the Harvard Business School Publishing Corporation.

How to Manage Stress

Because stress influences many outcomes across levels of the Organizing Framework, it is not surprising that organizations are increasingly implementing a variety of stress-reduction

programs to help employees cope. Let's explore some that may benefit you, other employees, and your employers.

Stress-Reduction Techniques

The five most frequently used stress-reduction techniques are muscle relaxation, biofeedback, meditation, cognitive restructuring, and holistic wellness. Each uses a somewhat different way of coping with stress (see Table 16.4).

TABLE 16.4   STRESS-REDUCTION TECHNIQUES

TECHNIQUE	HOW IT WORKS	ASSESSMENT
Muscle relaxation	Slow, deep breathing and systematic muscle tension relaxation reduce tension.	Inexpensive and easy to use; may require a trained professional to implement.
Biofeedback	Electronic monitors train people to detect muscular tension; muscle relaxation is then used to alleviate this symptom of stress.	Expensive in the past due to costs of equipment; however, equipment grows more affordable and can be used to evaluate effectiveness of other stress-reduction programs.
Meditation	Practitioners relax by redirecting their thoughts away from themselves, often following a structured procedure to significantly reduce mental stress.	Least expensive, simple to implement, and can be practiced almost anywhere.
Cognitive restructuring	Irrational or maladaptive thoughts are identified and replaced with those that are rational or logical.	Expensive because it requires a trained psychologist or counselor.
Holistic wellness	A broad, interdisciplinary approach that goes beyond stress reduction by advocating that people strive for personal wellness in all aspects of their lives.	Calls for inexpensive but often behaviorally difficult lifestyle changes.

Beyond the benefits of all these techniques, research shows that leisure activities (playing or watching sports, shopping, reading) also can help you combat stress. And the effectiveness of these activities is boosted further still if you are intrinsically motivated to do them. But what has proven to be one of the most effective stress-reduction techniques is cognitive restructuring.

The ABCDEs of Cognitive Restructuring

Many positive OB tools can help you both avoid and reduce stress, such as fostering positive emotions, using mindfulness, flourishing, and developing a positive organizational climate. In addition to these, the following five-step process of cognitive restructuring can help you stop thinking pessimistically about an event or problem. It's called the ABCDEs, as illustrated below.

A Name the event or problem. For example:

My roommate is going to move out, and I can't afford to pay the rent by myself.

B List your beliefs about the event or problem.

I don't have any prospects for a new roommate, and I may have to move. I might have to move back home and quit school. I could ask my parents for money, but they really can't afford to pay my rent. I could move to a lower-priced single apartment in a bad part of town.

C Identify the consequences of your beliefs.

I'm going to move back home for spring semester and will return in the fall.

D Formulate a counterargument to your initial thoughts and beliefs. Pessimistic thoughts are generally overreactions, so the first step is to correct inaccurate or distorted thoughts.

I have not studied my expenses closely, and I may be able to afford the apartment. Even if I can't afford the apartment right now, I could get a part-time job that would cover the additional expenses. I could advertise on Craigslist or in the school newspaper for a new roommate. I don't have to accept a bad roommate, but the worst-case scenario is that I have to carry the added expenses for one semester.

E Describe how energized and empowered you feel at the moment.

I'm motivated to find a new roommate and get a part-time job. I have taken care of myself throughout college and there is no reason I can't continue to resolve this short-term problem.

TAKE-AWAY APPLICATION

Applying My Knowledge of Cognitive Restructuring

Think of a stressor in your life, preferably at school or work.

Describe how you can use the ABCDEs of cognitive restructuring.

Do you feel more confident in your ability to overcome or reduce this stressor?

Does simply making this plan make you feel better, less stressed?

Research and practice show that this technique works well over time. The key is to stay with your ABCDEs and not to expect instantaneous results.

Pulling It All Together Change Management Tips for Managers

We conclude the chapter and book by asking you to return to the Organizing Framework. You realize now that both person and situation inputs can have a major impact on what needs to change, how it needs to change, and the ultimate success of any change initiatives. And you know that process always matters. Employees react more positively to changes that are personally undesirable, even job cuts, when the process by which they are formulated and implemented is perceived as fair. To be clear, employees may still be unhappy, but not as unhappy as if changes were implemented in ways they perceived as unfair.

Effective managers of change therefore carefully consider the relevant inputs and processes for any given change effort, because these are critical determinants of outcomes in the Organizing Framework. And the outcomes in the Organizing Framework likely overlap with the goals of a given change, such as employee satisfaction, team performance, and organizational reputation. Thus you may choose to start with the end in mind, as suggested in the following Applying OB box that details five keys to successful change management.

APPLYING OB

Five Tips for Effective Change80

We can safely predict that your future is going to include change and related stress. While accepting change is neither simple nor easy, here are our best tips to help stack the deck in your favor and improve your chances for success. While some tips specifically address the manager's role, all will help you at any level of the organization.

Set realistic change goals. Leaders of change often think big and bold. This is fine so long as the objectives are realistic and attainable for the situation and organization. Just as you learned, SMART goals are challenging but attainable.

Ensure senior leader involvement and commitment. CEOs and other senior leaders must be visibly involved in change initiatives. They cannot simply sit in the ivory tower and dictate change. They need to be planners, cheerleaders, and doers. This kind of deep involvement will help shape employee perceptions and beliefs that leaders are serious about the changes and that they care about employees

Walk the talk. Change can be difficult, even scary, for many employees. It thus is beneficial if managers and leaders change first. This means when employees are asked to make sacrifices (give pay concessions, work overtime, take on additional responsibilities), leaders and managers make them first and in-kind. Leaders and managers of change need to make their actions visible and make them count.

Be clear on .why.. Everybody wants to know why the changes are happening. What are the motives, what will be the personal impact, and what role will individuals play in shaping the outcomes? Your organization must avoid the situation in which .the lower you go, the less you know.. Everybody responsible for and affected by the change must clearly understand why it is happening. Understanding is fundamental to building commitment to change and reducing resistance. Communicate.

Align performance management practices. It is difficult, even foolish, to expect your salespeople to give full attention to selling your company's new product if the bulk of their compensation is still focused on the old product. It is necessary not only to align goals, but also to align recognition and other rewards with the change-related goals.

TAKE-AWAY APPLICATION

Improving My Understanding of Effective Change Management

Which of the five tips above do you think is most often missing when change efforts fail? Explain why.

What other tips would you offer managers of change, based either on knowledge and tools from this particular chapter or on other things you learned in this book?

What immediate challenges do you see on the horizon that will let you apply these five tips?

Parting Words for Change and OB

Whether you work for somebody else or run your own business, your ability to effectively manage change will benefit you throughout your career. It is a challenge, but the rewards are enormous if you can do it well. The knowledge and tools we've provided here can give you a real competitive edge on other employees and managers.

And don't forget that managing change is about doing. Perhaps Charlie Strong, football coach for the University of Texas, put it best in 2014 when he was hired and outlined his expectations for players, particularly the team's leaders: .They can lead the new culture or be run over by it. … I don't want to talk about things. I'd rather do things. We just talked. Now it's time to do..

We wrote this book to help you perform better at work, at school, and in life more generally. You've gained an enormous amount of knowledge throughout this book and course, and you've

taken many opportunities to apply that knowledge. We encourage you to continue learning and applying your knowledge, because it is the application of what you know that will help you get ahead. We hope you enjoyed your journey and wish you the very best both personally and professionally.

What Did I Learn?

You learned that change and stress will be two companions throughout your professional life. You learned how you can apply OB to help you recognize and respond appropriately to drivers of change and to manage both the positive and negative sides of stress for greater effectiveness. Reinforce what you learned with the Key Points below. Then consolidate your learning using the Organizing Framework. Finally, challenge your mastery of this chapter by answering the Major Questions in your own words.

Key Points for Understanding Chapter 16

You learned the following key points.

16.1

FORCES FOR CHANGE

The many forces for change can be categorized as external and internal.

External forces are demographic, technological, shareholder and market, social, political, and regulatory.

Internal forces often pertain to human resources and managerial behavior and decisions.

16.2

TYPES AND MODELS OF CHANGE

Three general types of change adaptive, innovative, and radically innovative differ in complexity, cost, and uncertainty.

Lewin's change model proposes three stages: unfreezing, changing, and refreezing.

A systems model of change includes inputs, strategic plans, target elements of change, and outputs.

Kotter's eight-stage model of change requires organizations to move through each stage sequentially.

An organizational development (OD) approach to change consists of diagnosing, intervening, evaluating, and feeding the evaluation back to assess change effectiveness.

16.3

UNDERSTANDING RESISTANCE TO CHANGE

Resistance to change is any thought, emotion, or behavior that does not align with actual or potential changes to existing routines.

Dynamic perspectives of resistance describe it as an interplay of change recipient characteristics, change agent characteristics, and the relationship between the two.

16.4

THE GOOD AND THE BAD OF STRESS

Job stress is the harmful physical and emotional responses that occur when the requirements of the job do not match the capabilities, resources, or needs of the worker.

The occupational stress process has four basic elements: stressors, cognitive appraisal, coping strategies, and outcomes.

Stressors can occur at multiple levels individual, group, organizational, and extra-organizational.

Primary and secondary are the two common forms of cognitive appraisal.

Common coping strategies are control, escape, and symptom management.

16.5

EFFECTIVE CHANGE AND STRESS MANAGEMENT

The systems model of change provides multiple targets for effective change management, such as change recipient characteristics, change agent characteristics, and their relationship.

Education and communication, involvement, negotiation, and coercion are among the many means for overcoming resistance to change.

Many stress reduction techniques are supported by research: muscle relaxation, biofeedback, meditation, cognitive restructuring, and holistic wellness.

The Organizing Framework for Chapter 16

As shown in Figure 16.10, you learned that the process of leading and managing change and stress at the organizational level often includes a range of inputs, processes, and outcomes across all levels of the organization.

FIGURE 16.10   Organizing Framework for Understanding and Applying OB

A summary graphic outlining what was learned in this chapter.

Access the text alternative for Figure 1610.

Challenge: Major Questions for Chapter 16

You now should be able to answer the following questions. Unless you can, have you really processed and internalized the lessons in the chapter? Refer to the Key Points, Figure 16.10, the chapter itself, and your notes to revisit and answer the following major questions:

What are the common forces for change at work, and how can knowing them improve my personal effectiveness?

How can my organization and I use different approaches to more effectively manage change?

Why do people resist change and what can I do about it?

How does stress increase or reduce my effectiveness?

How can OB knowledge and tools help me effectively manage change and stress?

IMPLICATIONS FOR ME

We outlined five particular practical implications for you. First, learn about and be mindful of your own attitudes towards change. If you have a negative approach, you are more likely to resist change and expect negative experiences and outcomes. In contrast, a more positive attitude means you're more likely to frame change as a challenge or an opportunity. Second, pay attention to and utilize your knowledge of the internal and external forces of change. This will enable you to understand, manage, and perform within the context of change. Third, change is complex. Using your knowledge of the types of change as well as the different models can help you understand and perform better during the many changes you will undoubtedly face in your career. Fourth, resistance is a given. Apply your knowledge from Figure 16.8 to understand the different causes of resistance. This will help you reduce your own resistance as well as that of others. Fifth, understand and apply your knowledge of occupational stress and coping (see Table 16.4). Cognitive restructuring is an especially effective tool learn it and use it. This will greatly improve your performance and satisfaction at work and in life.

IMPLICATIONS FOR MANAGERS

Seven practical implications are highlighted. First, taking a more strategic approach to change will help you get ahead in your professional life. To do this, consider both internal and external forces for change. Second, also consider the complexity, cost, and perceived threat associated with the different types of change adaptive, innovative, and radical (see Figure 16.4). Third, not all changes are alike, which means you'll need different tools to be effective. The models outlined in this chapter should help you better understand and manage the various changes you'll be confronted with in your professional life. Fourth, utilize the systems model (see Figure 16.6) for both planning and diagnosing change. When you are planning change, it will help ensure that you consider important elements you might not otherwise. Fifth, employee resistance will make or break your effectiveness as a manager. Viewing resistance as a dynamic process with several different sources is a good starting point. Then, utilize Table 16.3 and other knowledge in this chapter to help reduce and overcome resistance. Sixth, stress affects your own performance and that of those you manage. Be aware of your stress and manage it effectively to better manage others. Seventh, the final Applying OB box provides five tips for managing change effectively. Learn them, and use them!

PROBLEM-SOLVING APPLICATION CASE

Best Buy … The Best House on a Bad Block

The title of this case is the way some analysts characterized Best Buy's position in the retail electronics industry the best big-box retailer in a shrinking business. Hubert Joly, Best Buy's CEO, seemed to agree when he said the following just after taking the job: .This is the most dysfunctional organization I've ever seen… But this is good news because this is self-inflicted, and so this is something we can correct.. The company was indeed in dire straits. The key performance metrics for most retailers same-store sales and profit margins had been declining over a period of time.

Causes of Pain

The electronics industry had been contracting and fragmenting for a number of years, and brick-and-mortar retailers were ever more tightly squeezed by online providers. Amazon and Walmart in particular were taking an increasing share of business from everyone in the electronics market. All this led Best Buy's three closest store-based competitors to go out of business Circuit City,

CompUSA, and RadioShack. Having fewer competitors might be a good thing, but it just reinforced the shrinking nature of the industry.

Best Buy also confronted internal forces that were driving change. The previous CEO, Brian Dunn, was forced to resign after having an inappropriate relationship with an employee, and founder Richard Schulze had made an unsolicited attempt to buy the company and take it private. Leadership was in disarray. The board of directors had allowed ineffective if not unethical conduct to continue, from the executive level to the store level, further eroding Best Buy's performance and reputation.

What remained in 2012 was a company with lower revenues, uninspiring product displays, dirty restrooms, and lapsed maintenance, because it had run low on cash and management had focused its attention elsewhere. However, the company still paid for private jets, trips to the World Economic Forum in Davos, Switzerland, sponsorship of NASCAR and the Super Bowl, and color printers at headquarters.

Customers, Employees, and Vendors

Customer preferences for products, price, and location had changed, and Best Buy no longer measured up. Some customers had poor customer service experiences with the company, and prices were not competitive. The online store was unreliable, with inaccurate stock information, and online orders took days or even weeks to arrive because they shipped from centralized distribution centers even if a nearby store had the needed item in stock. Many shoppers saw no real value in actually purchasing from the store. Instead they went to learn about and view the product they wanted and returned home to purchase it online from another source (often Amazon).

When Sharon McCollam, the new CFO hired by Joly, attended her first staff meeting, the room was half-empty. Many of her corporate-based direct reports worked from home, and on any given day 20 to 35 percent of corporate employees were absent. Decision making was bureaucratic and slowed by multiple layers of management. Also notable was the amount of e-mail clutter received by store managers; they were barraged with reminders of the latest program from corporate. Store-level employees were confused about which activities they should prioritize: Was it getting more credit card sign-ups, selling extended-service policies, or reminding customers about the Geek Squad (Best Buy's in-home tech experts)? Shari Ballard, the US retail president, wanted every store employee to know and focus on revenue per hour. And yet, despite all the data the company possessed, it didn't know what distinguished top-performing employees and top-performing stores from the rest.

Last but not least, Best Buy had less-than-productive relationships with manufacturers and vendors. Apple, for instance, had its own retail stores and also sold its products online. However, it also wanted other retailers, including Best Buy, to sell Apple products. But at the time Joly took over, the relationship between the two companies was not nearly as strong as it could be. The same could be said of Samsung. It's one of the world's largest electronics manufacturers, yet by its own estimate Best Buy was not meeting its potential as a retail channel for Samsung's products. Employees did not have sufficient knowledge about different suppliers' products, the products were not well distinguished from one another, and in-store displays and marketing were insufficient.

Assume you are Hubert Joly and have just taken the CEO job. Use the 3-Step Problem-Solving Approach to identify the problems and their causes, and formulate the actions you'd take.

Apply the 3-Step Problem-Solving Approach to OB

Step 1: Define the problem.

Look first at the Outcomes box of the Organizing Framework in Figure 16.10 to help identify the important problem(s) in this case. Remember that a problem is a gap between a desired and a current state. State your problem as a gap, and be sure to consider problems at all three levels. If more than one desired outcome is not being accomplished, decide which one is most important and focus on it for steps 2 and 3.

Cases have protagonists (key players), and problems are generally viewed from a particular protagonist's perspective. Take the perspective of CEO Joly.

Step 2: Identify causes of the problem by using material from this chapter, summarized in the Organizing Framework shown in Figure 16.10. Causes will appear in either the Inputs box or the Processes box.

Start by looking at Figure 16.10 to identify which person factors, if any, are most likely causes to the defined problem. For each cause, ask yourself, Why is this a cause of the problem? Asking why multiple times is more likely to lead you to root causes of the problem.

Follow the same process for the situation factors.

Now consider the Processes box shown in Figure 16.10. Consider concepts listed at all three levels. For any concept that might be a cause, ask yourself, Why is this a cause? Again, do this for several iterations to arrive at root causes.

To check the accuracy or appropriateness of the causes, map them onto the defined problem.

Step 3: Make your recommendations for solving the problem. Consider whether you want to resolve it, solve it, or dissolve it (see Section 1.5). Which recommendation is desirable and feasible?

Given the causes identified in Step 2, what are your best recommendations? Use the content in Chapter 16 or one of the earlier chapters to propose a solution.

You may find potential solutions in the OB in Action boxes and Applying OB boxes within this chapter. These features provide insights into what other individuals or companies are doing in relationship to the topic at hand.

Create an action plan for implementing your recommendations.

Legal/Ethical Challenge

Can Employers Ethically Force You to Change and Be Healthy?

A well-entrenched and ever-growing trend in companies today is employer-sponsored wellness programs. Healthy employees provide many benefits for employers, such as increased productivity and morale, reduced absences and accidents, and lower stress and health care costs. The benefits for employees are similarly obvious less stress and anxiety, higher productivity and efficiency, better interpersonal relationships, and increased job satisfaction. Employers' increased interest in health and wellness mirrors larger societal values related to healthier living. It thus is no surprise that employers are using both carrots (incentives) and sticks (penalties) to motivate healthier employee lifestyles. These efforts, however, have raised ethical considerations regarding the means used to gain employee compliance.

Carrots and Sticks

Many programs offer incentives for employee participation. The most common is reduced health insurance premiums if employees participate in health screening, stress reduction, nutrition counseling, weight loss, smoking cessation, exercise, or other employer-sponsored programs. However, more employers (some estimate 60 percent) are penalizing employees for not meeting health standards or participating in wellness programs. Common penalties are increased health care premiums or surcharges for smokers or those who are obese, and in some instances health expenses are not reimbursed if employees do not adopt a healthy lifestyle. At the extreme, some employers are linking employment offers to health behaviors, refusing to hire smokers or insisting that current smokers must quit to remain employed.

Truly Voluntary or Actually Coercive?

Employers often argue that wellness and the associated carrots and sticks benefit all stakeholders. Opponents, however, are concerned that carrot approaches are actually coercive rather than voluntary. The incentives and expectations may be so strong as to induce employees to engage in activities, such as strenuous exercise, that are unhealthy for those who are out of shape or have underlying conditions. Others worry that stick programs and their associated penalties may be a form of harassment. Employees who choose not to participate may still be stigmatized and thus in effect penalized. And what about otherwise-healthy employees, for whom participation in any type of program may not actually matter?

Some critics see employer-sponsored wellness as a .slippery slope. that may lead to employers' governing other nonwork activity, such as eating fast food or participating in extreme sports. Particular concerns arise when employers set consequences that are tied to outcomes and not simply to participation. Of course measurable outcomes make sense, but what about those who try but don't meet the desired standard, say by quitting smoking or losing weight? Is it fair to deny them discounts or penalize them with higher premiums?

Can employers fairly provide consequences (incentives or penalties) for employees who do not comply with their wellness standards, including participation in wellness programs?

What Is Your Position?

No. Employers cannot provide positive or negative consequences for employees' health status. Justify.

Yes. Employers can provide incentives but not penalties. Justify.

Yes. Employers can provide both incentives and penalties. Justify.

Create and describe other alternatives for motivating employee wellness.