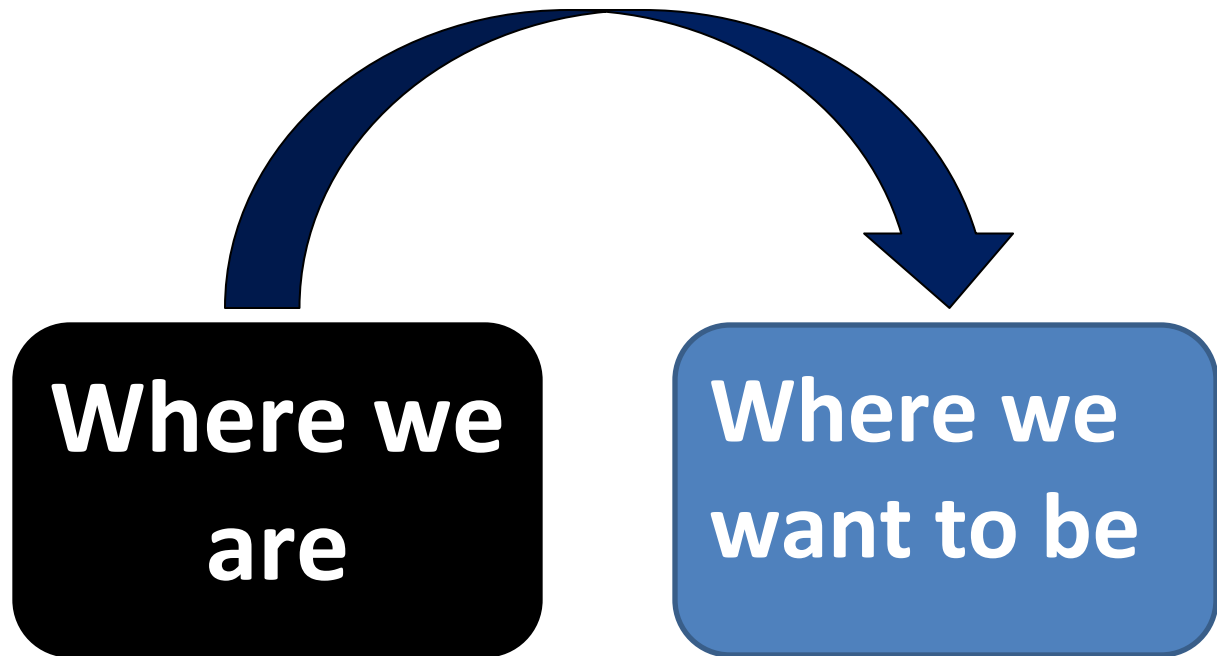


Chapter – Six

Organizational Change and Stress Management

What is Change?

- It is a transition from where we are to where we want to be



What is Change? cont'd ...

- **According to Coffey, Cook and Hunsaker**
 - **change is defined as "the process of alteration or transformation of individuals, groups, and organizations undergo in response to internal and external factors."**
- **In other words, change implies disruption in regular functioning of an organization.**

Change:- is to make or become different. It is the process of moving from the current state to the desired state (vision) of future.

- No company today is in a particularly stable environment.
- Even those with dominant market share must change, sometimes radically.
- Even though Apple has been successful with its iPad, the growing number of competitors in the field of tablet computers suggests that Apple will need to continually update and innovate to keep ahead of the market.

“It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change”. —Charles Darwin

“Change is the law of life. And those who look only to the past or present are certain to miss the future.” — John F. Kennedy, U.S. President

Forces for Change

Force Examples

Nature of the workforce More cultural diversity
 Aging population
 Many new entrants with inadequate skills

Technology Faster, cheaper, and more mobile computers
 On-line music sharing
 Deciphering of the human genetic code

Economic shocks Rise and fall of dot-com stocks
 2000–02 stock market collapse
 Record low interest rates

Competition Global competitors
 Mergers and consolidations
 Growth of e-commerce

Forces for Change

Force Examples

Social trends Internet chat rooms

Retirement of Baby Boomers

Rise in discount and “big box” retailers

World politics Iraq–U.S. war

Opening of markets in China

War on terrorism following 9/11/01

Who in organizations is responsible for managing change activities?

What are the goals of planned change?

Managing Planned Change

Change

Making things different.

Planned Change

Activities that are intentional and goal oriented.

Change Agents

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

Goals of Planned Change:

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

Changing the behavior of individuals and groups in the organization.

Contrasting these Changing scenarios

Scenarios A

- A group of housekeeping employees who work for a small hotel confronted the owner: “It’s very hard for most of us to maintain rigid 7-to-4 work hours,” said their spokeswoman. “Each of us has significant family and personal responsibilities. And rigid hours don’t work for us. We’re going to begin looking for someplace else to work if you don’t set up flexible work hours.” The owner listened thoughtfully to the group’s ultimatum and agreed to its request. The next day, a flex-time plan for these employees was

Scenarios B

- A major automobile manufacturer spent several billion dollars to install state-of-the-art robotics. One area that would receive the new equipment was quality control, where sophisticated computers would significantly improve the company's ability to find and correct defects. Because the new equipment would dramatically change the jobs in the quality-control area, and because management anticipated considerable employee resistance to it, executives were developing a program to help people become familiar with it and deal with any anxieties they might be feeling.

What are the goals of planned change? (cont....)

- First, it seeks to improve the ability of the organization to adapt to changes in its environment.
- Second, it seeks to change employee behaviour.

Resistance to change

Discussion Questions

1. What do you think are the reasons that make people as well as organizations resist change?
2. What actions do recommend in order to handle change resistors?

Resistance to change.....con'd

☞ It is very important that the change manager anticipate, and plan strategies for dealing with resistance.

☞ Research with more than 320 projects showed the primary **reason for failure** in major change initiatives was **lack of change management**

☞ Failing to manage the human side of change results in inefficient and unsuccessful change projects and an inability to realize new business strategies and objectives.

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Resistance to Change

Forms of Resistance to Change

- Overt and immediate
 - Voicing complaints, engaging in job actions
- Implicit and deferred
 - Loss of employee loyalty and motivation, increased errors or mistakes, increased absenteeism



Sources of Individual Resistance to Change



Sources of Organizational Resistance to Change



Overcoming Resistance to Change

Tactics for dealing with resistance to change:

- **Education and communication**
- **Participation**
- **Facilitation and support**
- **Negotiation**
- **Manipulation and cooptation**
- **Selecting people who accept change**
- **Coercion**

Lewin's Three-Step Change Model

Unfreezing

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

Refreezing

Stabilizing a change intervention by balancing driving and restraining forces.

Driving Forces

Forces that direct behavior away from the status quo.

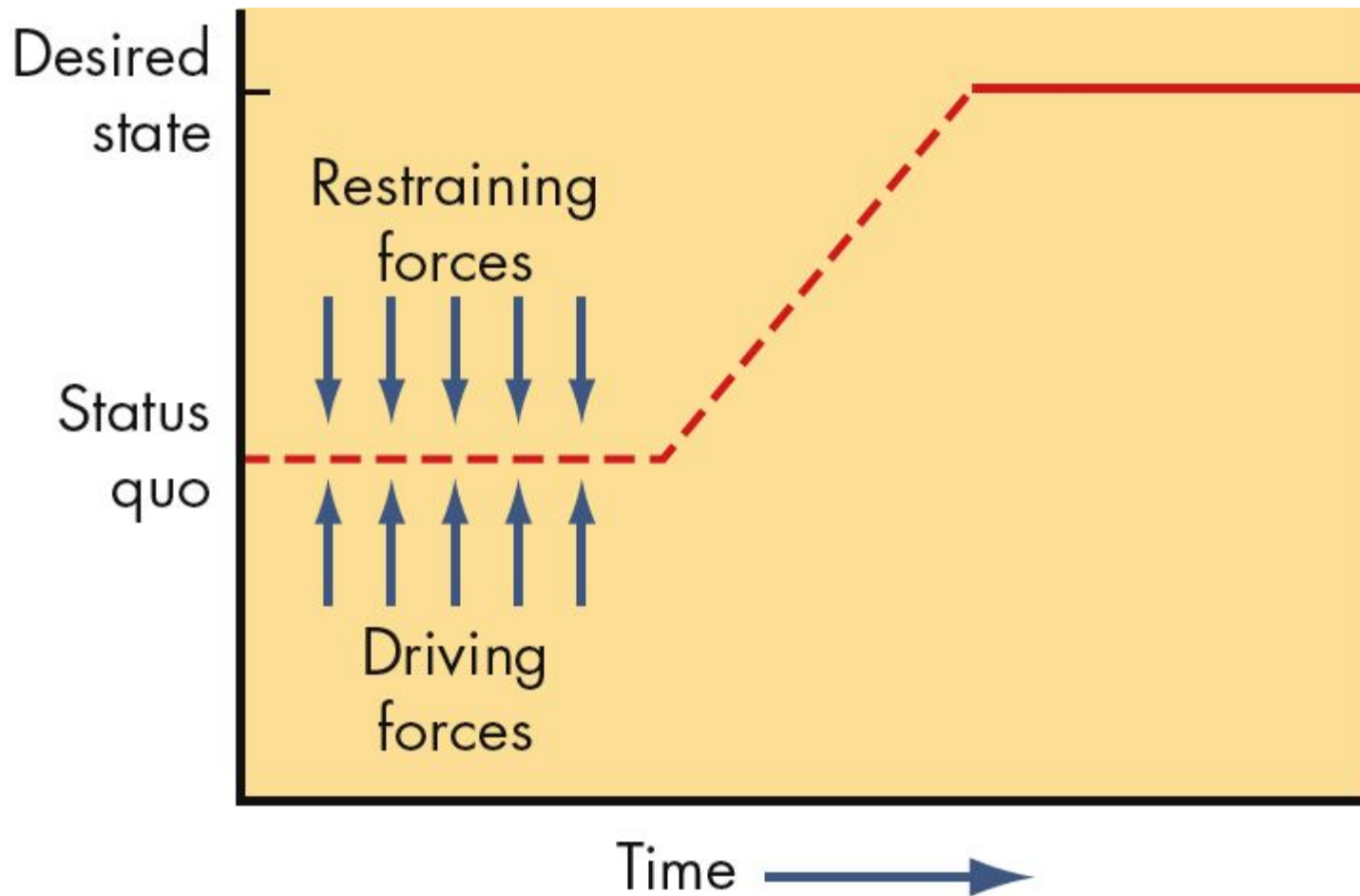
Restraining Forces

Forces that hinder movement from the existing equilibrium.

Lewin's Three-Step Change Model



Unfreezing the Status Quo



Kotter's Eight-Step Plan for Implementing Change

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

Kotter's Eight-Step Plan

□ Builds from Lewin's Model

□ To implement change:

1. Establish a sense of urgency
 2. Form a coalition
 3. Create a new vision
 4. Communicate the vision
 5. Empower others by removing barriers
 6. Create and reward short-term “wins”
 7. Consolidate, reassess, and adjust
 8. Reinforce the changes
-
- The diagram uses blue curly braces on the right side of the list to group the eight steps into three phases:
- Unfreezing**: Steps 1 through 4.
 - Movement**: Steps 5 through 7.
 - Refreezing**: Step 8.

Action Research

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

Process Steps:

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

Action research benefits:

Problem-focused rather than solution-centered.

Heavy employee involvement reduces resistance to change.

Work Stress and Its Management

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



Demands

The loss of something desired.

Resources

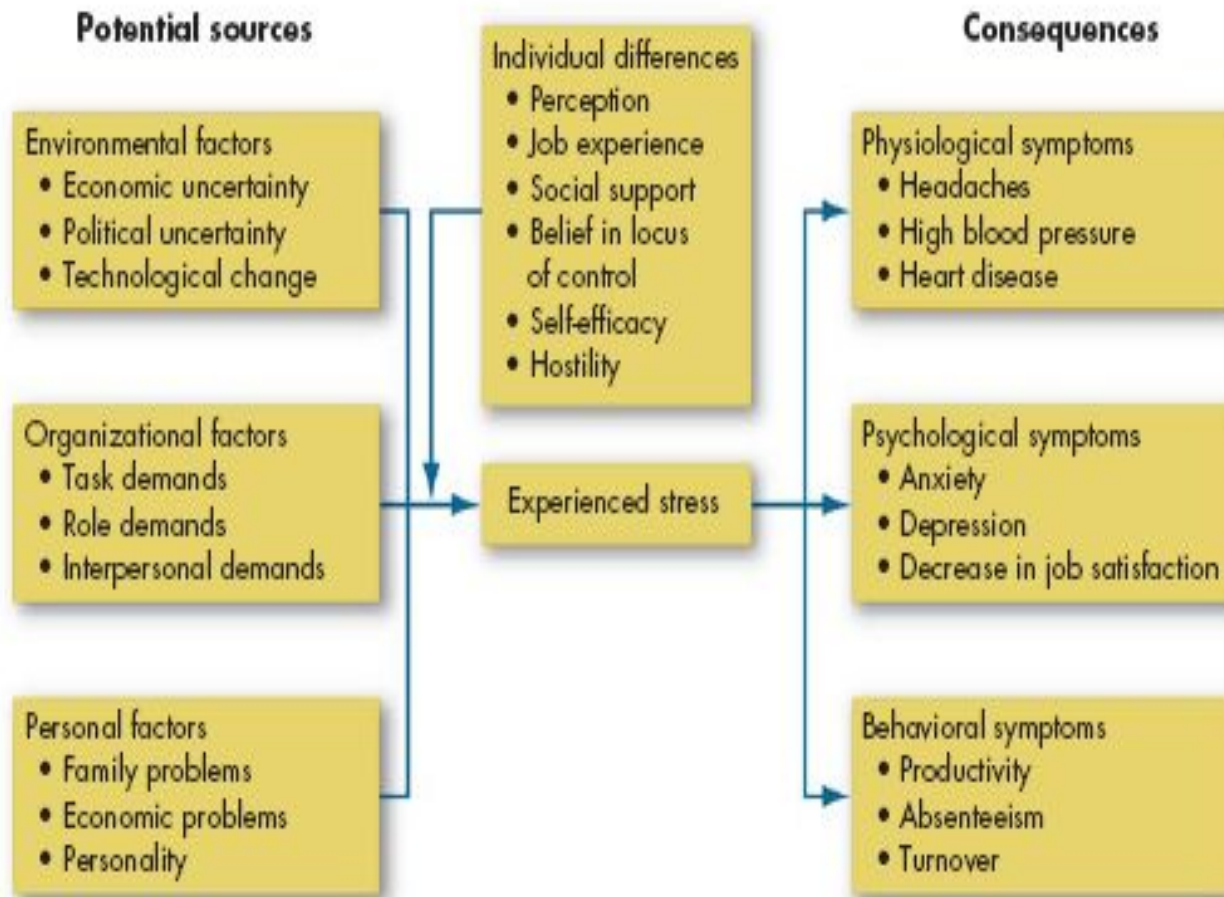
Things within an individual's control that can be used to cope with demands.



A Model of Stress

Exhibit 19-9

A Model of Stress



Potential Sources of Stress

1. Environmental Factors

- Economic uncertainties of the business cycle
- Political uncertainties of political systems
- Technological uncertainties of technical innovations
- Terrorism in threats to physical safety and security



2. Organizational Factors

- Task demands related to the job
- Role demands of functioning in an organization
- Interpersonal demands created by other employees

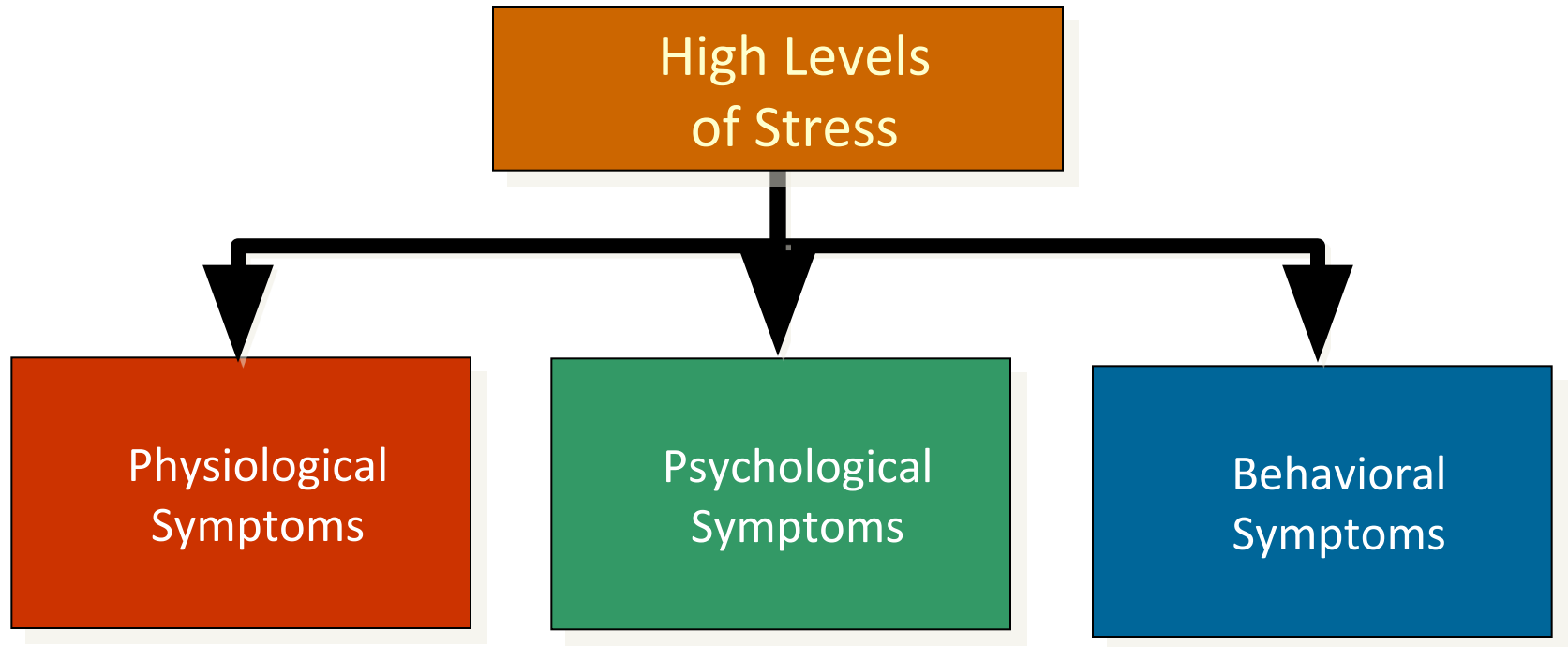
3. Individual Factors

- Family and personal relationships
- Economic problems from exceeding earning capacity
- Personality problems arising from basic disposition

4. Individual Differences

- Perceptual variations of how reality will affect the individual's future
- Greater job experience moderates stress effects
- Social support buffers job stress
- Internal locus of control lowers perceived job stress
- Strong feelings of self-efficacy reduce reactions to job stress

Consequences of Stress



Managing Stress

A. Individual Approaches

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



B. Organizational Approaches

- Improved personnel selection and job placement
- Training
- Use of realistic goal setting
- Redesigning of jobs
- Increased employee involvement
- Improved organizational communication
- Offering employee sabbaticals
- Establishment of corporate wellness programs

// End //