

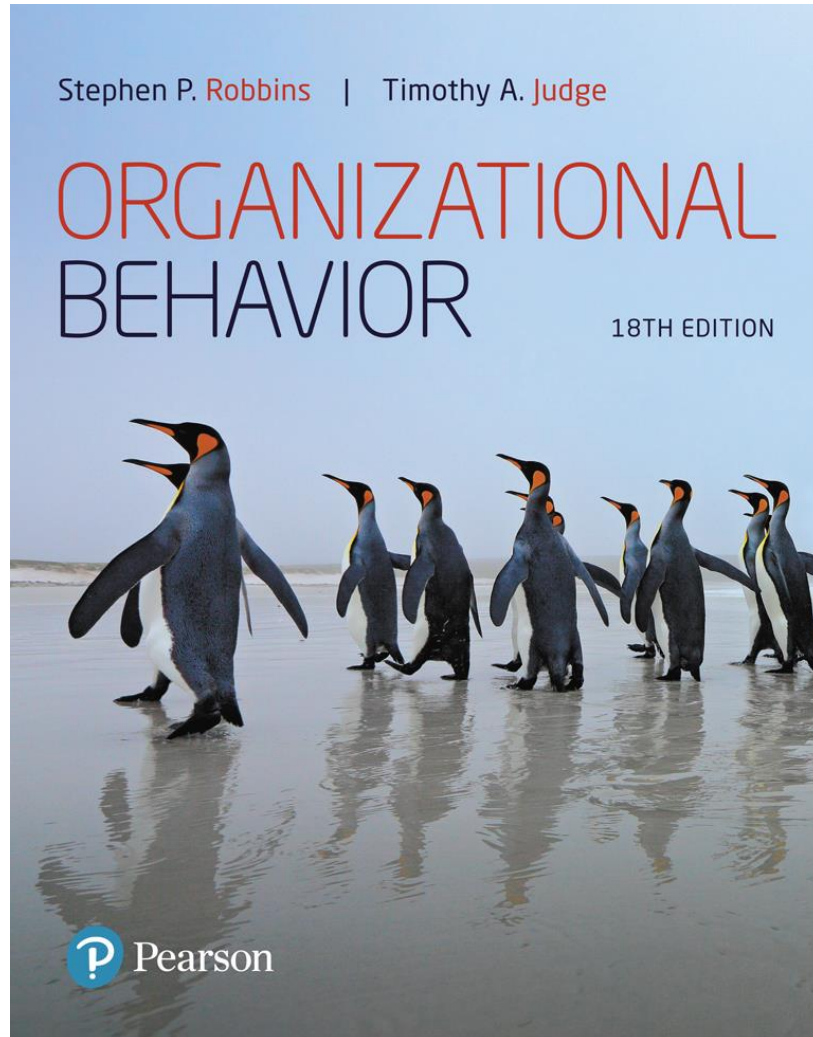
LCDB7008 Visions for the Future : Theoretical Perspectives on Management



Week 8
Organisational Change and
Stress Management
Dr. Helen Lee

Organizational Behavior

Eighteenth Edition



Content is extracted from Chapter 18

Organizational Change and Stress
Management

Learning Objectives (1 of 2)

- 18.1** Contrast the forces for change and planned change.
- 18.2** Describe ways to overcome resistance to change.
- 18.3** Compare the four main approaches to managing organizational change.
- 18.4** Demonstrate three ways of creating a culture for change.

Learning Objectives (2 of 2)

- 18.5** Identify the potential environmental, organizational, and personal sources of stress at work and the role of individual and cultural differences.
- 18.6** Identify the physiological, psychological, and behavioral symptoms of stress at work.
- 18.7** Describe individual and organizational approaches to managing stress at work.

Contrast the Forces for Change and Planned Change (1 of 2)

Exhibit 18-1 Forces for Change

Force	Examples
Nature of the workforce	More cultural diversity Aging population Increased immigration and outsourcing
Technology	Faster, cheaper, and more mobile computers and handheld devices Emergence and growth of social-networking sites Deciphering of the human genetic code
Economic shocks	Rise and fall of global housing market Financial sector collapse Global recession
Competition	Global competitors Mergers and consolidations Increased government regulation of commerce
Social trends	Increased environmental awareness Liberalization of attitudes toward gay, lesbian, and transgender employees More multitasking and connectivity
World politics	Rising health care costs Negative social attitudes toward business and executives Opening of new markets worldwide

Contrast the Forces for Change and Planned Change (2 of 2)

- **Change** involves making something different.
- When change is an intentional, goal-oriented activity it is **planned change**.
 - There are two goals of planned change:
 - Improve the ability of the organization to adapt to changes in its environment.
 - Change employee behavior.
- **Change agents** are those responsible for managing change activities.

Overcoming Resistance to Change (1 of 4)

Exhibit 18-2 Sources of Resistance to Change

Individual Sources

Habit—To cope with life's complexities, we rely on habits or programmed responses. But when confronted with change, this tendency to respond in our accustomed ways becomes a source of resistance.

Security—People with a high need for security are likely to resist change because it threatens their feelings of safety.

Economic factors—Changes in job tasks or established work routines can arouse economic fears if people are concerned that they won't be able to perform the new tasks or routines to their previous standards, especially when pay is closely tied to productivity.

Selective information processing—Individuals are guilty of selectively processing information in order to keep their perceptions intact. They hear what they want to hear, and they ignore information that challenges the world they've created.

Overcoming Resistance to Change (2 of 4)

[Exhibit 18-2 Continued]

Organizational Sources

Structural inertia—Organizations have built-in mechanisms—such as their selection processes and formalized regulations—to produce stability. When an organization is confronted with change, this structural inertia acts as a counterbalance to sustain stability.

Limited focus of change—Organizations consist of a number of interdependent subsystems. One can't be changed without affecting the others. So limited changes in subsystems tend to be nullified by the larger system.

Group inertia—Even if individuals want to change their behavior, group norms may act as a constraint.

Threat to expertise—Changes in organizational patterns may threaten the expertise of specialized groups.

Threat to established power relationships—Any redistribution of decision-making authority can threaten long-established power relationships within the organization.

Overcoming Resistance to Change (3 of 4)

- **Overcoming Resistance to Change**
 - Communication
 - Participation
 - Building support and commitment
 - Develop positive relationships
 - Implementing changes fairly
 - Manipulation and cooptation
 - Selecting people who accept change
 - Coercion

Overcoming Resistance to Change (4 of 4)

- **The Politics of Change**

- Change threatens the status quo, making it an inherently political activity.
- Politics suggests the impetus for change is more likely to come from:
 - Outside change agents.
 - Employees new to the organization who have less invested in the status quo.
 - Managers slightly removed from the main power structure.

Approaches to Managing Organizational Change (1 of 7)

- Approaches to managing change:
 - Lewin's Three-Step Model (Exhibit 18-3)
 - Kotter's Eight-Step Plan for Implementing Change (Exhibit 18-5)
 - Action Research
 - Organizational Development

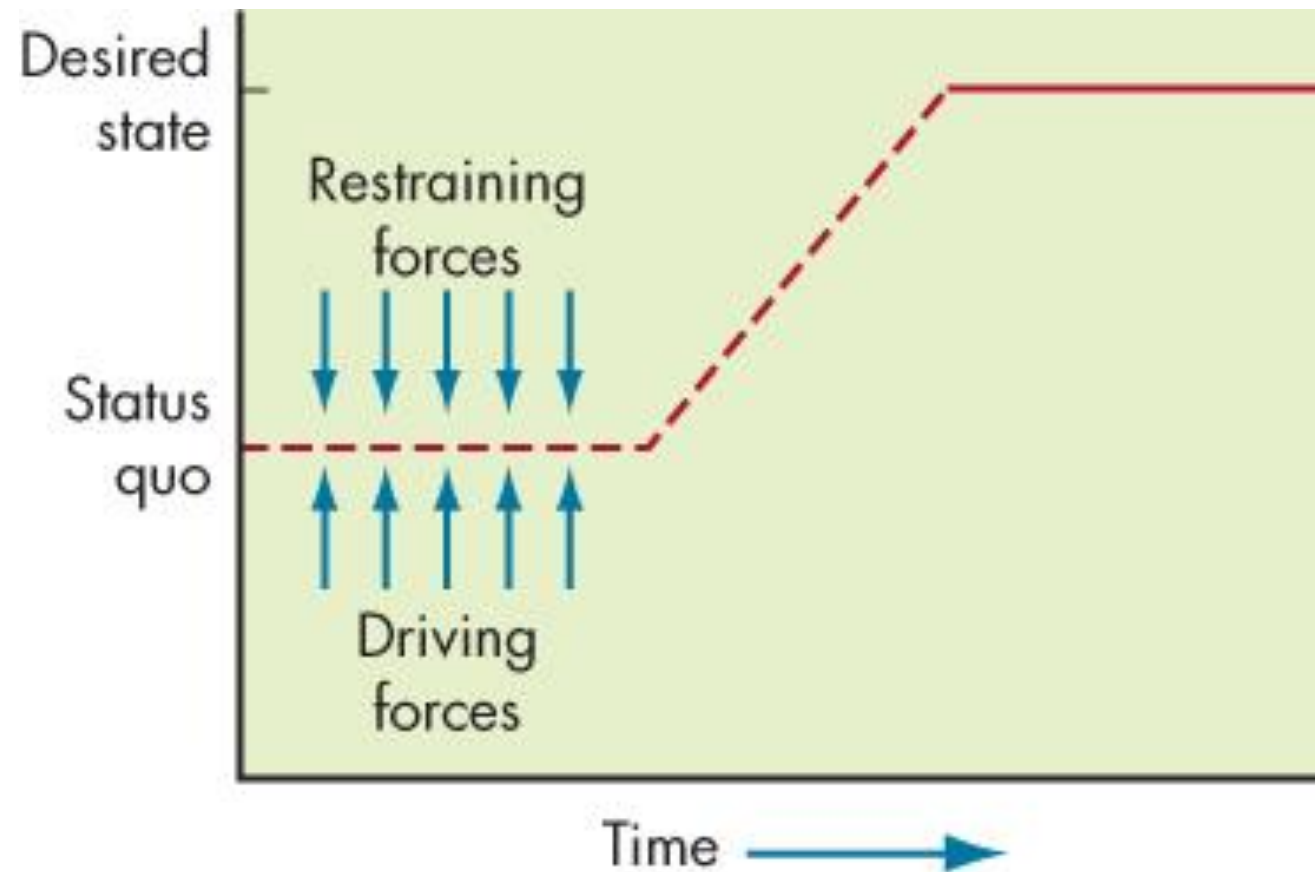
Approaches to Managing Organizational Change (2 of 7)

Exhibit 18-3 Lewin's Three-Step Change Model



Approaches to Managing Organizational Change (3 of 7)

Exhibit 18-4 Unfreezing the Status Quo



Approaches to Managing Organizational Change (4 of 7)

Exhibit 18-5 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.

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

Approaches to Managing Organizational Change (5 of 7)

- **Action research:** a change process based on the systematic collection of data and selection of a change action based on what the analyzed data indicate.
 - Five steps: Diagnosis, Analysis, Feedback, Action, and Evaluation.
 - Provides at least two specific benefits:
 - It is problem-focused.
 - It reduces resistance to change.

Approaches to Managing Organizational Change (6 of 7)

- **Organizational development (OD):** a collection of change methods that try to improve organizational effectiveness and employee well-being.
 - OD methods value human and organizational growth, collaborative and participative processes, and a spirit of inquiry.
 - Focuses on how individuals make sense of their work environment.

Approaches to Managing Organizational Change (7 of 7)

- The six interventions for change agents are:
 - **Sensitivity training**
 - **Survey feedback**
 - **Process consultation (PC)**
 - **Team building**
 - **Intergroup development**
 - **Appreciative inquiry (AI)**

Creating a Culture for Change (1 of 8)

- **Managing a Paradox**
 - There is no such thing as a separate discipline of “change management” because all management is dealing with constant change and adaptation.
 - **Learning**
 - **Organizing**
 - **Performing**
 - **Belonging**
 - Managers can learn a few lessons from **paradox theory**, which states the key paradox in management is that there is no final optimal status for an organization.

Creating a Culture for Change (2 of 8)

- **Stimulating a Culture of Innovation**

- **Innovation:** a more specialized kind of change, is a new idea applied to initiating or improving a product, process, or services.
- Innovations can range from small incremental improvements, such as netbook computers, to radical breakthroughs, such as Nissan's electric Leaf car.

Creating a Culture for Change (3 of 8)

- **Sources of Innovation:**
 - Structural variables are the most studied potential source of innovation.
 - Organic structures positively influence innovation.
 - Innovation-contingent rewards positively influence integration.
 - Innovation is nurtured when there are slack resources.
 - Inter-unit communication is high in innovative organizations.

Creating a Culture for Change (4 of 8)

- Innovative organizations tend to have similar cultures:
 - They encourage experimentation.
 - They reward both successes and failures.
 - They celebrate mistakes.
- Managers in innovative organizations recognize that failures are a natural by-product of venturing into the unknown.

Creating a Culture for Change (5 of 8)

- Innovative organizations:
 - Actively promote the training and development of their members so they keep current.
 - Offer high job security so employees don't fear getting fired for making mistakes.
 - Encourage individuals to become champions of change.
- Once a new idea is developed, **idea champions** actively and enthusiastically promote it, build support, overcome resistance, and ensure it's implemented.

Creating a Culture for Change (6 of 8)

Exhibit 18-6 Characteristics of a Learning Organization

1. There exists a shared vision that everyone agrees on.
2. People discard their old ways of thinking and the standard routines they use for solving problems or doing their jobs.
3. Members think of all organizational processes, activities, functions, and interactions with the environment as part of a system of interrelationships.
4. People openly communicate with each other (across vertical and horizontal boundaries) without fear of criticism or punishment.
5. People sublimate their personal self-interest and fragmented departmental interests to work together to achieve the organization's shared vision.

Source: Based on P. M. Senge, *The Fifth Discipline: The Art and Practice of the Learning Organization*, 2nd ed. (New York: Random House, 2006).

Creating a Culture for Change (7 of 8)

- What can managers do to make their firms learning organizations?
 - Establish a strategy.
 - Redesign the organization's structure.
 - Reshape the organization's culture.

Creating a Culture for Change (8 of 8)

- **Organizational Change and Stress**

- Research shows that organizational changes incorporating OB knowledge of how people react to stressors may yield more effective results than organizational changes that are only objectively managed through goal-setting.
 - The role of leadership is critical.
- Changes are stressful because employees perceive aspects to be threatening.
 - Employees need to see the changes as fair.

Stress at Work (1 of 4)

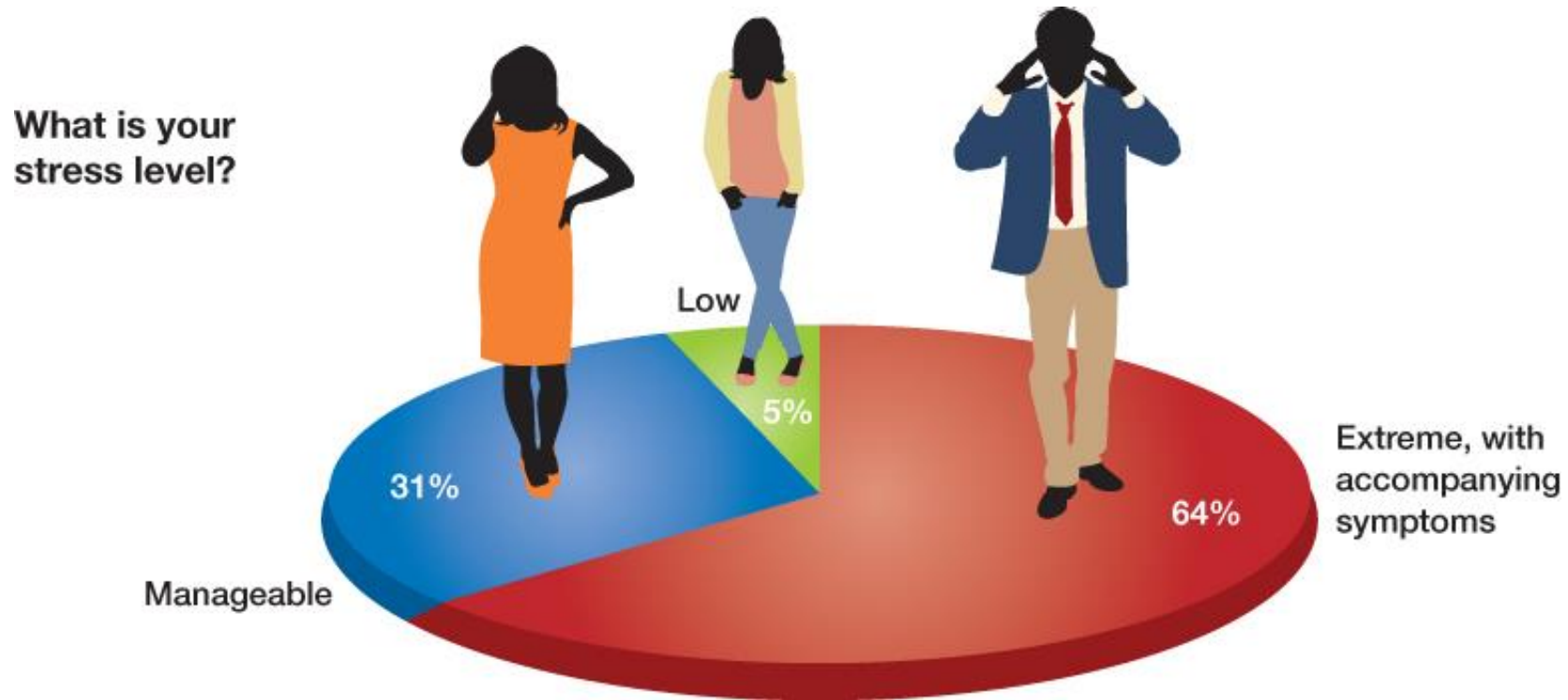
Exhibit 18-7 Work Is a Top Source of Stress

What area of your life causes you the most stress?	
Area	Causes Most Stress
Financial worries	64%
Work	60%
Family responsibilities	47%
Health concerns	46%

Source: Based on “Stress in America: Paying with Our Health,” American Psychological Association, February 4, 2015, <http://www.apa.org/news/press/releases/stress/2014/stress-report.pdf>.

Stress at Work (2 of 4)

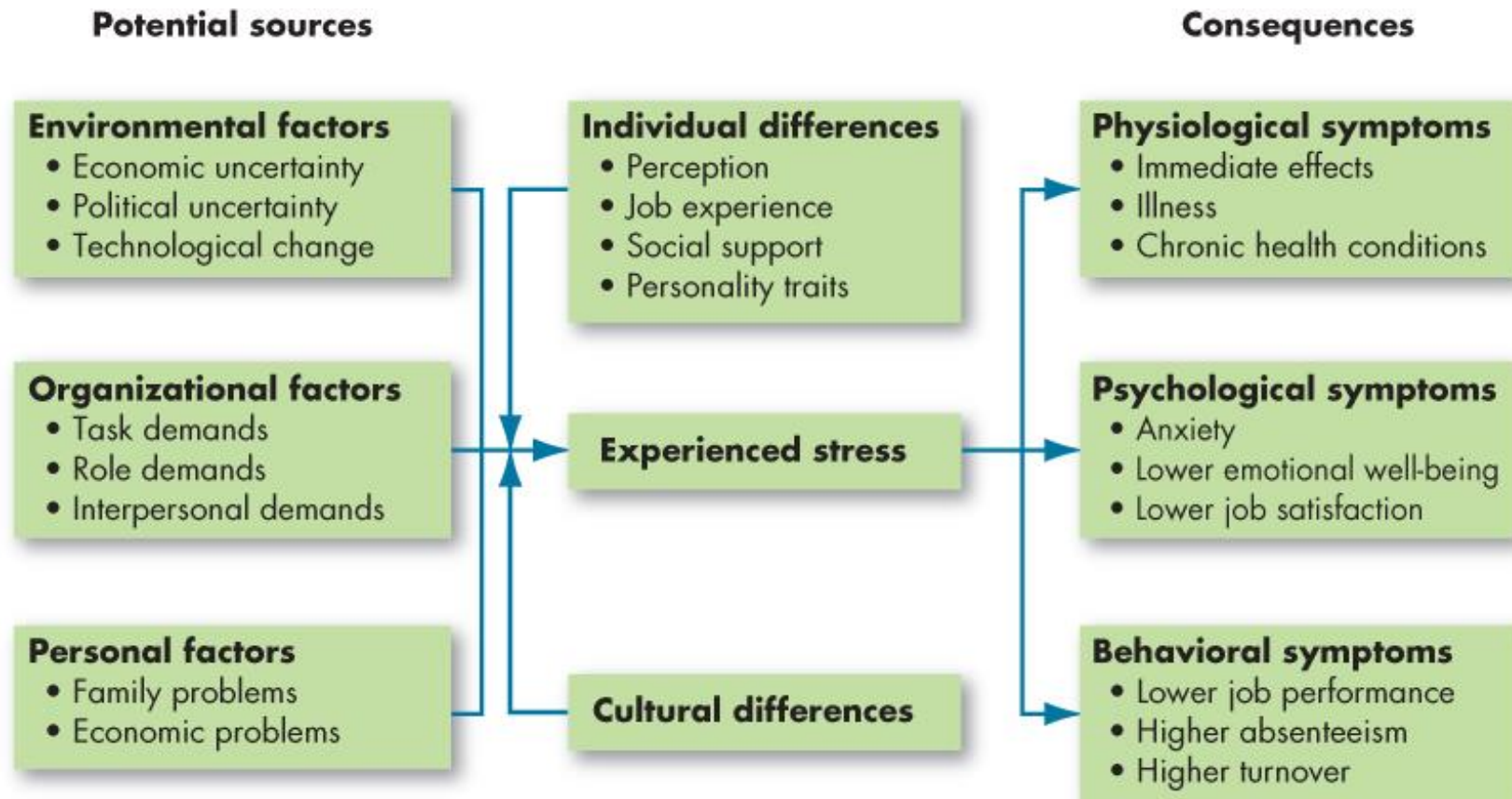
OB POLL Many Employees Feel Extreme Stress



Source: Based on J. Hudson, "High Stress Has Employees Seeking Both Wellness and Employee Assistance Help," ComPsych Corporation press release, November 12, 2014, <http://www.compsych.com/press-room/press-releases-2014/818-nov-12-2014>.

Stress at Work (3 of 4)

Exhibit 18-8 A Model of Stress from



Stress at Work (4 of 4)

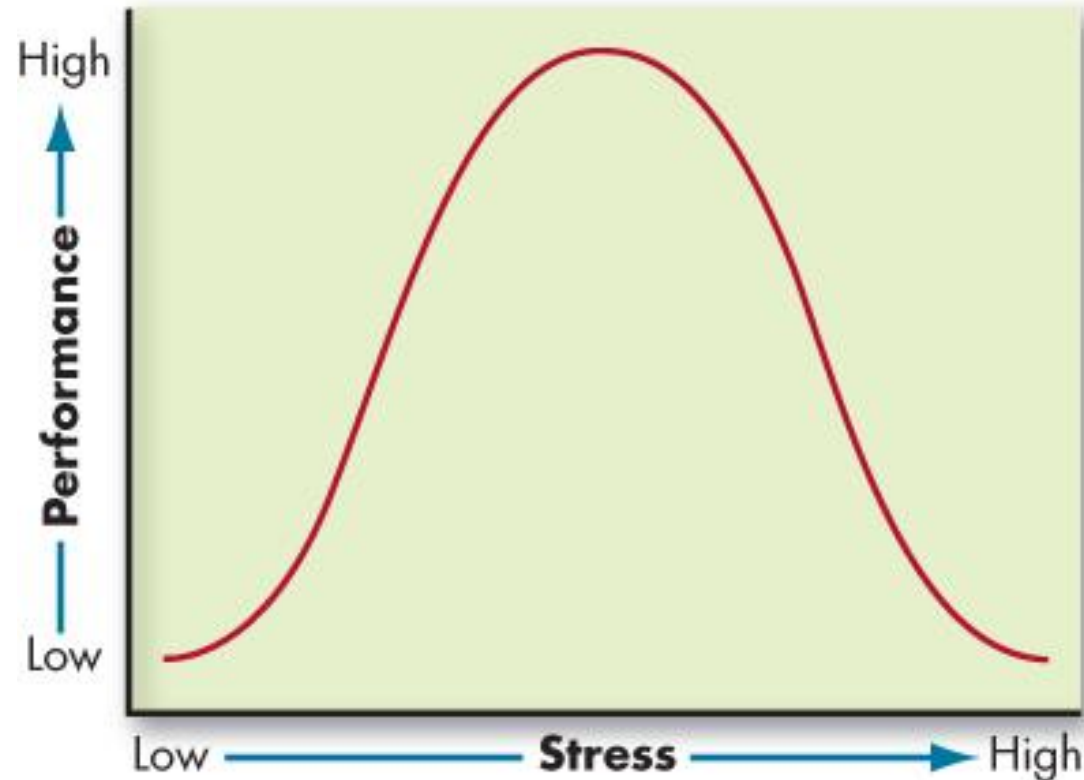
- **Cultural Differences**
 - Research suggests the job conditions that cause stress show some differences across cultures.
 - For example, U.S. employees are stressed by a lack of control, whereas Chinese employees are stressed by job evaluations and lack of training.
 - Research also shows that stress is equally bad for employees of all cultures.

Consequences of Stress at Work (1 of 2)

- Consequences of Stress
 - **Physiological Symptoms:** research supports the link between job stress and poor health.
 - **Psychological Symptoms:** job dissatisfaction is an obvious cause of stress.
 - **Behavioral Symptoms:** reductions in productivity, absence, turnover, as well as changes in eating habits, increased smoking and/or consumption of alcohol, rapid speech, fidgeting, and sleep disorders.

Consequences of Stress at Work (2 of 2)

Exhibit 18-9 The Proposed Inverted-U Relationship between Stress and Job Performance



Managing Stress at Work (1 of 11)

- Managing Stress
 - Because low to moderate levels of stress can be functional and lead to higher performance, management may not be concerned when employees experience stress at these levels.
 - What management may consider to be “a positive stimulus that keeps the adrenaline running” is very likely to be seen as “excessive pressure” by the employee.

Managing Stress at Work (2 of 11)

- **Individual Approaches**

- An employee can take personal responsibility for reducing stress levels.
- Individual strategies include:
 - Time-management techniques.
 - Increased physical exercise.
 - Relaxation training.
 - Expanded social support networks.

Managing Stress at Work (3 of 11)

- **Organizational Approaches**
 - Several organizational factors that cause stress are controlled by management.
 - Task and role demands can be modified or changed.

Managing Stress at Work (4 of 11)

- Strategies include:
 - Better selection and placement, and training.
 - Goal-setting.
 - Redesigning jobs.
 - Employee involvement.
 - Organizational communication.
 - Employee sabbaticals.
 - Wellness programs.

Managing Stress at Work (5 of 11)

- **Selection and Placement**
 - Individuals with little experience or an external locus of control tend to be more prone to stress.
 - Selection and placement decisions should take these facts into consideration.
 - Training can increase an individual's self-efficacy and thus lessen job strain in these situations.

Managing Stress at Work (6 of 11)

- **Goal-setting**
 - Goals can reduce stress as well as provide motivation.
 - Employees who are highly committed to their goals and see purpose in their jobs experience less stress.

Managing Stress at Work (7 of 11)

- **Redesigning Jobs**

- Redesigning jobs to give employees more responsibility, more meaningful work, more autonomy, and increased feedback can reduce stress because these factors give employees greater control over work activities and lessen dependence on others.

Managing Stress at Work (8 of 11)

- **Employee involvement**
 - Role stress is detrimental to a large extent because employees feel uncertain about goals, expectations, how they'll be evaluated, and the like.
 - Giving employees a voice in management decisions can increase employee control and reduce role stress.
 - Managers should consider increasing employee involvement in decision making.

Managing Stress at Work (9 of 11)

- **Organizational Communication**
 - Increasing formal organizational communication with employees reduces uncertainty by lessening role ambiguity and role conflict.
 - Given the importance that perceptions play in moderating the stress-response relationship, management can also use effective communications as a means to shape employee perceptions.

Managing Stress at Work (10 of 11)

- **Employee sabbaticals**
 - Some employees need an occasional escape from the frenetic pace of their work.
 - These sabbaticals—ranging in length from a few weeks to several months—allow employees to travel, relax, or pursue personal projects that consume time beyond normal vacations.

Managing Stress at Work (11 of 11)

- **Corporate wellness programs**
 - Typically provide workshops to help people quit smoking, control alcohol use, lose weight, eat better, and develop a regular exercise program.
 - Focus on the employee's total physical and mental condition.

Implications for Managers (1 of 3)

- Consider that, as a manager, you are a change agent in your organization. The decisions you make and your role-modeling behaviors will help shape the organization's change culture.
- Your management policies and practices will determine the degree to which the organization learns and adapts to changing environmental factors.

Implications for Managers (2 of 3)

- Some stress is good. Increasing challenges brought by autonomy and responsibility at work will lead to some stress, but they will also increase feelings of accomplishment and fulfillment. Hindrance stressors like bureaucracy and interpersonal conflicts, on the other hand, are entirely negative and should be eliminated.

Implications for Managers (3 of 3)

- You can help alleviate harmful workplace stress for your employees by accurately matching work-loads to employees, providing employees with stress-coping resources, and responding to employee concerns.
- You can identify extreme stress in your employees when performance declines, turnover increases, health-related absenteeism increases, and engagement declines. Stay alert for early indicators and be proactive.

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Literature Reading



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Q&A !



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Thank You!



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