**Organizational Change and Stress Management**

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*Source:* Jeff Moore/Splash News/Newscom.

Photo: Cadbury workers protesting at Westminster.

*It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change.*

Charles Darwin

**Learning Objectives**

*After studying this chapter, you should be able to:*

1. Identify forces that act as stimulants to change, and contrast planned and unplanned change.
2. Describe the sources of resistance to change.
3. Compare the four main approaches to managing organizational change.
4. Demonstrate two ways of creating a culture for change.
5. Define *stress*, and identify its potential sources.
6. Identify the consequences of stress.
7. Contrast the individual and organizational approaches to managing stress.

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Access a host of interactive learning aids to help strengthen your understanding of the chapter concepts at[**www.mymanagementlab.com**](http://www.mymanagementlab.com/).

**Sweet Changes at Cadbury?**

Hostile takeovers are never easy, especially for those in the company being acquired. But some takeovers are more hostile than others. Kraft’s acquisition of Cadbury is a case in point. After its initial offer to acquire the UK confectioner was deemed “derisory,” Kraft sweetened the deal, and Cadbury’s CEO declared it “good value for Cadbury shareholders.” Cadbury managers and employees, however, continue to have difficulty adjusting to the change.

One problem was the way Kraft handled the acquisition. Shortly after signing the deal, Kraft reneged on its pledge to keep Cadbury’s Somerdale, England, plant open. The British, infuriated, demanded that Kraft CEO Irene Rosenfeld appear before Parliament. Rosenfeld refused, saying, it “was not the best use of my personal time.” Members of Parliament, in turn, threatened to bring charges of contempt. Rosenfeld retorted: “The continued assault has been somewhat surprising.”

The public relations aspect of the plant closing will probably blow over with time. However, a deeper and potentially more serious issue is the difference in cultures between the two organizations.

Kraft, by far the larger, is known for its formal and relatively hierarchical culture. Its meetings tend to be lengthy, with most decisions requiring the approval of top-level executives.

Cadbury was known for its more informal and more egalitarian culture. Its former CEO was often seen on the shop floor talking informally with workers. Its managers felt they were given the autonomy to be creative. Its marketing team won awards for producing the “Cadbury Gorilla” ad (available on YouTube).

Some employees who had been part of Cadbury have complained of Kraft’s “Orwellian” management. Cadbury managers complain that Kraft “runs the show with military precision ... directives or proposals pass through a hierarchy of layers.” Says another anonymous manager: “That more entrepreneurial side of things got quashed because there are so many more layers of input and discussion.” And according to a former employee, “Cadbury has a cutting edge understanding of the shopper and its retail customers. We spent years building that at Cadbury, and that’s been lost.”

The *Financial Times* commented: “The tension reaches all levels of former Cadbury staff, from the commercial division to the factory floor.” On the other hand, some argue that Cadbury has reacted in a childish manner. *Bloomberg Businessweek*commented, “For many Brits, complaining is a national sport.”

Is this a story of culture clash where a sympathetic, entrepreneurial company is devoured by an arrogant, bureaucratic one? Or is it a case of employees of a proud, smaller company refusing to adapt to new business conditions and a new culture?

The answer you favor appears to depend upon which side of the Atlantic you reside on.

*Sources:* L. Lucas, “Cadbury People Still Chewing on Kraft Culture,” *Financial Times* (January 15, 2011), p. 13; L. Lucas and A. Rappeport, “Mergers and Acquisitions: A Bitter Taste,” *Financial Times* (May 23, 2011), downloaded on July 19, 2011, from [www.ft.com/](http://www.ft.com/" \t "_blank); and M. Scott, “Why Britain Will Survive Kraft’s Takeover of Cadbury,” *Bloomberg Businessweek*(January 21, 2010), downloaded on July 8, 2011, from [www.businessweek.com/](http://www.businessweek.com/" \t "_blank).

This chapter is about change and stress. We describe environmental forces that require firms to change, why people and organizations often resist change, and how this resistance can be overcome. We review processes for managing organizational change. Then we move to the topic of stress and its sources and consequences. In closing, we discuss what individuals and organizations can do to better manage stress levels.

First, see how well you handle change by taking the following self-assessment.

**How Well Do I Respond to Turbulent Change?**

In the Self-Assessment Library (available on CD and online), take assessment III.C.1 (How Well Do I Respond to Turbulent Change?) and answer the following questions.

|  |  |
| --- | --- |
| 1. | How did you score? Are you surprised by your score? |

|  |  |
| --- | --- |
| 2. | During what time of your life have you experienced the most change? How did you deal with it? Would you handle these changes in the same way today? Why or why not? |

|  |  |
| --- | --- |
| 3. | Are there ways you might reduce your resistance to change? |

**Forces for Change**

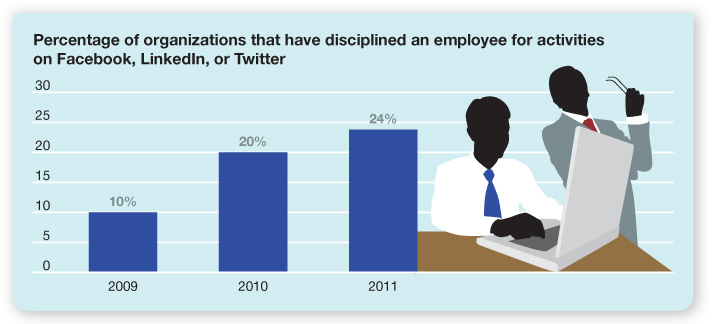
**sidenote:**

**1** Identify forces that act as stimulants to change, and contrast planned and unplanned change.

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.

“Change or die!” is thus the rallying cry among today’s managers worldwide. Exhibit 18-1 summarizes six specific forces stimulating change.

**OB Poll Rising Risks of Social Networking at Work**

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*Source:* Based on J. Yang and P. Trap, “Society for Human Resource Management Survey,” *USA Today* (June 2, 2011), p. 1B.

In a number of places in this book, we’ve discussed the *changing nature of the workforce*. Almost every organization must adjust to a multicultural environment, demographic changes, immigration, and outsourcing. *Technology* is continually changing jobs and organizations. It is not hard to imagine the very idea of an office becoming an antiquated concept in the near future.

The housing and financial sectors recently have experienced extraordinary *economic shocks*, leading to the elimination, bankruptcy, or acquisition of some of the best-known U.S. companies, including Bear Stearns, Merrill Lynch, Lehman Brothers, Countrywide Financial, Washington Mutual, and Ameriquest. Tens of thousands of jobs were lost and may never return. After years of declining numbers of bankruptcies, the global recession caused the bankruptcy of auto manufacturers General Motors and Chrysler, retailers Borders and Sharper Image, and myriad other organizations.

**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 markets in China |

*Competition* is changing. Competitors are as likely to come from across the ocean as from across town. Successful organizations will be fast on their feet, capable of developing new products rapidly and getting them to market quickly. In other words, they’ll be flexible and will require an equally flexible and responsive workforce. Increasingly, in the United States and Europe, the government regulates business practices, including executive pay.

*Social trends* don’t remain static either. Consumers who are otherwise strangers now meet and share product information in chat rooms and blogs. Companies must continually adjust product and marketing strategies to be sensitive to changing social trends, as Liz Claiborne did when it sold off fashion brands (such as Ellen Tracy), deemphasized large vendors such as Macy’s, and streamlined operations and cut staff. Consumers, employees, and organizational leaders are more sensitive to environmental concerns. “Green” practices are quickly becoming expected rather than optional.

Not even globalization’s strongest proponents could have imagined how *world politics* would change in recent years. We’ve seen a major set of financial crises that have rocked global markets, a dramatic rise in the power and influence of China, and dramatic shakeups in government across the Arab world. Throughout the industrialized world, businesses—particularly in the banking and financial sectors—have come under new scrutiny.

**Planned Change**

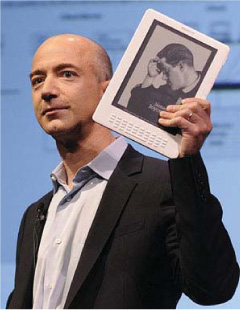
A group of housekeeping employees who work for a small hotel confronted the owner: “It’s very hard for most of us to maintain rigid 7-to-4 work hours,” said their spokeswoman. “Each of us has significant family and personal responsibilities. And rigid hours don’t work for us. We’re going to begin looking 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 flextime plan for these employees was introduced.

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.

Both these scenarios are examples of **change**, or making things different. However, only the second scenario describes a **planned change**. Many changes are like the one that occurred at the hotel: they just happen. Some organizations treat all change as an accidental occurrence. In this chapter, we address change as an intentional, goal-oriented activity.

What are the goals of planned change? First, it seeks to improve the ability of the organization to adapt to changes in its environment. Second, it seeks to change employee behavior.

Who in organizations is responsible for managing change activities? The answer is **change agents**.1 They see a future for the organization that others have not identified, and they are able to motivate, invent, and implement this vision. Change agents can be managers or nonmanagers, current or new employees, or outside consultants.

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Jeff Bezos is the change agent at Amazon.com. He founded the company as an online bookstore in 1994 and then built it into the largest retailer on the Web that sells everything from groceries to electronics. Amazon changed from a seller of electronics to also become a product developer when it created the Kindle reading device and the Kindle service for downloading books in less than 60 seconds. In his drive for change at Amazon, Bezos combines a long-term orientation with identifying a customer need. Bezos is shown here unveiling the Kindle DX, a large-screen version of the original Kindle designed for reading newspapers, magazines, and textbooks.

*Source:* Emmanuel Dunand/AFP/Getty Images/Newscom.

DuPont has two primary change agents in CEO Ellen Kullman and Chief Innovation Officer Thomas Connelly.2 Taking the reins of the company in 2010, Kullman has pushed the organization toward a higher level of achievement by focusing on a principle Connelly calls “launch hard and ramp fast.” This means the organization will seek to derive as much of its revenues from new products as possible. The goal is to move DuPont from a comparatively placid culture to one that focuses on market-driven science and delivers products customers need. The process has not always been easy, but it is necessary to keep DuPont ahead of the competitive marketplace.

Many change agents fail because organizational members resist change. In the next section, we discuss resistance to change and what managers can do about it.

**Resistance to Change**

**sidenote:**

**2** Describe the sources of resistance to change.

Our egos are fragile, and we often see change as threatening. One recent study showed that even when employees are shown data that suggest they need to change, they latch onto whatever data they can find that suggests they are okay and don’t need to change.3Employees who have negative feelings about a change cope by not thinking about it, increasing their use of sick time, and quitting. All these reactions can sap the organization of vital energy when it is most needed.4

Resistance to change can be positive if it leads to open discussion and debate.5 These responses are usually preferable to apathy or silence and can indicate that members of the organization are engaged in the process, providing change agents an opportunity to explain the change effort. Change agents can also use resistance to modify the change to fit the preferences of other members of the organization. When they treat resistance only as a threat, rather than a point of view to be discussed, they may increase dysfunctional conflict.

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For an interactive application of this topic, check out this chapter’s simulation activity at **[www.mymanagementlab.com](http://www.mymanagementlab.com/" \t "_blank).**

Resistance doesn’t necessarily surface in standardized ways. It can be overt, implicit, immediate, or deferred. It’s easiest for management to deal with overt and immediate resistance, such as complaints, a work slowdown, or a strike threat. The greater challenge is managing resistance that is implicit or deferred. These responses—loss of loyalty or motivation, increased errors or absenteeism—are more subtle and more difficult to recognize for what they are. Deferred actions also cloud the link between the change and the reaction to it and may surface weeks, months, or even years later. Or a single change of little inherent impact may be the straw that breaks the camel’s back because resistance to earlier changes has been deferred and stockpiled.

Exhibit 18-2 summarizes major forces for resistance to change, categorized by their sources. Individual sources reside in human characteristics such as perceptions, personalities, and needs. Organizational sources reside in the structural makeup of organizations themselves.

**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. |
| *Fear of the unknown*—Change substitutes ambiguity and uncertainty for the unknown. |
| *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. |
| **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. |

It’s worth noting that not all change is good. Speed can lead to bad decisions, and sometimes those initiating change fail to realize the full magnitude of the effects or their true costs. Rapid, transformational change is risky, and some organizations have collapsed for this reason.6 Change agents need to carefully think through the full implications.

**Overcoming Resistance to Change**

Eight tactics can help change agents deal with resistance to change.7 Let’s review them briefly.

**Education and Communication**

Communicating the logic of a change can reduce employee resistance on two levels. First, it fights the effects of misinformation and poor communication: if employees receive the full facts and clear up misunderstandings, resistance should subside. Second, communication can help “sell” the need for change by packaging it properly.8 A study of German companies revealed changes are most effective when a company communicates a rationale that balances the interests of various stakeholders (shareholders, employees, community, customers) rather than those of shareholders only.9 Another study of a changing organization in the Philippines found that formal change information sessions decreased employee anxiety about the change, while providing high-quality information about the change increased commitment to it.10

**Participation**

It’s difficult to resist a change decision in which we’ve participated. Assuming participants have the expertise to make a meaningful contribution, their involvement can reduce resistance, obtain commitment, and increase the quality of the change decision. However, against these advantages are the negatives: potential for a poor solution and great consumption of time.

**Building Support and Commitment**

When employees’ fear and anxiety are high, counseling and therapy, new-skills training, or a short paid leave of absence may facilitate adjustment. When managers or employees have low emotional commitment to change, they favor the status quo and resist it.11Employees are also more accepting of changes when they are committed to the organization as a whole.12 So, firing up employees and emphasizing their commitment to the organization overall can also help them emotionally commit to the change rather than embrace the status quo.

**Develop Positive Relationships**

People are more willing to accept changes if they trust the managers implementing them.13 One study surveyed 235 employees from a large housing corporation in the Netherlands that was experiencing a merger. Those who had a more positive relationship with their supervisors, and who felt that the work environment supported development, were much more positive about the change process.14Another set of studies found that individuals who were dispositionally resistant to change felt more positive about the change if they trusted the change agent.15 This research suggests that if managers are able to facilitate positive relationships, they may be able to overcome resistance to change even among those who ordinarily don’t like changes.

**Implementing Changes Fairly**

One way organizations can minimize negative impact is to make sure change is implemented fairly. As we saw in Chapter 7, procedural fairness is especially important when employees perceive an outcome as negative, so it’s crucial that employees see the reason for the change and perceive its implementation as consistent and fair.16

**Manipulation and Cooptation**

*Manipulation* refers to covert influence attempts. Twisting facts to make them more attractive, withholding information, and creating false rumors to get employees to accept change are all examples of manipulation. If management threatens to close a manufacturing plant whose employees are resisting an across-the-board pay cut, and if the threat is actually untrue, management is using manipulation. *Cooptation*, on the other hand, combines manipulation and participation. It seeks to “buy off” the leaders of a resistance group by giving them a key role, seeking their advice not to find a better solution but to get their endorsement. Both manipulation and cooptation are relatively inexpensive ways to gain the support of adversaries, but they can backfire if the targets become aware they are being tricked or used. Once that’s discovered, the change agent’s credibility may drop to zero.

**Selecting People Who Accept Change**

Research suggests the ability to easily accept and adapt to *change* is related to personality—some people simply have more positive attitudes about change than others.17 Such individuals are open to experience, take a positive attitude toward change, are willing to take risks, and are flexible in their behavior. One study of managers in the United States, Europe, and Asia found those with a positive self-concept and high risk tolerance coped better with organizational change. A study of 258 police officers found those higher in growth-needs strength, internal locus of control, and internal work motivation had more positive attitudes about organizational change efforts.18 Individuals higher in general mental ability are also better able to learn and adapt to changes in the workplace.19 In sum, an impressive body of evidence shows organizations can facilitate change by selecting people predisposed to accept it.

Besides selecting individuals who are willing to accept changes, it is also possible to select teams that are more adaptable. Studies have shown that teams that are strongly motivated by learning about and mastering tasks are better able to adapt to changing environments.20 This research suggests that it may be necessary to consider not just individual motivation, but also group motivation when trying to implement changes.

**Coercion**

Last on the list of tactics is *coercion*, the application of direct threats or force on the resisters. If management really is determined to close a manufacturing plant whose employees don’t acquiesce to a pay cut, the company is using coercion. Other examples are threats of transfer, loss of promotions, negative performance evaluations, and a poor letter of recommendation. The advantages and drawbacks of coercion are approximately the same as for manipulation and cooptation.

**The Politics of Change**

No discussion of resistance would be complete without a brief mention of the politics of change. Because change invariably threatens the status quo, it inherently implies 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), or managers slightly removed from the main power structure. Managers who have spent their entire careers with a single organization and achieved a senior position in the hierarchy are often major impediments to change. It is a very real threat to their status and position. Yet they may be expected to implement changes to demonstrate they’re not merely caretakers. By acting as change agents, they can convey to stockholders, suppliers, employees, and customers that they are addressing problems and adapting to a dynamic environment. Of course, as you might guess, when forced to introduce change, these longtime power holders tend to implement incremental changes. Radical change is too threatening. This explains why boards of directors that recognize the imperative for rapid and radical change frequently turn to outside candidates for new leadership.21

**Approaches to Managing Organizational Change**

Now we turn to several approaches to managing change: Lewin’s classic three-step model of the change process, Kotter’s eight-step plan, action research, and organizational development.

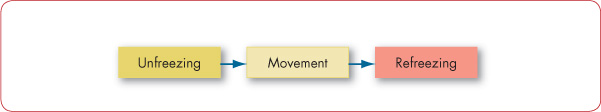
**sidenote:**

**3** Compare the four main approaches to managing organizational change.

**Lewin’s Three-Step Model**

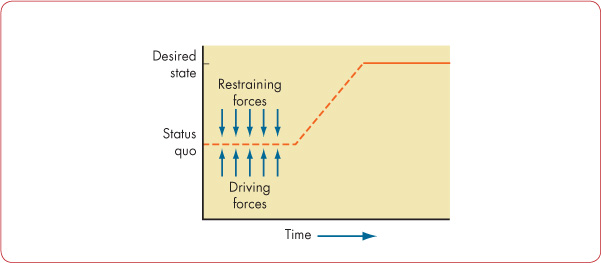
Kurt Lewin argued that successful change in organizations should follow three steps: **unfreezing** the status quo, **movement** to a desired end state, and **refreezing** the new change to make it permanent.22 (See Exhibit 18-3.)

**Exhibit 18-3 Lewin’s Three-Step Change Model**

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The status quo is an equilibrium state. To move from equilibrium—to overcome the pressures of both individual resistance and group conformity—unfreezing must happen in one of three ways (see Exhibit 18-4.) The **driving forces**, which direct behavior away from the status quo, can be increased. The **restraining forces**, which hinder movement away from equilibrium, can be decreased. A third alternative is to combine the first two approaches. Companies that have been successful in the past are likely to encounter restraining forces because people question the need for change.23 Similarly, research shows that companies with strong cultures excel at incremental change but are overcome by restraining forces against radical change.24

**Exhibit 18-4 Unfreezing the Status Quo**

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Consider a large oil company that decided to consolidate its three divisional marketing offices in Seattle, San Francisco, and Los Angeles into a single regional San Francisco office. The decision was made in New York and the people affected had no say whatsoever in the choice. The reorganization meant transferring more than 150 employees, eliminating some duplicate managerial positions, and instituting a new hierarchy of command.

The oil company’s management could expect employee resistance to the consolidation. Those in Seattle or Los Angeles may not want to transfer to another city, pull youngsters out of school, make new friends, adapt to new co-workers, or undergo the reassignment of responsibilities. Positive incentives such as pay increases, liberal moving expenses, and low-cost mortgage funds for new homes in San Francisco might encourage employees to accept the change. Management might also unfreeze acceptance of the status quo by removing restraining forces. It could counsel employees individually, hearing and clarifying each employee’s specific concerns and apprehensions. Assuming most are unjustified, the counselor could assure employees there was nothing to fear and offer tangible evidence that restraining forces are unwarranted. If resistance is extremely high, management may have to resort to both reducing resistance and increasing the attractiveness of the alternative if the unfreezing is to be successful.

Research on organizational change has shown that, to be effective, the actual change has to happen quickly.25 Organizations that build up to change do less well than those that get to and through the movement stage quickly.

Once change has been implemented, to be successful the new situation must be refrozen so it can be sustained over time. Without this last step, change will likely be short-lived and employees will attempt to revert to the previous equilibrium state. The objective of refreezing, then, is to stabilize the new situation by balancing the driving and restraining forces.

How could the oil company’s management refreeze its consolidation change? By systematically replacing temporary forces with permanent ones. Management might impose a permanent upward adjustment of salaries. The formal rules and regulations governing behavior of those affected by the change should also be revised to reinforce the new situation. Over time, of course, the work group’s own norms will evolve to sustain the new equilibrium. But until that point is reached, management will have to rely on more formal mechanisms.

**Kotter’s Eight-Step Plan for Implementing Change**

John Kotter of the Harvard Business School built on Lewin’s three-step model to create a more detailed approach for implementing change.26 Kotter began by listing common mistakes managers make when trying to initiate change. They may fail to create a sense of urgency about the need for change, to create a coalition for managing the change process, to have a vision for change and effectively communicate it, to remove obstacles that could impede the vision’s achievement, to provide short-term and achievable goals, and to anchor the changes into the organization’s culture. They may also declare victory too soon.

Kotter then established eight sequential steps to overcome these problems. They’re listed in Exhibit 18-5.

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

Notice how Kotter’s first four steps essentially extrapolate Lewin’s “unfreezing” stage. Steps 5, 6 and 7 represent “movement,” and the final step works on “refreezing.” So Kotter’s contribution lies in providing managers and change agents with a more detailed guide for successfully implementing change.

**Action Research**

**Action research** is a change process based on the systematic collection of data and selection of a change action based on what the analyzed data indicate.27 Its value is in providing a scientific methodology for managing planned change. Action research consists of five steps (note how they closely parallel the scientific method): diagnosis, analysis, feedback, action, and evaluation.

The change agent, often an outside consultant in action research, begins by gathering information about problems, concerns, and needed changes from members of the organization. This *diagnosis* is analogous to the physician’s search to find specifically what ails a patient. In action research, the change agent asks questions, reviews records, and interviews employees and listens to their concerns.

Diagnosis is followed by *analysis*. What problems do people key in on? What patterns do these problems seem to take? The change agent synthesizes this information into primary concerns, problem areas, and possible actions.

Action research requires the people who will participate in any change program to help identify the problem and determine the solution. So the third step—*feedback*—requires sharing with employees what has been found from the first and second steps. The employees, with the help of the change agent, develop action plans for bringing about any needed change.

Now the *action* part of action research is set in motion. The employees and the change agent carry out the specific actions they have identified to correct the problem.

The final step, consistent with the scientific underpinnings of action research, is *evaluation* of the action plan’s effectiveness, using the initial data gathered as a benchmark.

Action research provides at least two specific benefits. First, it’s problem focused. The change agent objectively looks for problems, and the type of problem determines the type of change action. Although this may seem intuitively obvious, many change activities are not handled this way. Rather, they’re solution centered. The change agent has a favorite solution—for example, implementing flextime, teams, or a process reengineering program—and then seeks out problems that the solution fits.

Second, because action research engages employees so thoroughly in the process, it reduces resistance to change. Once employees have actively participated in the feedback stage, the change process typically takes on a momentum of its own under their sustained pressure to bring it about.

**Organizational Development**

**Organizational development (OD)** is a collection of change methods that try to improve organizational effectiveness and employee well-being.28

OD methods value human and organizational growth, collaborative and participative processes, and a spirit of inquiry.29Contemporary OD borrows heavily from postmodern philosophy in placing heavy emphasis on the subjective ways in which people see their environment. The focus is on how individuals make sense of their work environment. The change agent may take the lead in OD, but there is a strong emphasis on collaboration. These are the underlying values in most OD efforts:

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These retirement center employees participate in a simulated training program to help them understand the diminishing abilities of the older population that is growing in developing nations worldwide. While wearing glasses that blurred their vision, they collaborated in an activity of devising a driving route. Called Xtreme Aging, the training program has become a regular part of many nursing and medical school curricula and corporate training programs and is designed to help participants grow in their understanding of and sensitivity to the needs of older customers and fellow workers.

*Source:* Kirk Irwin/The New York Times/Redux Pictures.

1. **Respect for people**. Individuals are perceived as responsible, conscientious, and caring. They should be treated with dignity and respect.
2. **Trust and support.**An effective and healthy organization is characterized by trust, authenticity, openness, and a supportive climate.
3. **Power equalization.**Effective organizations deemphasize hierarchical authority and control.
4. **Confrontation.**Problems should be openly confronted, not swept under the rug.
5. **Participation.**The more engaged in the decisions they are, the more people affected by a change will be committed to implementing them.

What are some OD techniques or interventions for bringing about change? Here are six.

**Sensitivity Training**

A variety of names—**sensitivity training**, laboratory training, encounter groups, and T-groups (training groups)—all refer to an early method of changing behavior through unstructured group interaction.30 Members were brought together in a free and open environment in which participants discuss themselves and their interactive processes, loosely directed by a professional behavioral scientist who created the opportunity to express ideas, beliefs, and attitudes without taking any leadership role. The group was process-oriented, which means individuals learned through observing and participating rather than being told.

Many participants found these unstructured groups intimidating, chaotic, and damaging to work relationships. Although extremely popular in the 1960s, they diminished in use during the 1970s and have essentially disappeared. However, organizational interventions such as diversity training, executive coaching, and team-building exercises are descendants of this early OD intervention technique.

**Survey Feedback**

One tool for assessing attitudes held by organizational members, identifying discrepancies among member perceptions, and solving these differences is the **survey feedback** approach.31

Everyone in an organization can participate in survey feedback, but of key importance is the organizational “family”—the manager of any given unit and the employees who report directly to him or her. All usually complete a questionnaire about their perceptions and attitudes on a range of topics, including decision-making practices; communication effectiveness; coordination among units; and satisfaction with the organization, job, peers, and immediate supervisor.

Data from this questionnaire are tabulated with data pertaining to an individual’s specific “family” and to the entire organization and then distributed to employees. These data become the springboard for identifying problems and clarifying issues that may be creating difficulties for people. Particular attention is given to encouraging discussion and ensuring it focuses on issues and ideas and not on attacking individuals. For instance, are people listening? Are new ideas being generated? Can decision making, interpersonal relations, or job assignments be improved? Answers should lead the group to commit to various remedies for the problems identified.

**Process Consultation**

Managers often sense their unit’s performance can be improved but are unable to identify what to improve and how. The purpose of**process consultation (PC)** is for an outside consultant to assist a client, usually a manager, “to perceive, understand, and act upon process events” with which the manager must deal.32 These events might include work flow, informal relationships among unit members, and formal communication channels.

PC is similar to sensitivity training in assuming we can improve organizational effectiveness by dealing with interpersonal problems and in emphasizing involvement. But PC is more task directed, and consultants are there to “give the client ‘insight’ into what is going on around him, within him, and between him and other people.”33 They do not solve the organization’s problems but rather guide or coach the client to solve his or her own problems after *jointly* diagnosing what needs improvement. The client develops the skill to analyze processes within his or her unit and can continue to call on it long after the consultant is gone. Because the client actively participates in both the diagnosis and the development of alternatives, he or she arrives at greater understanding of the process and the remedy and is less resistant to the action plan chosen.

**Team Building**

We’ve noted throughout this book that organizations increasingly rely on teams to accomplish work tasks. **Team building** uses high-interaction group activities to increase trust and openness among team members, improve coordinative efforts, and increase team performance.34 Here, we emphasize the intragroup level, meaning organizational families (command groups) as well as committees, project teams, self-managed teams, and task groups.

[](https://portal.phoenix.edu/content/ebooks/9780132834872-organizational-behavior-fifteenth-edition/jcr:content/images/f0590-01_alt.jpg)

ServiceMaster, a provider of lawn care, cleaning, disaster restoration, and other services, is a sponsoring company of Habitat for Humanity. As a sponsor, ServiceMaster provides employee volunteers and the funds to buy building materials for constructing homes for families in need. For ServiceMaster, the building project also serves as a team-building activity, with employees spending their workdays at the building site rather than on their regular jobs. Serving as a high-interaction group activity, the Habitat build increases trust and openness among employees and translates into better communication and greater cooperation in the workplace.

*Source:* c51/ZUMA Press/Newscom.

Team building typically includes goal-setting, development of interpersonal relations among team members, role analysis to clarify each member’s role and responsibilities, and team process analysis. It may emphasize or exclude certain activities, depending on the purpose of the development effort and the specific problems with which the team is confronted. Basically, however, team building uses high interaction among members to increase trust and openness.

**Intergroup Development**

A major area of concern in OD is dysfunctional conflict among groups. **Intergroup development** seeks to change groups’ attitudes, stereotypes, and perceptions about each other. Here, training sessions closely resemble diversity training (in fact, diversity training largely evolved from intergroup development in OD), except rather than focusing on demographic differences, they focus on differences among occupations, departments, or divisions within an organization.

In one company, the engineers saw the accounting department as composed of shy and conservative types and the human resources department as having a bunch of “ultra-liberals more concerned that some protected group of employees might get their feelings hurt than with the company making a profit.” Such stereotypes can have an obvious negative impact on coordination efforts among departments.

Among several approaches for improving intergroup relations, a popular one emphasizes problem solving.35 Each group meets independently to list its perceptions of itself and of the other group and how it believes the other group perceives it. The groups share their lists, discuss similarities and differences, and look for the causes of disparities. Are the groups’ goals at odds? Were perceptions distorted? On what basis were stereotypes formulated? Have some differences been caused by misunderstanding of intentions? Have words and concepts been defined differently by each group? Answers to questions like these clarify the exact nature of the conflict.

Once they have identified the causes of the difficulty, the groups move to the integration phase—developing solutions to improve relations between them. Subgroups can be formed of members from each of the conflicting groups to conduct further diagnosis and formulate alternative solutions.

**Appreciative Inquiry**

Most OD approaches are problem centered. They identify a problem or set of problems, then look for a solution. **Appreciative inquiry (AI)** instead accentuates the positive.36 Rather than looking for problems to fix, it seeks to identify the unique qualities and special strengths of an organization, which members can build on to improve performance. That is, AI focuses on an organization’s successes rather than its problems.

The AI process consists of four steps—discovery, dreaming, design, and discovery—often played out in a large-group meeting over a 2- or 3-day time period and overseen by a trained change agent. *Discovery* sets out to identify what people think are the organization’s strengths. Employees recount times they felt the organization worked best or when they specifically felt most satisfied with their jobs. In *dreaming*, employees use information from the discovery phase to speculate on possible futures, such as what the organization will be like in 5 years. In *design*, participants find a common vision of how the organization will look in the future and agree on its unique qualities. For the fourth step, participants seek to define the organization’s *destiny* or how to fulfill their dream, and they typically write action plans and develop implementation strategies.

AI has proven an effective change strategy in organizations such as GTE, Roadway Express, and the U.S. Navy. American Express used AI to revitalize its culture during a lean economy. In workshops, employees described how they already felt proud of working at American Express and were encouraged to create a change vision by describing how it could be better in the future. The efforts led to some very concrete improvements. Senior managers were able to use employees’ information to better their methods of making financial forecasts, improve IT investments, and create new performance-management tools for managers. The end result was a renewed culture focused on winning attitudes and behaviors.37

**Creating a Culture for Change**

**sidenote:**

**4** Demonstrate two ways of creating a culture for change.

We’ve considered how organizations can *adapt* to change. But recently, some OB scholars have focused on a more proactive approach—how organizations can *embrace* change by transforming their cultures. In this section, we review two such approaches: stimulating an innovative culture and creating a learning organization.

**Stimulating a Culture of Innovation**

How can an organization become more innovative? An excellent model is W. L. Gore, the $2.6-billion-per-year company best known as the maker of Gore-Tex fabric.38 Gore has developed a reputation as one of the most innovative U.S. companies by developing a stream of diverse products—including guitar strings, dental floss, medical devices, and fuel cells.

What’s the secret of Gore’s success? What can other organizations do to duplicate its track record for innovation? Although there is no guaranteed formula, certain characteristics surface repeatedly when researchers study innovative organizations. We’ve grouped them into structural, cultural, and human resource categories. Change agents should consider introducing these characteristics into their organization to create an innovative climate. Before we look at these characteristics, however, let’s clarify what we mean by innovation.

**Definition of *Innovation***

We said change refers to making things different. **Innovation**, a more specialized kind of change, is a new idea applied to initiating or improving a product, process, or service.39 So all innovations imply change, but not all changes necessarily introduce new ideas or lead to significant improvements. Innovations can range from small incremental improvements, such as netbook computers, to radical breakthroughs, such as Nissan’s electric Leaf car.

**Sources of Innovation**

*Structural variables* have been the most studied potential source of innovation.40 A comprehensive review of the structure–innovation relationship leads to the following conclusions:41

1. Organic structures positively influence innovation. Because they’re lower in vertical differentiation, formalization, and centralization, organic organizations facilitate the flexibility, adaptation, and cross-fertilization that make the adoption of innovations easier.
2. Long tenure in management is associated with innovation. Managerial tenure apparently provides legitimacy and knowledge of how to accomplish tasks and obtain desired outcomes.
3. Innovation is nurtured when there are slack resources. Having an abundance of resources allows an organization to afford to purchase innovations, bear the cost of instituting them, and absorb failures.

[](https://portal.phoenix.edu/content/ebooks/9780132834872-organizational-behavior-fifteenth-edition/jcr:content/images/f0592-01_alt.jpg)

Innovation is a specialized kind of change whereby a new idea is applied to initiating or improving a product, process, or service. Twitter, for example, is an innovation in the distribution of information. Twitter’s founders Evan Williams (left) and Biz Stone shown in this photo along with Jack Dorsey launched their new communication tool for sending 140-character messages, or tweets, from a computer or mobile device. As a social network, Twitter allows users to have live digital conversations. By using Twitter’s search feature, users can have a real-time view into other people’s conversations.

*Source:* Peter DaSilva/The New York Times/Redux.

1. Interunit communication is high in innovative organizations.42 These organizations are high users of committees, task forces, cross-functional teams, and other mechanisms that facilitate interaction across departmental lines.

Innovative organizations tend to have similar *cultures*. They encourage experimentation. They reward both successes and failures. They celebrate mistakes. Unfortunately, in too many organizations, people are rewarded for the absence of failures rather than for the presence of successes. Such cultures extinguish risk taking and innovation. People will suggest and try new ideas only when they feel such behaviors exact no penalties. Managers in innovative organizations recognize that failures are a natural by-product of venturing into the unknown.

Within the *human resources* category, 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, and 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.43 Champions have common personality characteristics: extremely high self-confidence, persistence, energy, and a tendency to take risks. They also display characteristics associated with transformational leadership—they inspire and energize others with their vision of an innovation’s potential and their strong personal conviction about their mission. Idea champions are good at gaining the commitment of others, and their jobs provide considerable decision-making discretion; this autonomy helps them introduce and implement innovations.44

Do successful idea champions do things differently in different cultures? Yes.45 People in collectivist cultures prefer appeals for cross-functional support for innovation efforts; people in high power distance cultures prefer champions to work closely with those in authority to approve innovative activities before work is begun; and the higher the uncertainty avoidance of a society, the more champions should work within the organization’s rules and procedures to develop the innovation. These findings suggest that effective managers will alter their organization’s championing strategies to reflect cultural values. So, for instance, although idea champions in Russia might succeed by ignoring budgetary limitations and working around confining procedures, champions in Austria, Denmark, Germany, or other cultures high in uncertainty avoidance will be more effective by closely following budgets and procedures.

Sergio Marcchione, CEO of Fiat-Chrysler, has acted as idea champion for the single objective of updating the pipeline of vehicles for Chrysler. To facilitate this change, he has radically dismantled the bureaucracy, tearing up Chrysler’s organization chart and introducing a flatter structure with himself at the lead. As a result, the company introduced a more innovative line of vehicles and planned to redesign or significantly refresh 75 percent of its lineup in 2010 alone.46

**Creating a Learning Organization**

Another way an organization can proactively manage change is to make continuous growth part of its culture—to become a learning organization.47

**What’s a Learning Organization?**

Just as individuals learn, so too do organizations. A **learning organization** has developed the continuous capacity to adapt and change. “All organizations learn, whether they consciously choose to or not—it is a fundamental requirement for their sustained existence.”48 Some organizations just do it better than others.

Most organizations engage in **single-loop learning**.49 When they detect errors, their correction process relies on past routines and present policies. In contrast, learning organizations use **double-loop learning**. They correct errors by *modifying* objectives, policies, and standard routines. Double-loop learning challenges deeply rooted assumptions and norms. It provides opportunities for radically different solutions to problems and dramatic jumps in improvement.

Exhibit 18-6 summarizes the five basic characteristics of a learning organization. It’s one in which people put aside their old ways of thinking, learn to be open with each other, understand how their organization really works, form a plan or vision everyone can agree on, and work together to achieve that vision.50

**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* (New York: Doubleday, 1990).

Proponents of the learning organization envision it as a remedy for three fundamental problems of traditional organizations: fragmentation, competition, and reactiveness.51 First, *fragmentation* based on specialization creates “walls” and “chimneys” that separate different functions into independent and often warring fiefdoms. Second, an overemphasis on *competition* often undermines collaboration. Managers compete to show who is right, who knows more, or who is more persuasive. Divisions compete when they ought to cooperate and share knowledge. Team leaders compete to show who the best manager is. And third, *reactiveness* misdirects management’s attention to problem solving rather than creation. The problem solver tries to make something go away, while a creator tries to bring something new into being. An emphasis on reactiveness pushes out innovation and continuous improvement and, in its place, encourages people to run around “putting out fires.”

**Managing Learning**

What can managers do to make their firms learning organizations? Here are some suggestions:

* **Establish a strategy.**Management needs to make explicit its commitment to change, innovation, and continuous improvement.
* **Redesign the organization’s structure.**The formal structure can be a serious impediment to learning. Flattening the structure, eliminating or combining departments, and increasing the use of cross-functional teams reinforces interdependence and reduces boundaries.
* **Reshape the organization’s culture.**To become a learning organization, managers must demonstrate by their actions that taking risks and admitting failures are desirable. That means rewarding people who take chances and make mistakes. And management needs to encourage functional conflict. “The key to unlocking real openness at work,” says one expert on learning organizations, “is to teach people to give up having to be in agreement. We think agreement is so important. Who cares? You have to bring paradoxes, conflicts, and dilemmas out in the open, so collectively we can be more intelligent than we can be individually.”52

**Work Stress and Its Management**

**sidenote:**

**5** Define *stress* and identify its potential sources.

Friends say they’re stressed from greater workloads and longer hours because of downsizing at their companies. Parents worry about the lack of job stability and reminisce about a time when a job with a large company implied lifetime security. We read surveys in which employees complain about the stress of trying to balance work and family responsibilities.53 Indeed, as Exhibit 18-7 shows, work is, for most people, the most important source of stress in life. What are the causes and consequences of stress, and what can individuals and organizations do to reduce it?

**Exhibit 18-7 Work Is the Biggest Source of Stress for Most**

|  |  |
| --- | --- |
| “What area of your life causes you the most stress on a regular basis?” | |
| **Area** | **Causes Most Stress** |
| My job | 26% |
| My finances | 20% |
| My relationships | 21% |
| My children | 10% |
| School | 8% |
| Fear of a disaster/terror attack | 3% |
| Other | 8% |

*Source:* 2009 Stress Management poll of 7,807 individuals, [stress.about.com/gi/pages/poll.htm?linkback5&poll\_id52213421040&poll151&poll351&submit15Submit1Vote](http://stress.about.com/gi/pages/poll.htm?linkback5&poll_id52213421040&poll151&poll351&submit15Submit1Vote).

**What Is Stress?**

**Stress** is a dynamic condition in which an individual is confronted with an opportunity, demand, or resource related to what the individual desires and for which the outcome is perceived to be both uncertain and important.54 This is a complicated definition. Let’s look at its components more closely.

Although stress is typically discussed in a negative context, it is not necessarily bad in and of itself; it also has a positive value.55 It’s an opportunity when it offers potential gain. Consider, for example, the superior performance an athlete or stage performer gives in a “clutch” situation. Such individuals often use stress positively to rise to the occasion and perform at their maximum. Similarly, many professionals see the pressures of heavy workloads and deadlines as positive challenges that enhance the quality of their work and the satisfaction they get from their job.

Recently, researchers have argued that **challenge stressors**—or stressors associated with workload, pressure to complete tasks, and time urgency—operate quite differently from **hindrance stressors**—or stressors that keep you from reaching your goals (for example, red tape, office politics, confusion over job responsibilities). Although research is just starting to accumulate, early evidence suggests challenge stressors produce less strain than hindrance stressors.56

Researchers have sought to clarify the conditions under which each type of stress exists. It appears that employees who have a stronger affective commitment to their organization can transfer psychological stress into greater focus and higher sales performance, whereas employees with low levels of commitment perform worse under stress.57 And when challenge stress increases, those with high levels of organizational support have higher role-based performance, but those with low levels of organizational support do not.58

More typically, stress is associated with **demands** and **resources**. Demands are responsibilities, pressures, obligations, and uncertainties individuals face in the workplace. Resources are things within an individual’s control that he or she can use to resolve the demands. Let’s discuss what this demands–resources model means.59

**Myth or Science?:****“Men Experience More Job Stress Than Women”**

This statement is false. One recent review of the literature concluded, “Few, if any, differences exist between the respective amount of occupational stress men and women experience.” Another review of 183 studies found that men and women differed to a very small degree on the burnout they experience.

While it doesn’t appear that men and women differ in the work stress they report, there is more to the story.

Working women tend to report more life stress than men. The reason may be that, as surveys reliably show, when a husband and wife both work full-time outside the home, the wife carries considerably greater household responsibilities (cleaning, shopping, keeping finances). So if both spouses work the same number of hours, it’s likely the wife’s total load of paid work and household/family work is greater—and thus more stressful generally, even if her work stress alone is not greater. Says one expert, “A woman’s major stressors come from both the work she’s paid for and the work she isn’t.” The former doesn’t differ between the genders, but the latter clearly does.

*Sources:* S. B. Watson, Y. W. Goh, and S. Sawang, “Gender Influences on the Work-Related Stress Coping Process,” *Journal of Individual Differences* 32, no. 1 (2011), pp. 39–46; R. K. Purvanova, and J. P. Muros, “Gender Differences in Burnout: A Meta-Analysis,” *Journal of Vocational Behavior* 77, no. 2 (2010), pp. 168–185; and M. Casserly, “Summer Burnout: Avoiding Overload This Season,” *Forbes* (May 26, 2011), downloaded on July 20, 2011, from <http://blogs.forbes.com/meghancasserly/>.

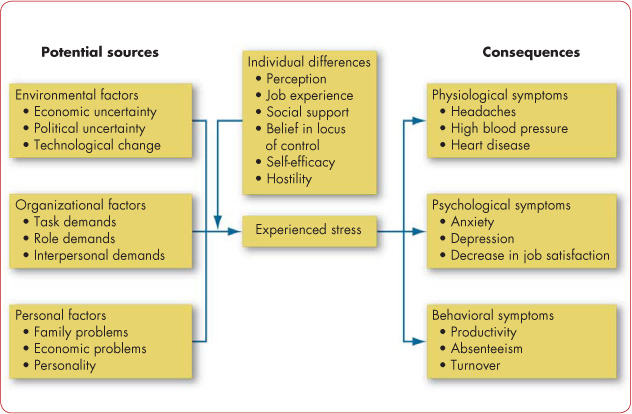
When you take a test at school or undergo your annual performance review at work, you feel stress because you confront opportunities and performance pressures. A good performance review may lead to a promotion, greater responsibilities, and a higher salary. A poor review may prevent you from getting a promotion. An extremely poor review might even result in your being fired. To the extent you can apply resources to the demands on you—such as being prepared, placing the exam or review in perspective, or obtaining social support—you will feel less stress.

Research suggests adequate resources help reduce the stressful nature of demands when demands and resources match. If emotional demands are stressing you, having emotional resources in the form of social support is especially important. If the demands are cognitive—say, information overload—then job resources in the form of computer support or information are more important. Thus, under the demands–resources perspective, having resources to cope with stress is just as important in offsetting it as demands are in increasing it.60

**Potential Sources of Stress**

What causes stress? As the model in Exhibit 18-8 shows, there are three categories of potential stressors: environmental, organizational, and personal. Let’s take a look at each.61

**Exhibit 18-8 A Model of Stress**

[](https://portal.phoenix.edu/content/ebooks/9780132834872-organizational-behavior-fifteenth-edition/jcr:content/images/f0597-01_alt.jpg)

**Environmental Factors**

Just as environmental uncertainty influences the design of an organization’s structure, it also influences stress levels among employees in that organization. Indeed, uncertainty is the biggest reason people have trouble coping with organizational changes.62 There are three main types of environmental uncertainty: economic, political, and technological.

Changes in the business cycle create *economic uncertainties*. When the economy is contracting, for example, people become increasingly anxious about their job security. *Political uncertainties* don’t tend to create stress among North Americans as they do for employees in countries such as Haiti or Venezuela. The obvious reason is that the United States and Canada have stable political systems, in which change is typically implemented in an orderly manner. Yet political threats and changes, even in countries such as the United States and Canada, can induce stress. Threats of terrorism in developed and developing nations, or the difficulties of East Germany reintegrating with West Germany, lead to political uncertainty that becomes stressful to people in these countries.63 Because innovations can make an employee’s skills and experience obsolete in a very short time, computers, robotics, automation, and similar forms of *technological change* are also a threat to many people and cause them stress.

**Organizational Factors**

There is no shortage of factors within an organization that can cause stress. Pressures to avoid errors or complete tasks in a limited time, work overload, a demanding and insensitive boss, and unpleasant co-workers are a few examples. We’ve categorized these factors around task, role, and interpersonal demands.64

*Task demands* relate to a person’s job. They include the design of the job (its degrees of autonomy, task variety, degree of automation), working conditions, and the physical work layout. Assembly lines can put pressure on people when they perceive the line’s speed to be excessive. Working in an overcrowded room or a visible location where noise and interruptions are constant can increase anxiety and stress.65 As customer service grows ever more important, emotional labor becomes a source of stress.66 Imagine being a flight attendant for Southwest Airlines or a cashier at Starbucks. Do you think you could put on a happy face when you’re having a bad day?

[](https://portal.phoenix.edu/content/ebooks/9780132834872-organizational-behavior-fifteenth-edition/jcr:content/images/f0598-01_alt.jpg)

Task demands are organizational factors that can cause stress. These call center employees of Encore Capital Group in Gurgaon, India, have the difficult job of collecting mostly credit card and auto debts of Americans. The nature of their job can cause stress, as the people they call may be abusive, emotional, frustrated, sad, or angry. Encore strives to reduce the on-the-job stress of its call center workers by teaching them how to empathize with the delinquent borrowers and how to handle verbal abuse. Collectors learn that the debtors respond to them when they are very polite and respectful and never raise their voice.

*Source:* Zack Canepari/The New York Times/Redux Pictures.

*Role demands* relate to pressures placed on a person as a function of the particular role he or she plays in the organization. Role conflicts create expectations that may be hard to reconcile or satisfy. Role overload occurs when the employee is expected to do more than time permits. Role ambiguity means role expectations are not clearly understood and the employee is not sure what to do. Individuals who face high situational constraints (such as fixed work hours or demanding job responsibilities) are also less able to engage in the proactive coping behaviors that reduce stress levels.67 When faced with hassles at work, they will not only have higher levels of distress at the time, but they’ll also be less likely to take steps to eliminate stressors in the future.

*Interpersonal demands* are pressures created by other employees. Lack of social support from colleagues and poor interpersonal relationships can cause stress, especially among employees with a high social need. A rapidly growing body of research has also shown that negative co-worker and supervisor behaviors, including fights, bullying, incivility, racial harassment, and sexual harassment, are especially strongly related to stress at work.68

**Personal Factors**

The typical individual works about 40 to 50 hours a week. But the experiences and problems people encounter in the other 120-plus can spill over to the job. Our final category, then, is factors in the employee’s personal life: family issues, personal economic problems, and inherent personality characteristics.

National surveys consistently show people hold *family* and personal relationships dear. Marital difficulties, the breaking of a close relationship, and discipline troubles with children create stresses employees often can’t leave at the front door when they arrive at work.69

Regardless of income level—people who make $100,000 per year seem to have as much trouble handling their finances as those who earn $20,000—some people are poor money managers or have wants that exceed their earning capacity. The *economic*problems of overextended financial resources create stress and siphon attention away from work.

Studies in three diverse organizations found that participants who reported stress symptoms before beginning a job accounted for most of the variance in stress symptoms reported 9 months later.70 The researchers concluded that some people may have an inherent tendency to accentuate negative aspects of the world. If this is true, then a significant individual factor that influences stress is a person’s basic disposition. That is, stress symptoms expressed on the job may actually originate in the person’s *personality.*

**Stressors Are Additive**

When we review stressors individually, it’s easy to overlook that stress is an additive phenomenon—it builds up.71 Each new and persistent stressor adds to an individual’s stress level. So a single stressor may be relatively unimportant in and of itself, but if added to an already high level of stress, it can be the straw that breaks the camel’s back. To appraise the total amount of stress an individual is under, we have to sum up his or her opportunity stresses, constraint stresses, and demand stresses.

**Individual Differences**

Some people thrive on stressful situations, while others are overwhelmed by them. What differentiates people in terms of their ability to handle stress? What individual variables moderate the relationship between *potential* stressors and *experienced* stress? At least four—perception, job experience, social support, and personality—are relevant.

In Chapter 6, we demonstrated that employees react in response to their perception of reality, rather than to reality itself. *Perception*, therefore, will moderate the relationship between a potential stress condition and an employee’s reaction to it. Layoffs may cause one person to fear losing his job, while another sees an opportunity to get a large severance allowance and start her own business. So stress potential doesn’t lie in objective conditions; rather, it lies in an employee’s interpretation of those conditions.

*Experience* on the job tends to be negatively related to work stress. Why? Two explanations have been offered.72 First is selective withdrawal. Voluntary turnover is more probable among people who experience more stress. Therefore, people who remain with an organization longer are those with more stress-resistant traits or those more resistant to the stress characteristics of their organization. Second, people eventually develop coping mechanisms to deal with stress. Because this takes time, senior members of the organization are more likely to be fully adapted and should experience less stress.

*Social support*—collegial relationships with co-workers or supervisors—can buffer the impact of stress.73 This is among the best-documented relationships in the stress literature. Social support acts as a palliative, mitigating the negative effects of even high-strain jobs.

Perhaps the most widely studied *personality* trait in stress is neuroticism, which we discussed in Chapter 5. As you might expect, neurotic individuals are more prone to experience psychological strain.74 Evidence suggests that neurotic individuals are more prone to believe there are stressors in their work environments, so part of the problem is that they believe their environments are more threatening. They also tend to select less adaptive coping mechanisms, relying on avoidance as a way of dealing with problems rather than attempting to resolve them.75

Workaholism is another personal characteristic related to stress levels. Workaholics are people obsessed with their work; they put in an enormous number of hours, think about work even when not working, and create additional work responsibilities to satisfy an inner compulsion to work more. In some ways, they might seem like ideal employees. That’s probably why when most people are asked in interviews what their greatest weakness is, they reflexively say, “I just work too hard.” However, there is a difference between working hard and working compulsively. Workaholics are not necessarily more productive than other employees, despite their extreme efforts. The strain of putting in such a high level of work effort eventually begins to wear on the workaholic, leading to higher levels of work–life conflict and psychological burnout.76

**Cultural Differences**

Research suggests the job conditions that cause stress show some differences across cultures. One study revealed that whereas U.S. employees were stressed by a lack of control, Chinese employees were stressed by job evaluations and lack of training. It doesn’t appear that personality effects on stress are different across cultures, however. One study of employees in Hungary, Italy, the United Kingdom, Israel, and the United States found Type A personality traits (see Chapter 5) predicted stress equally well across countries.77A study of 5,270 managers from 20 countries found individuals from individualistic countries such as the United States, Canada, and the United Kingdom experienced higher levels of stress due to work interfering with family than did individuals from collectivist countries in Asia and Latin America.78 The authors proposed that this may occur because, in collectivist cultures, working extra hours is seen as a sacrifice to help the family, whereas in individualistic cultures, work is seen as a means to personal achievement that takes away from the family.

Evidence suggests that stressors are associated with perceived stress and strains among employees in different countries. In other words, stress is equally bad for employees of all cultures.79

**How Stressful Is My Life?**

In the Self-Assessment Library (available on CD and online), take assessment III.C.2 (How Stressful Is My Life?).

**Consequences of Stress**

Stress shows itself in a number of ways, such as high blood pressure, ulcers, irritability, difficulty making routine decisions, loss of appetite, accident proneness, and the like. These symptoms fit under three general categories: physiological, psychological, and behavioral symptoms.

**sidenote:**

**6** Identify the consequences of stress.

**Physiological Symptoms**

Most early concern with stress was directed at physiological symptoms because most researchers were specialists in the health and medical sciences. Their work led to the conclusion that stress could create changes in metabolism, increase heart and breathing rates and blood pressure, bring on headaches, and induce heart attacks.

Evidence now clearly suggests stress may have harmful physiological effects. One study linked stressful job demands to increased susceptibility to upper-respiratory illnesses and poor immune system functioning, especially for individuals with low self-efficacy.80 A long-term study conducted in the United Kingdom found that job strain was associated with higher levels of coronary heart disease.81Still another study conducted with Danish human services workers found that higher levels of psychological burnout at the work-unit level were related to significantly higher levels of sickness absence.82 Many other studies have shown similar results linking work stress to a variety of indicators of poor health.

**Psychological Symptoms**

Job dissatisfaction is “the simplest and most obvious psychological effect” of stress.83 But stress shows itself in other psychological states—for instance, tension, anxiety, irritability, boredom, and procrastination. For example, a study that tracked physiological responses of employees over time found that stress due to high workloads was related to higher blood pressure and lower emotional well-being.84

**An Ethical Choice:****Responsibly Managing Your Own Stress**

Although much of the research we’ve reviewed in this chapter discusses how organizations and managers can relieve stress for employees, employees also have a certain degree of responsibility for managing their own stress. Beyond the fact that high levels of stress are unpleasant, employees who experience them have difficulty concentrating at work, make more mistakes, miss more days of work, and use more health insurance. This suggests that it may be your ethical responsibility as an employee to ensure your stress levels are not high enough to interfere with your ability to work effectively for clients, customers, and co-workers. A few examples of strategies you might want to employ to reduce your level of stress from work include the following:

1. **Take breaks.**If you’re feeling depleted or exhausted at work, taking some time away from your tasks can significantly reduce your level of psychological strain.
2. **Let your supervisor know you’re stressed.**In many cases, managers will want to provide assistance to workers who are experiencing stress, but if they don’t know there’s a problem, they can’t help to address it.
3. **Detach yourself from work in your off-time.**Try not to take work home with you, and make your time off a period when you can truly recover from the strains of the day. Research shows that workers who can detach themselves from their work in their off-time experience significantly less stress than those who do not.

*Sources:* Based on M. M. Krischer, L. M. Penney, and E. M. Hunter, “Can Counterproductive Work Behaviors Be Productive? CWB as Emotion-Focused Coping,” *Journal of Occupational Health Psychology* 15, no 2 (2010), pp. 154–166; V. C. Hahn, C. Binnewies, S. Sonnentag, and E. J. Mojza, “Learning How to Recover from Job Stress: Effects of a Recovery Training Program on Recovery, Recovery Related Self-Efficacy, and Well-Being,” *Journal of Occupational Health Psychology* 16, no. 2 (2011), pp. 202–216; and S. Sonnentag, C. Binnewies, and E. J. Mojza, “Staying Well and Engaged when Demands are High: The Role of Psychological Detachment,” *Journal of Applied Psychology* 95, no. 5 (2010), pp. 965–976.

Jobs that make multiple and conflicting demands or that lack clarity about the incumbent’s duties, authority, and responsibilities increase both stress and dissatisfaction.85 Similarly, the less control people have over the pace of their work, the greater their stress and dissatisfaction. Jobs that provide a low level of variety, significance, autonomy, feedback, and identity appear to create stress and reduce satisfaction and involvement in the job.86 Not everyone reacts to autonomy in the same way, however. For those with an external locus of control, increased job control increases the tendency to experience stress and exhaustion.87

**Behavioral Symptoms**

Research on behavior and stress has been conducted across several countries and over time, and the relationships appear relatively consistent. Behavior-related stress symptoms include reductions in productivity, absence, and turnover, as well as changes in eating habits, increased smoking or consumption of alcohol, rapid speech, fidgeting, and sleep disorders.88

A significant amount of research has investigated the stress–performance relationship. The most widely studied pattern of this relationship is the inverted U shown in Exhibit 18-9.89 The logic underlying the figure is that low to moderate levels of stress stimulate the body and increase its ability to react. Individuals then often perform their tasks better, more intensely, or more rapidly. But too much stress places unattainable demands on a person, which result in lower performance. In spite of the popularity and intuitive appeal of the inverted-U model, it doesn’t get a lot of empirical support.90 So we should be careful of assuming it accurately depicts the stress–performance relationship.

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

[](https://portal.phoenix.edu/content/ebooks/9780132834872-organizational-behavior-fifteenth-edition/jcr:content/images/f0602-01_alt.jpg)

As we mentioned earlier, researchers have begun to differentiate challenge and hindrance stressors, showing that these two forms of stress have opposite effects on job behaviors, especially job performance. A meta-analysis of responses from more than 35,000 individuals showed role ambiguity, role conflict, role overload, job insecurity, environmental uncertainty, and situational constraints were all consistently negatively related to job performance.91 There is also evidence that challenge stress improves job performance in a supportive work environment, whereas hindrance stress reduces job performance in all work environments.92

**sidenote:**

**7** Contrast the individual and organizational approaches to managing stress.

**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 them. Employees, however, are likely to perceive even low levels of stress as undesirable. It’s not unlikely, therefore, for employees and management to have different notions of what constitutes an acceptable level of stress on the job. 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. Keep this in mind as we discuss individual and organizational approaches toward managing stress.93

**Individual Approaches**

An employee can take personal responsibility for reducing stress levels. Individual strategies that have proven effective include time-management techniques, increased physical exercise, relaxation training, and expanded social support networks. Also see the Ethical Choice box in this chapter for additional suggestions.

Many people manage their time poorly. The well-organized employee, like the well-organized student, can often accomplish twice as much as the person who is poorly organized. So an understanding and utilization of basic time-management principles can help individuals better cope with tensions created by job demands.94 A few of the best-known time-management principles are (1) making daily lists of activities to be accomplished, (2) prioritizing activities by importance and urgency, (3) scheduling activities according to the priorities set, (4) knowing your daily cycle and handling the most demanding parts of your job when you are most alert and productive, and (5) avoiding electronic distractions like frequently checking e-mail, which can limit attention and reduce efficiency.95 These time-management skills can help minimize procrastination by focusing efforts on immediate goals and boosting motivation even in the face of tasks that are less desirable.96

Physicians have recommended noncompetitive *physical exercise*, such as aerobics, walking, jogging, swimming, and riding a bicycle, as a way to deal with excessive stress levels. These activities increase lung capacity, lower the at-rest heart rate, and provide a mental diversion from work pressures, effectively reducing work-related levels of stress.97

[](https://portal.phoenix.edu/content/ebooks/9780132834872-organizational-behavior-fifteenth-edition/jcr:content/images/f0603-01_alt.jpg)

This group of Chinese working women participate in a yoga class in Beijing as a way to deal with excessive stress levels caused by long working hours and trying to achieve a work/life balance. Working women in China have high levels of stress because in Chinese culture women are expected to take more responsibility for family matters than in other cultures. As an individual approach to managing stress, yoga is a noncompetitive physical exercise that combines stretching, mental imagery, breathing control, physical postures, and meditation. Yoga reduces stress, anxiety, and muscle tension, provides a mental diversion from work pressures, and promotes physical well-being by lowering blood pressure and heart rate.

*Source:* AFP Photo/Getty Images/Newscom.

Individuals can also teach themselves to reduce tension through *relaxation techniques* such as meditation, hypnosis, and deep breathing. The objective is to reach a state of deep physical relaxation, in which you focus all your energy on release of muscle tension.98 Deep relaxation for 15 or 20 minutes a day releases strain and provides a pronounced sense of peacefulness, as well as significant changes in heart rate, blood pressure, and other physiological factors. A growing body of research shows that simply taking breaks from work at routine intervals can facilitate psychological recovery and reduce stress significantly and may improve job performance, and these effects are even greater if relaxation techniques are employed.99

**glOBalization!:****Work–Family Stress in Different Cultures**

Studies repeatedly show that conflicts between work life and nonwork life, especially conflicts between work and family responsibilities, are significant stressors. Examples of work–life conflicts include nights and weekends spent at work rather than with family, work schedules so full that vacations cannot happen, and work obligations that require arranging for child care at the last minute. As we noted in Chapter 17, many organizations have experimented with policies like flexible scheduling or working from home to reduce work–life conflicts and help employees reduce their levels of stress. The question is, do these policies have the same effects in different cultures, which have different values and norms regarding family and life responsibilities?

Reviewers have critiqued the literature on strain related to work–life conflict for failing to take culture into account. And, in fact, the great majority of studies on stress due to work–life conflict have been conducted entirely within the United States. Research that included multiple cultures suggests that collectivist cultures have lower levels of work–life conflict because collectivists are more likely to obtain social support from others. Differences in cultural expectations for men and women in different cultures also mean that women in some countries will experience greater work–life conflict because they have more responsibilities in the family domain, whereas in more egalitarian cultures men and women will experience similar levels of work–life conflict.

Do these cultural differences mean organizations should use different policies to combat work–life conflicts? One study of nearly 25,000 IBM employees in 75 countries investigated how policies like flexibility about where and when work is performed were related to employee stress levels. The results clearly showed that both forms of flexibility (such as work-at-home arrangements and flexible schedules) were linked to lower levels of work–life conflict in affluent and developing countries in the East and the West. In other words, it appears that flexible scheduling can help reduce employee stress levels around the world. This is good news for organizations attempting to develop policies and procedures that apply equally to all their employees.

*Sources:* Based on E. J. Hill, J. J. Erickson, E. K. Holmes, and M. Ferris, “Workplace Flexibility, Work Hours, and Work-Life Conflict: Finding an Extra Day or Two,” *Journal of Family Psychology* 24, no. 3 (2010), pp. 349–358; and G. N. Powell, A. M. Francesco, and Y. Ling, “Toward Culture-Sensitive Theories of the Work-Family Interface,” *Journal of Organizational Behavior* 30, no. 5 (2009), pp. 597–616.

As we have noted, friends, family, or work colleagues can provide an outlet when stress levels become excessive. Expanding your*social support network* provides someone to hear your problems and offer a more objective perspective on a stressful situation than your own.

**Organizational Approaches**

Several organizational factors that cause stress—particularly task and role demands—are controlled by management and thus can be modified or changed. Strategies to consider include improved employee selection and job placement, training, realistic goal-setting, redesign of jobs, increased employee involvement, improved organizational communication, employee sabbaticals, and corporate wellness programs.

Certain jobs are more stressful than others but, as we’ve seen, individuals differ in their response to stressful situations. We know 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. Obviously, management shouldn’t restrict hiring to only experienced individuals with an internal locus, but such individuals may adapt better to high-stress jobs and perform those jobs more effectively. Similarly, *training* can increase an individual’s self-efficacy and thus lessen job strain.

We discussed *goal-setting* in Chapter 7. Individuals perform better when they have specific and challenging goals and receive feedback on their progress toward these goals. Goals can reduce stress as well as provide motivation.100 Employees who are highly committed to their goals and see purpose in their jobs experience less stress because they are more likely to perceive stressors as challenges rather than hindrances. Specific goals perceived as attainable clarify performance expectations. In addition, goal feedback reduces uncertainties about actual job performance. The result is less employee frustration, role ambiguity, and stress.

*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. But as we noted in our discussion of work design, not all employees want enriched jobs. The right redesign for employees with a low need for growth might be less responsibility and increased specialization. If individuals prefer structure and routine, reducing skill variety should also reduce uncertainties and stress levels.

Role stress is detrimental to a large extent because employees feel uncertain about goals, expectations, how they’ll be evaluated, and the like. By giving these employees a voice in the decisions that directly affect their job performance, management can increase employee control and reduce role stress. Thus, managers should consider *increasing employee involvement* in decision making, because evidence clearly shows that increases in employee empowerment reduce psychological strain.101

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. Remember that what employees categorize as demands, threats, or opportunities at work is an interpretation and that interpretation can be affected by the symbols and actions communicated by management.

Some employees need an occasional escape from the frenetic pace of their work. Companies including Genentech, American Express, Intel, General Mills, Microsoft, Morningstar, DreamWorks Animation, and Adobe Systems have begun to provide extended voluntary leaves.102 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. Proponents say they can revive and rejuvenate workers who might otherwise be headed for burnout.

Our final suggestion is organizationally supported **wellness programs**. These typically provide workshops to help people quit smoking, control alcohol use, lose weight, eat better, and develop a regular exercise program; they focus on the employee’s total physical and mental condition.103 Some help employees improve their psychological health as well. A meta-analysis of 36 programs designed to reduce stress (including wellness programs) showed that interventions to help employees reframe stressful situations and use active coping strategies appreciably reduced stress levels.104 Most wellness programs assume employees need to take personal responsibility for their physical and mental health and that the organization is merely a means to that end.

[](https://portal.phoenix.edu/content/ebooks/9780132834872-organizational-behavior-fifteenth-edition/jcr:content/images/f0606-01_alt.jpg)

Cindy Russell poses with her assembled gear in preparation for a one-month sabbatical to go fly fishing in the South Pacific. Russell is a paralegal with the law firm Alters, Boldt, Brown, Rash, and Culmo in Miami. Like many small companies, the law firm does not have a formal sabbatical program. But Russell approached her boss with the idea, saying that she worked long hours in preparing for trials and desired a longer time away from work than her vacation time allowed. She explained how the fishing trip would help her to decompress and return to work energized and refreshed. Russell was granted the leave, some of it unpaid, after convincing her boss how it would benefit both her and the firm.

*Source:* C.W. Griffin/Miami Herald/MCT/Newscom.

Most firms that have introduced wellness programs have found significant benefits. A study of eight Canadian organizations found that every dollar spent on comprehensive wellness programs generated a return of $1.64, and for high-risk employees, such as smokers, the return was nearly $4.00.105

[https://portal.phoenix.edu/content/ebooks/9780132834872-organizational-behavior-fifteenth-edition/jcr:content/images/mylab.jpg](https://portal.phoenix.edu/content/ebooks/9780132834872-organizational-behavior-fifteenth-edition/jcr:content/images/mylab.jpg)

Now that you have finished this chapter, go back to **[www.mymanagementlab.com](http://www.mymanagementlab.com/" \t "_blank)** to continue practicing and applying the concepts you’ve learned.

**Summary and Implications for Managers**

The need for change has been implied throughout this text. “A casual reflection on change should indicate that it encompasses almost all of our concepts in the organizational behavior literature.”106 For instance, think about attitudes, motivation, work teams, communication, leadership, organizational structures, human resource practices, and organizational cultures. Change was an integral part in our discussion of each. If environments were perfectly static, if employees’ skills and abilities were always up to date and incapable of deteriorating, and if tomorrow were always exactly the same as today, organizational change would have little or no relevance to managers. But the real world is turbulent, requiring organizations and their members to undergo dynamic change if they are to perform at competitive levels.

* Managers are the primary change agents in most organizations. By the decisions they make and their role-modeling behaviors, they shape the organization’s change culture.

**Responsible Managers Relieve Stress on Their Employees**

| POINT | COUNTERPOINT |
| --- | --- |
| One of the reasons the economic recovery has been sluggish is that employers have been reluctant to replace those they laid off. If you can produce the same amount or provide the same service with fewer employees, that’s efficient, of course. But is it a short-sighted way to manage? Evidence suggests that employees are at their breaking point—and employers will pay a price just like the employees they are stressing.  Employees are really stressed. More work is being done with fewer people. Workers wonder whether they will be the “next shoe to fall” in layoffs. In a recent survey of managers, 81 percent agreed worker stress and fatigue is a greater problem than in the past.  Says one Sacramento, California, employee, “I can’t remember the last time I went out for lunch. I bring my lunch and eat at my desk,” she says. She can’t even complain to her husband, since he’s the same boat—working 10-hour days and “coming home late and exhausted.”  Some employers are long-sighted enough to address the problem.  Tony Schwartz, CEO of a consulting firm, decided to institute a program he called “Take Back Your Lunch.” He encourages his employees to take a lunch break and even urges them to organize midday gatherings with social networking site Meetup.com.  Another company with progressive management is the accounting firm Ernst & Young. Of the company’s 23,000 employees, about 10 percent work under flexible arrangements where they can work less or adopt a more flexible schedule during nonpeak times.  These companies have found that taking the long view and emphasizing balance helps good employees be more productive over the long-term—and more likely to stick around. “We listen to our people and they tell us very consistently that flexibility in incredibly important to them and to their family,” said James Turley, Ernst & Young’s CEO. | It is not hard to find employees who think they’re overworked and underpaid. If a company managed according to worker complaints, the squeakiest wheel would always get the grease. Sure, people might work fewer hours and feel less stressed, but that would compromise an organization’s ability to be competitive and to reward its hardest-working and most productive employees.  Labor is often the largest single cost for an employer, which means that if it is to be competitive, the firm needs to earn more revenue per employee. It doesn’t take a math genius to realize that one way of accomplishing that is to pay attention to the denominator. It’s that magical thing we call “productivity,” a central metric by which we can measure the organization’s performance. Organizations that are productive today enjoy higher earnings later.  Take Deutsche Bank as an example. The number of front-office employees in Deutsche Bank’s investment banking division has fallen 12 percent from pre-crisis levels, while net revenue per employee has increased 20 percent. That sounds like a well-managed company, doesn’t it? Yet Deutsche Bank employees probably do feel they’re working harder. They are. What would you think of a company if the story instead was, “Net revenue per employee has fallen 20 percent, but employees feel much less stressed at work”? We don’t live in a world where companies have the luxury of doing less with more.  Managers shouldn’t go out of their way to stress out their employees. Nor should they turn a blind eye toward burnout. But realistically, in today’s globally competitive business environment, the organizations that will survive are those that can do more with less. If that means employees are stressed by higher workloads, well, it beats the unemployment line, doesn’t it? |

*Sources:* S. Greenhouse, “The Retention Bonus? Time,” *The New York Times* (January 8, 2011), pp. B1, B7; M. V. Rafter, “The Yawning of a New Era,” *Workforce Management* (December 2010), pp. 3–4; and M. Turner, “Deutsche Says It Does More with Less,” *Financial News* (June 2, 2011), downloaded on July 19, 2011, from [www.efinancialnews.com/](http://www.efinancialnews.com/" \t "_blank).

* Management decisions related to structural design, cultural factors, and human resource policies largely determine the level of innovation within the organization.
* Management policies and practices will determine the degree to which the organization learns and adapts to changing environmental factors.
* The existence of work stress, in and of itself, need not imply lower performance. The evidence indicates that stress can be either a positive or a negative influence on employee performance.
* Low to moderate amounts of stress enable many people to perform their jobs better by increasing their work intensity, alertness, and ability to react. This is especially true if stress arises due to challenges on the job rather than hindrances that prevent employees from doing their jobs effectively.
* However, a high level of stress, or even a moderate amount sustained over a long period, eventually takes its toll, and performance declines.

**Questions for Review**

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| 1 | What forces act as stimulants to change, and what is the difference between planned and unplanned change? |

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| 2 | What forces act as sources of resistance to change? |

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| 3 | What are the four main approaches to managing organizational change? |

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| 4 | How can managers create a culture for change? |

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| 5 | What is stress, and what are the possible sources of stress? |

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| 6 | What are the consequences of stress? |

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| 7 | What are the individual and organizational approaches to managing stress? |

**Experiential Exercise: Power and the Changing Environment**

**Objectives**

1. To describe the forces for change influencing power differentials in organizational and interpersonal relationships.
2. To understand the effect of technological, legal/political, economic, and social changes on the power of individuals within an organization.

**The Situation**

Your organization manufactures golf carts and sells them to country clubs, golf courses, and consumers. Your team is faced with the task of assessing how environmental changes will affect individuals’ organizational power. Read each of the five scenarios and then, for each, identify the five members in the organization whose power will increase most in light of the environmental condition(s). [*Note:* m = male, (f) = female.]

* Accountant/CPA (m)
* Advertising expert (m)
* Chemist (m)
* Chief financial officer (f)
* Computer programmer (f)
* Corporate trainer (m)
* General manager (m)
* Human resource manager (f)
* Industrial engineer (m)
* In-house counsel (m)
* Marketing manager (f)
* Operations manager (f)
* Product designer (m)
* Public relations expert (m)
* Securities analyst (m)

1. New computer-aided manufacturing technologies are being introduced in the workplace during the next 2 to 18 months.
2. New federal emission standards are being legislated by the government that will essentially make gas-powered golf carts (40 percent of your current business) obsolete.
3. Sales are way down for two reasons: (a) a decline in the number of individuals playing golf and (b) your competitor was faster to embrace lithium batteries, which allow golf carts to run longer without another charge.
4. Given the growth of golf courses in other places (especially India, China, and Southeast Asia), the company is planning to go international in the next 12 to 18 months.
5. The U.S. Equal Employment Opportunity Commission is applying pressure to balance the male–female population in the organization’s upper hierarchy by threatening to publicize the predominance of men in upper management.

**The Procedure**

1. Divide the class into teams of three to four students each.
2. Teams should read each scenario and identify the five members whose power will increase most in light of the external environmental conditions described.
3. Teams should then address this question: assuming that the five environmental changes are taking place at once, which five members of the organization will now have the most power?
4. After 20 to 30 minutes, representatives of each team will be selected to present and justify their conclusions to the entire class. Discussion will begin with scenario 1 and proceed through scenario 5 and the “all at once” scenario.

*Source:* Adapted from J. E. Barbuto Jr., “Power and the Changing Environment,” *Journal of Management Education* (April 2000), pp. 288–296.

**Ethical Dilemma: Changes at WPAC**

WPAC—a television station based in Yuma, Arizona—had been experiencing a ratings decline for several years. In 2009, the station switched from a CBS to NBC affiliate. That has explained some of the ratings decline. However, in recent months, the ratings have continued to slide. Eventually, the station manager, Lucien Stone, decided he had to make a change to the local newscast.

After meeting with the programming manager, Stone called a meeting of WPAC employees and announced his intention to “spice things up” during the 5 *P.M*. and 10 *P.M*. local news. The 30-minute broadcasts would still include the traditional “top stories,” “sports,” and “weather” segments. However, on slow news days, more attention-getting material would be used. Stone also indicated some programming decisions would probably be revisited. “The days of *Little House on the Prairie* are over,” he said.

Madison Devereaux, 29, had been the chief meteorologist for WPAC since 2010. After receiving her degree in meteorology from the University of Oklahoma in 2007, she joined WPAC and quickly worked her way up the ranks, impressing viewers and WPAC management alike with her extension knowledge and articulate, professional, mistake-free delivery.

Though she was Christian, Devereaux never was one to go around “thumping Bibles in the newsroom,” as she put it. Most of those at WPAC weren’t even aware of Madison’s religious views.

Devereaux was troubled by the announced changes to WPAC’s programming but didn’t speak up at the time. One Monday during a pre-production meeting, she learned that on Thursday of that week, WPAC reporter Sam Berkshow would present a segment called “Dancing Around the Economy,” which would focus on how local strip clubs were doing well despite the sluggish economy.

Devereaux didn’t think it was appropriate to air the segment during the 5 P.M. newcast and asked both her producer and Stone to reconsider the piece, or at least air it in the 10 P.M. time slot. When they refused, she asked whether she could take the day off when the segment aired. Stone again refused. This was “sweeps week” (when ratings are calculated), Stone wanted to air the story now, and Devereaux’s contract prohibited her from taking time off during sweeps week.

When Devereaux didn’t show up for work that Thursday, WPAC fired her, arguing she had breached her contract.

For her part, Devereaux said, “I’m not angry with the station, but I am sorry about the changes that have taken place.”

**Questions**

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| 1. | Do you think either party behaved unethically in this case? |

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| 2. | If you shared Devereaux’s views, would you have handled the situation differently? How? |

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| --- | --- |
| 3. | Drawing on Kotter’s eight-step plan for implementing change, how might WPAC have handled its planned change differently? |

*Sources:* Based on C. Edelhart, “Weatherman’s Stand Against Story Costs Job,” *Californian* (May 16, 2011), downloaded July 7, 2011, from [www.bakersfield.com/](http://www.bakersfield.com/" \t "_blank); and K. T. Phan, “ABC Affiliate Fires Christian over Strip Club Segment,” *Fox News* (May 10, 2011),[www.nation.foxnews.com](http://www.nation.foxnews.com/" \t "_blank).

**Case Incident 1: Starbucks Returns to Its Roots**

You are probably so used to seeing Starbucks coffee shops everywhere that you might not realize the company went from just 11 stores in 1987 to 2,600 in the year 2000. This incredibly rapid growth sprang from the company’s ability to create a unique experience for customers who wanted to buy its distinct brand of lattes and mochas wherever they found themselves. At Starbucks’ core, there was also a culture of treating each customer as a valued guest who should feel comfortable relaxing and taking in the ambience of the store. Whether you were in the company’s founding location in Seattle, Washington, or at the other end of the country in Miami, Florida, you knew what to expect when you went to a Starbucks.

This uniform culture was truly put to the test in the face of massive expansion, however, and by 2006 Starbucks’ chairman and former CEO Howard Schultz knew something had gone wrong. He noted that “As I visited hundreds of Starbucks stores in cities around the world, the entrepreneurial merchant in me sensed that something intrinsic to Starbucks’ brand was missing. An aura. A spirit. The stores were lacking a certain soul.” Starbucks’ performance had become lackluster, with hundreds of planned store openings being canceled and hundreds more stores being closed.

So, Schultz took the dramatic step of coming back as CEO and engaging in a companywide effort to change the corporate culture back to what it had been before its expansion. All 7,000 Starbucks stores were closed for a single afternoon as part of a training effort of 135,000 baristas. Quality control was a primary mission; baristas were instructed to pour every glass of espresso like honey from a spoon, to preserve the flavor. This emphasis on quality over speed ran counter to the principles of mass production, but it was just what the company needed to ensure it could retain its culture. Espresso machines that obscured the customers’ view were replaced with lower-profile machines that allowed baristas to look directly at guests while making beverages. And “assembly-line production,” like making several drinks at once, was discouraged in favor of slowly making each drink for each customer.

Schultz is convinced his efforts to take the culture back to its roots as a neighborhood coffee shop—one entranced with the “romance of coffee” and treating every customer as an old friend—has saved the company. Today, Starbucks earns more than $10 billion in annual revenue and serves more than 50 million customers a week around the globe.

**Questions**

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| 1. | What factors are most likely to change when a company grows very rapidly, as Starbucks did? How can these changes threaten the culture of an organization? |

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| 2. | Why might this type of radical change process be easier for Starbucks to implement than it would be for other companies? |

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| 3. | A great deal of the return to an original culture has been credited to Howard Schultz, who acted as an idea champion. Explain how Schultz’s efforts to change the Starbucks culture fit with our discussion of culture change earlier in the chapter. |

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| 4. | Schultz’s change initiative might succeed at another company that values customization and high levels of customer service, but how would it need to differ at a firm that emphasizes speed and efficiency of service? |

*Sources*: Based on H. Schultz, “How Starbucks Got Its Mojo Back,” *Newsweek*, (March 21, 2011), [www.newsweek.com](http://www.newsweek.com/" \t "_blank); A. Ignatius, “We Had to Own the Mistakes,” *Harvard Business Review* (July/August 2010), pp. 108–115; and R. Baker, “Starbucks Demonstrates Power of Brand,” *Marketing Week* (April 28, 2011), [www.marketingweek.co.uk](http://www.marketingweek.co.uk/" \t "_blank).

**Case Incident 2: The Rise of Extreme Jobs**

Before Barbara Agoglia left her job at American Express, she was spending 13 hours a day working and commuting. She also had to be available via cell phone 24/7. The last straw came when she didn’t have time to wait with her school-age son at his bus stop. Carolyn Buck also has an extreme job. She usually works more than 60 hours a week for Ernst & Young and often has to travel to India and China.

Agoglia and Buck are not alone. Most U.S. adults are working more hours than ever, but one group in particular stands out: those with extreme jobs—people who spend more than half their time working and commuting to and from work. More than 1.7 million people consider their jobs *too* extreme, according to a recent study.

What accounts for the rise in extreme jobs? It’s not entirely clear, but the usual suspects of globalization, technology, and competitiveness are high on everyone’s lists.

As extreme as Agoglia and Buck’s jobs may seem, U.S. workers may have it comparatively easy. Most surveys indicate extreme jobs are worse in developing counties. A 2006 *Harvard Business Review* study of managers in 33 global companies indicated that compared to U.S. managers, managers in developing countries were more than twice as likely to have extreme jobs.

For those who hold extreme jobs, personal life often takes a back seat. Forty-four percent take fewer than 10 vacation days per year. Many individuals with extreme jobs see society changing into a “winner takes all” mode, where those who are willing to go the extra mile will reap a disproportionate share of the intrinsic and extrinsic rewards.

Why do people take extreme jobs (or allow their jobs to become extreme)? A 2006 study suggested that for both men and women, the number-one reason for working long, stressful hours is not pay. Rather, it’s the rush they get from doing stimulating or challenging work. As one Asian manager said, “Building this business in markets where no one has done anything like this before is enormously exciting. And important. We’ve built distribution centers that are vital to China’s growth—they contribute to the overall prospects of our economy.”

Although this sounds all good, the situation is more complicated when you ask holders of extreme jobs about what their jobs cost them. Among them, 66 percent of men and 77 percent of women say their job interferes with their ability to maintain a home. For those with extreme jobs who have children, 65 percent of men and 33 percent of women say it keeps them from having a relationship with their children. And 46 percent of male and female extreme job holders say their jobs interfere with having a strong relationship with their spouse. About half the members of each group say it interferes with their sex life. “I can’t even fathom having a boyfriend,” says one extreme job holder. Another, Chris Cicchinelli, was so concerned about being out of touch with work during his honeymoon that he got a satellite phone. Even that didn’t help. He ended up cutting his 10-day honeymoon to 5 days. “I had major anxiety,” he said.

The problem of overwork has become so pronounced in South Korea that many employers are forcing employees to take time off and locking them out of their computer systems during scheduled vacation times. Managers complain that Korean workers have become comparatively unproductive during their work hours, in part because they are so exhausted they cannot perform effectively. One authority on Korean society opines that employees are worried that if they do not work extreme hours, their employers will see them as expendable.

**Questions**

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| --- | --- |
| 1. | Do you think you will ever have an extreme job? Are you sure? Explain. |

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| --- | --- |
| 2. | Why do you think the number of extreme jobs has risen? |

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| --- | --- |
| 3. | Do you think organizations should encourage extreme jobs, discourage them, or completely leave them to an employee’s discretion? |

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| --- | --- |
| 4. | Why do you think people take extreme jobs in the first place? |

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