

Fundamentals of Management

1



Part Three: Organizing

2

- Chapter Eight: Managing Change and Innovation
 - Define organizational change, compare/contrast views on change process.
 - Explain how to manage resistance to change.
 - Describe what managers need to know about employee stress.
 - Discuss techniques for stimulating innovation.



Change

3



- What is change and how do managers deal with it?
 - Organizational change is any alteration or adaptation of an organization's structure, technology, or people.
 - ✦ Changing Structure
 - Includes any change in authority relationships, coordination mechanisms, degree of centralization, job design, etc.
 - ✦ Changing Technology
 - Encompasses modifications in the way work is done or the methods and equipment used.
 - ✦ Changing People
 - Refers to changes in employee attitudes, expectations, perceptions, or behaviors.

Change

4

- Why do organizations need to change?
 - Both External and Internal forces constrain managers, and these same forces bring about the need for change.

INSIDE OUT

Change

5

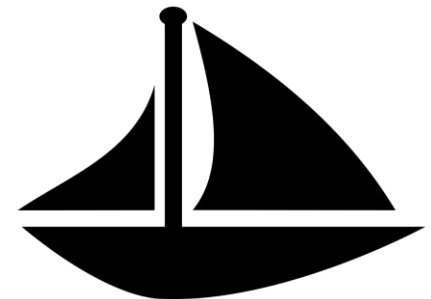
- Who initiates organizational change?
 - People who act as catalysts and assume the responsibility for managing the change process are called Change Agents.
 - ✦ Change Agents can be any manager or any non-manager, including an outside consultant.
 - For major system-wide changes, an organization will often hire outside consultants for advice and assistance.
 - Consultants offer an objective perspective that insiders usually lack.
 - However, they may not understand the organization's history, culture, operating procedures, and personnel.

**I don't
work here,
I'm a
consultant**

Change

6

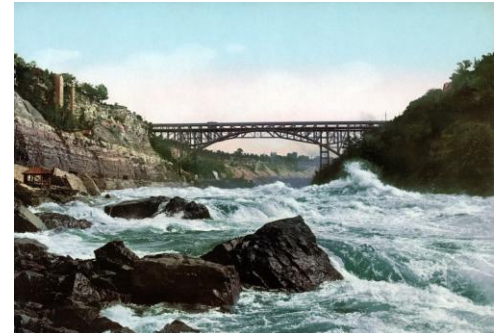
- How does organizational change happen?
 - Calm Waters Metaphor
 - ✦ Envisions the organization as a large ship crossing a calm sea. Change appears to be the occasional storm, a brief distraction in an otherwise calm and predictable trip.
 - In this case, according to Lewin, successful change requires:
 - (1) unfreezing the status quo, (2) changing to a new state, and (3) refreezing the new change to make it permanent.



Change

7

- How does organizational change happen?
 - White-Water Rapids Metaphor
 - ✦ The organization is seen as a small raft navigating a raging river with uninterrupted white-water rapids.
 - ✦ In this metaphor, change is the status quo, and managing change is a continual process.
 - Managers who are overly structured or uncomfortable with change will not succeed in this environment.



Change

8

- Do managers face a world of constant and chaotic change?
 - Stability and predictability of the calm waters metaphor doesn't exist. Disruptions in the status quo are not occasional and temporary, and they are not followed by a return to calm.
 - ✦ Many managers never get out of the rapids.



Implementing Planned Change

9

- Efforts to assist organizational members with a planned change are referred to as Organizational Development.
 - In facilitating organization-wide changes, managers use OD to change attitudes and values of members, so they can adapt to and be more effective in achieving new direction.
 - ✦ When OD efforts are planned, organizational leaders are, in essence, attempting to change the organization's culture.



Implementing Planned Change

10

- A fundamental concern of OD is its reliance on employee participation to foster an environment in which open communication and trust exist.
 - Persons involved in OD efforts acknowledge that change can create stress for employees.
 - ✦ OD attempts to involve organizational members in changes that will affect their jobs and seeks their input about how the change is affecting them personally.



Implementing Planned Change

11

- The more popular OD efforts in organizations rely heavily on group interactions and cooperation.
 - Survey Feedback
 - ✦ Employees are asked their attitudes about and perceptions of the change they are encountering.
 - Process Consultation
 - ✦ Outside consultants help managers perceive, understand, and act on organizational processes they're facing.
 - Team-Building
 - ✦ OD helps individuals become a team by working with them to set goals, develop positive interpersonal relationships, and clarify roles-responsibilities of each team member. Primary focus is to increase trust and openness.
 - Intergroup Development
 - ✦ Groups focus on becoming more cohesive by attempting to change attitudes, stereotypes, and perceptions that one group may have toward another group.



Resistance to Change

12

- Managers should be motivated to initiate change because of concern with improving the organization's effectiveness.
 - But, change isn't easy in any organization.
 - It can be disruptive and scary. And, people and organizations can build up inertia and not want to change.
 - ✦ People can change, however, if you make the change appealing!



Resistance to Change

13

- Why do people resist organizational change?



- Uncertainty

- ✦ Change replaces the known with uncertainty, and we don't like it.

- Habit

- ✦ We are creatures of habit, and we don't want to have to consider the full range of options for the many decisions we often make.

- Concern Over Personal Loss

- ✦ Change threatens the investment we've made in the status quo. The more we invest, the more we resist.

- Change is Not in the Organization's Best Interests

- ✦ We believe that the change is incompatible with the goals and interests of the organization.

Resistance to Change



14

- Techniques for Reducing Resistance to Change:
 - 1. Education and Communication
 - ✦ Can help reduce resistance to change by helping EE's see the logic of the change effort.
 - Clears up misunderstandings.
 - May not work when mutual trust and credibility are lacking.
 - 2. Participation
 - ✦ Involves bringing those individuals directly affected by the proposed change into the decision-making process.
 - Increase involvement and acceptance.
 - Time-consuming; has potential for a poor solution.

Resistance to Change



15

- Techniques for Reducing Resistance to Change:
 - 3. Facilitation and Support
 - ✦ Involve helping EE's deal with the fear and anxiety associated with the change effort (i.e. counseling).
 - Can facilitate needed adjustments.
 - Expensive; no guarantee of success.
 - 4. Negotiation
 - ✦ Involves exchanging something of value for an agreement to lessen the resistance to the change effort.
 - Can “buy” commitment.
 - Potentially high cost; opens doors for others to apply pressure.

Resistance to Change



16

- Techniques for Reducing Resistance to Change:
 - 5. Manipulation and Co-optation
 - ✦ Refers to covert attempts to influence others about the change.
 - ✦ May involve twisting or distorting facts to make change attractive.
 - Inexpensive; easy way to gain support.
 - Can backfire, causing change agent to lose credibility.
 - 6. Coercion
 - ✦ Involves the use of direct threats or force against those resisting the change.
 - Inexpensive; easy way to gain support.
 - May be illegal; may undermine change agent's credibility.

Stress

17

- Stress is the response to anxiety over intense demands, constraints, or opportunities.
 - Change often creates stress for employees.
 - ✦ Not always bad; can be positive, especially when there is potential gain.
 - ✦ Often associated with:
 - Constraints – an obstacle that prevents you from doing what you desire
 - Demands – the loss of something desired
 - Opportunities – the possibility of something new
 - ✦ Conditions may be right for stress to surface, but doesn't mean it will.
 - Global level of stress – 29% of employees.



Stress

19

- What are job-related factors leading to stress?
 - Task Demands
 - ✦ Stress due to an EE's job
 - Job Design – Working Conditions – Interdependence
 - Technology
 - Role Demands
 - ✦ Stress due to an EE's particular role:
 - Role Conflicts – Role Overload – Role Ambiguity
 - Interpersonal Demands
 - ✦ Stress due to other EE's – Lack of support – Poor relations
 - Organization Structure
 - ✦ Stress due to excessive rules – limited participation in decisions
 - Organizational Leadership
 - ✦ Stress due to manager's supervisory style in a culture of tension, fear, anxiety, unrealistic pressures to perform – tight controls



Stress

20

- What are personal factors leading to stress?
 - Family Issues, Personal Economic Problems, Etc.
 - EE's Personalities
 - ✦ Type A Personality
 - Chronic sense of time urgency, excessive competitive drive, and difficulty accepting and enjoying leisure time
 - More likely to show symptoms of stress.
 - ✦ Type B Personality
 - Little to no sense of time urgency or impatience.
 - Stress comes from the hostility and anger associated w/ Type A.



Stress

21

- Although they may need stress management now more than ever, few EE's will admit they're stressed.
 - It's no secret that EE's, in general, are more stressed out today than previous generations. Heavier workloads, longer hours, continual reorganizations, technology that breaks down traditional barriers between work and personal life, and reduced job security are among factors that have increased EE stress.



Stress

22

- How can stress be reduced?



- General Guidelines

- ✦ Not all stress is dysfunctional.
- ✦ Stress can never be totally eliminated.
- ✦ Reduce dysfunctional stress by controlling job-related factors, and offering help for personal stress.

- Job-Related Factors

- ✦ Improve organizational communications to minimize ambiguity.
- ✦ Clarify job responsibilities and provide clear performance goals.
- ✦ Increase challenge or reduce work overload.
- ✦ Allow EE's to participate in decision-making.

- Personal Factors

- ✦ Not easy for manager to control directly – ethical concerns.

Innovation

23

- Innovation is the key to continued success.
 - Success in business today demands innovation.
 - ✦ In the dynamic, chaotic world of global competition, organizations must create new products and services and adopt state-of-the-art technology if they're going to compete successfully.



Innovation and Creativity

24

- How are creativity and innovation related?
 - Creativity
 - ✦ Refers to the ability to combine ideas in a unique way or to make unusual associations between ideas. A creative organization develops unique ways of working or novel solutions to problems.
 - Creativity by itself isn't enough, though.
 - Innovation
 - ✦ The outcomes of the creative process need to be turned into useful products or work methods, which is defined as innovation.
 - ✦ Thus, the innovative organization is characterized by its ability to channel creativity into useful outcomes.



Creativity

25

- Some people believe that creativity is inborn; others believe that with training, anyone can be creative.
 - Creativity is 1% inspiration and 99% perspiration – Thomas Edison
 - Creativity is a fourfold process leading to innovation:
 - ✦ Seeing things from a unique perspective.
 - ✦ Placing ideas in incubation – needing more review and research.
 - ✦ Having that inspirational moment when thoughts/efforts come together.
 - ✦ Facilitating unique innovation as you mold inspiration into a useful product, service, or way of doing things.



Innovation

26

• Variables that Stimulate Innovation

○ 1. Human Resource Variables:

✦ High Commitment to Training and Development

- Knowledge remains current.

✦ High Job Security

- Reduce fear of getting fired for making mistakes.

✦ Creative People

- Encourage people to become idea champions, actively and enthusiastically supporting new ideas, build support, overcome resistance, and ensure that innovations are implemented.

- Creative people have common personality characteristics: extremely high self-confidence, persistence, energy, and a tendency toward risk-taking. Also, display characteristics of dynamic leadership.

The word 'innovation' is written in a stylized, multi-colored font. The letters are arranged in a staggered, overlapping manner. The colors include blue, pink, green, orange, and purple. The 'i' is blue, 'n' is pink, 'o' is green, 'v' is orange, 'a' is purple, 't' is blue, 'i' is pink, 'o' is green, and 'n' is blue.

Innovation

27

- Variables that Stimulate Innovation

- 2. Cultural Variables:

- ✦ Acceptance of ambiguity

- Less emphasis on objectivity and specificity.

- ✦ Tolerance of the impractical

- What may seem impractical often leads to innovative solutions.

- ✦ Low external controls

- Rules, regulations, policies, and controls must be minimized.

- ✦ Tolerance of risk - Tolerance of conflict

- ✦ Focus on ends

- Goals are made clear, but the path to achievement may differ.

- ✦ Open-system focus

- Monitor environment and respond to changes as they occur.

- ✦ Positive feedback

- Provide needed feedback, encouragement, and support

The word 'innovation' is written in a stylized, multi-colored font. The letters are arranged in a staggered, overlapping manner. The colors include blue, green, pink, orange, and light blue. The 'i' is blue, 'n' is green, 'o' is pink, 'v' is blue, 'a' is green, 't' is red, 'i' is pink, 'o' is orange, and 'n' is blue.

Innovation

28

- Variables that Stimulate Innovation

- 3. Structural Variables:

- ✦ Organic structures

- Facilitates flexibility and sharing of ideas.

- ✦ Abundant resources

- Provides building blocks for innovation.

- ✦ High inter-unit communication

- Helps break down barriers to innovation.

- ✦ Minimal time pressure

- More freedom and less worry leads to innovative solutions.

- ✦ Work and nonwork support

- Encouragement, open communication, readiness to listen, and useful feedback enhances creative performance.

The word "innovation" is written in a stylized, colorful font. The letters are overlapping and have various colors: 'i' is blue, 'n' is pink, 'o' is green, 'v' is blue, 'a' is green, 't' is red, 'i' is pink, 'o' is orange, and 'n' is blue. The letters are arranged in a way that they appear to be floating or overlapping each other.

Innovation

29

- How does Design Thinking influence innovation?
 - When a business approaches innovation with a design thinking mentality, the emphasis is getting a deeper understanding of what customers need and want.
 - ✦ It entails knowing customers as real people with real problems – not just as sales targets or demographics.
 - ✦ But, it also entails being able to convert those customer insights into real and usable products.

(PRODUCT) RED™

The
E N D