

Chapter 14

ORGANIZATION DEVELOPMENT

LEARNING OBJECTIVES

- Know how and why organizations change
- Understand how to increase employee acceptance of change
- Understand the importance of organizational culture
- Know how to handle change
- Know when empowering employees is a good idea
- Understand the levels of employee input
- Understand the types of flexible work schedules
- Know how to avoid layoffs
- Know how to properly conduct a layoff
- Understand the effects of layoffs on victims, survivors, the organization, and the community

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Workbook Exercise 14.2

ACCEPTANCE OF CHANGE

SACRED-COW HUNTS

- The Paper Cow
- The Time Cow
- The Meeting Cow
- The Cash Cow

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SACRED COW HUNTS

EMPLOYEE ACCEPTANCE OF CHANGE: STAGES OF CHANGE

- Organizational Stages (Lewin, 1958)
 - Unfreezing
 - Freezing
 - Refreezing
- Employee Stages (Carnall, 2008)
 - Denial
 - Defense
 - Discarding
 - Adaptation
 - Internalization

EMPLOYEE ACCEPTANCE OF CHANGE: THE REASON BEHIND THE CHANGE

- Legitimate
 - Financial reasons
 - External mandates
 - Productivity improvement
- Whim
- Everybody else is doing it

EMPLOYEE ACCEPTANCE OF CHANGE

- The Type of Change
 - Evolutionary
 - Revolutionary
- Person Making the Change
 - Popularity
 - Degree of respect
 - History of successful change

EMPLOYEE ACCEPTANCE OF CHANGE: THE PERSON BEING CHANGED

- Change agents
- Change analysts
- Receptive changers
- Reluctant changers
- Change resisters

IMPLEMENTING CHANGE

- Creating an atmosphere for change
- Communicating details
 - Training is needed
 - Two-way communication
 - Honesty is essential
- Time frame
- Training needs

ORGANIZATIONAL CULTURE STEPS TO CHANGING CULTURE

- Assessing the new culture
- Creating dissatisfaction with existing culture
- Maintaining the new culture
- Selecting new employees

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ORGANIZATIONAL CULTURE

ORGANIZATIONAL CULTURE: ASSESSING THE NEW CULTURE

- Needs assessment
- Determining executive direction
- Implementation considerations
- Evaluation of the new culture
- Creating dissatisfaction with the existing culture

ORGANIZATIONAL CULTURE: MAINTAINING THE NEW CULTURE

- Select new employees who are consistent with the new culture
- Create a socialization process where new employees will learn about the new culture
- Reward behaviors consistent with the new culture

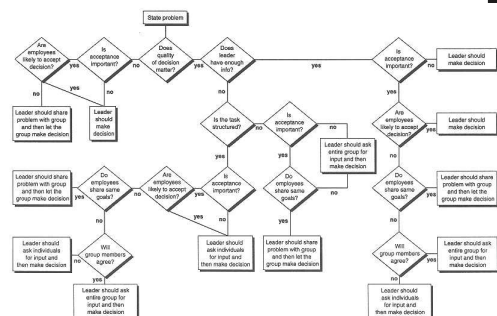
EMPOWERMENT

FACTORS IN MAKING THE DECISION TO EMPOWER

- Importance of decision quality
- Leader knowledge of problem area
- Problem structure
- Importance of decision acceptance
- Probability of decision acceptance
- Subordinate trust and motivation
- Probability of subordinate conflict

DECISION-MAKING STRATEGIES USING THE VROOM-YETTON MODEL

- Autocratic I
- Autocratic II
- Consultative I
- Consultative II
- Group I



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VROOM-YETTON DECISION MAKING MODEL

LEVELS OF EMPLOYEE INPUT

- **Absolute**
 - Sole responsibility for making decisions
- **Shared/Participative/Team**
 - Has an equal vote with management or other employees
 - Reaches decisions through group consensus or voting
- **Advisory**
 - Makes recommendations
 - Suggests new ideas
 - Provides input
- **Ownership of Own Output**
 - Employees are responsible for their own quality control
 - Control is only at the individual level
- **Following**
 - Work is closely checked by others
 - Employee is closely supervised

EMPOWERMENT CHARTS

Job Component	Following	Ownership	Advisory	Participative	Absolute
Job-Related Tasks					
Opening new accounts	[---]				[E---]
Approving loans	[---]				[E---]
Waiving check fees	[---]				[E---]
Scheduling Issues					
Taking breaks	[---]				[E---]
Taking vacations	[---]				[E---]
Scheduling hours	[---]				[E---]
Personnel Issues					
Hiring new staff			[---E---]		
Innovation Issues					
Changing procedures/methods			[---E---]		
Developing new products			[---E---]		

J = Jane, E = Emily

CONSEQUENCES TO EMPOWERMENT

- **Personal**
 - Increased job satisfaction for most
 - Stress
 - Decreased stress due to greater control
 - Increased stress due to greater responsibility
- **Financial**
 - Bonuses
 - Pay increases
- **Career**
 - Increased job security
 - Promotions
 - Increased marketability
 - Increased chance of being terminated

FLEXIBLE WORK ARRANGEMENTS

BENEFITS OF FLEXIBLE WORK ARRANGEMENTS

- **Benefits**
 - Lower absenteeism
 - Lower turnover
 - Higher productivity
 - Higher job satisfaction
 - Better work-life balance
 - Lower community costs
- **If**
 - The employee wants flexibility
 - Management is supportive
 - The job itself allows for flexibility

TYPES OF FLEXIBLE ARRANGEMENTS

- Full-time work, flexible hours
- Compressed workweeks
- Reduced work hours
- Work from home

FLEXIBLE WORK HOURS

- Use of flextime
 - Offered by 55% of organizations in 2014
- Components
 - Bandwidth
 - Core hours
 - Flexible hours
 - Gliding time
 - Flexitour

COMPRESSED WORK WEEKS

- Regular work schedule is 5 days, 8 hours
- 29% of organizations offer compressed schedules in 2014
- Common compressed schedules
 - 10 hours a day for 4 days
 - 12 hours a day for 3 days
- Advantages
 - Decreased absenteeism
 - Increased job satisfaction
 - No loss in productivity
 - Decreased start-up times and cost

REDUCED WORK HOURS

- Peak-Time Pay
- Casual Work
- Job Sharing

WORKING FROM HOME

- Offered by 59% of U.S. organizations (SHRM, 2014)
- Advantages
 - Better work-life balance
 - Higher job satisfaction
 - Higher performance
 - Reduced intentions to turnover
 - Lower commuting costs for employee
 - Lower facility costs for employer
- Disadvantages
 - Difficult to supervise
 - Potential safety issues
 - Unions can't organize workers

LET'S TALK

- Does taking naps at work help reduce fatigue or does it reduce efficiency and performance?

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WORK SCHEDULES

DOWNSIZING

REDUCING THE IMPACT OF DOWNSIZING: SIGNS OF PROBLEMS

- ◉ Temporary employees
- ◉ Outsourcing
- ◉ Help employees change careers
- ◉ Early retirement packages
- ◉ Pay cuts
- ◉ Adjusting work schedules
 - Restricting overtime
 - Job sharing
 - Reduced hours

REDUCING THE IMPACT OF DOWNSIZING: OUTPLACEMENT PROGRAMS

- ◉ Emotional counseling
 - Denial
 - Anger
 - Fear
 - Acceptance
- ◉ Financial counseling
- ◉ Career assessment

EFFECTS OF DOWNSIZING

- ◉ Victims
 - Physical health
 - Psychological health
 - Social wellbeing
- ◉ Survivors
 - More apprehensive, less secure
 - Lower moral and satisfaction
- ◉ Local Community
 - Lower tax base
 - Greater unemployment payments
 - Fewer donations to charity
 - Less spending
- ◉ Organization
 - Most do not improve financial success
 - Half report lower productivity
 - Increased disability and health costs

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DOWNSIZING

LET'S TALK

- ◉ Do layoffs accomplish what they are intended to?

PUTTING IT ALL TOGETHER

- ◉ Applied Case Study: Managing Change at Carlson Restaurants

LET'S TALK

- ◉ Focus on Ethics: Change Management

WHAT DO YOU THINK?

- ◉ In Situation A, did you see any ethical problems? If so, what were they and why do you say that?
- ◉ What was the “end” in this case and what was the “means”?
 - That is, what was the change the company wanted to make and what steps did they take to make the change?
 - Did the end justify the means?
- ◉ In Situation B, were there any ethical problems? If so, what were they and why do you think that?

WHAT DO YOU THINK?

- ◉ What was the “end” in Case B and what was the “means”? That is, what was the change the company wanted to make and what steps did they take?
 - Did the ends justify the means?
 - What would you do, as a leader, if you faced this situation?
- ◉ What was the change that the department manager wanted to make and how did she do it?
 - Did the end justify the means?