Chapter 13 Managing Change and Innovation

TRUE/FALSE QUESTIONS

FORCES FOR CHANGE

1. Change is an organizational reality.
(True; easy; p. 356)

2. The marketplace is an external force of change.
(**True; moderate; p. 356**)

3. The change in demand for health care technicians is an example of an economic change.
(False; difficult; p. 356)

4. Labor markets are an internal force for change.
(False; moderate; p. 356)

TWO VIEWS OF THE CHANGE PROCESS

5. The "calm waters" metaphor of change is consistent with Lewin's concept of unfreezing, changing, and refreezing.
(True; difficult; p. 358)

6. In the "white-water rapids" metaphor of change, managers should expect change at any time, and it may last for unspecified lengths of time.
(True; moderate; p. 358)

MANAGING ORGANIZATIONAL CHANGE

7. Organizational change can be any alterations in people, structure, or technology.
(True; moderate; p. 360)

8. Any manager can be a change agent.
(True; moderate; p. 361)

9. Computerization is a technological change that replaces people with machines.
(False; moderate; p. 362; AACSB: Technology)

10. Probably the most visible technology changes in recent years have come through managers' efforts to expand corporate financing.
(False; moderate; p. 363; AACSB: Technology)

11. Sensitivity training is a method of changing behavior through unstructured group interaction.
(True; easy; p. 363)

12. Change threatens the investment you've already made in the status quo.

(True; easy; p. 364)

13. One reason people resist change is that it substitutes ambiguity for uncertainty.
(False; difficult; p. 364)

14. Negotiation refers to covert attempts to influence, twisting and distorting facts, or withholding information.
(False; moderate; p. 365)

15. Never negotiate with employees as a means of overcoming resistance to change.
(False; moderate; p. 365)

16. Cooptation refers to covert attempts to influence.
(False; moderate; p. 365)

17. Manipulation is the use of direct threats.
(False; moderate; p. 365)

18. A major disadvantage of coercion is that it is may be illegal.
(True; moderate; p. 365)

CONTEMPORARY ISSUES IN MANAGING CHANGE

19. Cultural change is easier when the organizational culture is strong.
(False; easy; p. 366)

20. A leadership change can facilitate cultural change.
(True; moderate; p. 367)

21. The number of employees experiencing job stress in the United States ranges anywhere from 40 to 80 percent.
(True; difficult; p. 368)

22. Stress is the physical and psychological tension an individual feels when he or she is facing or experiencing extraordinary demands, constraints, or opportunities for which the outcome is perceived to be both uncertain and important.
(True; moderate; p. 369)

23. In terms of organizational factors, any attempt to lower stress levels has to begin with employee selection.
(True; moderate; p. 370)

STIMULATING INNOVATION

24. Having creative people is not enough to get innovative products and work methods.
(True; moderate; p. 374)

25. The three sets of variables that have been found to stimulate innovation are the organization's management, culture, and technology.
(False; moderate; p. 374)

26. Studies have shown that when an organization's structure provided explicit support for creativity from work and nonwork sources, an employee's creative performance was enhanced.
(True; moderate; p. 375)

27. Innovative organizations tend to have dissimilar cultures.
(False; moderate; p. 375)

28. Individuals who offer impractical answers to what-if questions are not stifled in an innovative organization.
(True; moderate; p. 375)

29. In an innovative organization, focusing on means to ends suggests that there might be several right answers to any given problems.
(False; moderate; p. 375)

30. Idea champions are good at gaining the commitment of others to support their mission.
(True; easy; p. 376)

MULTIPLE-CHOICE QUESTIONS
For each of the following choose the answer that *most completely* answers the question.

FORCES FOR CHANGE

31. Being a manager, with no environmental uncertainty or threat of competitors' new products, would be relatively simple without _____.
    a. government regulations
    b. diversity
    c. cultural differences
    d. organizational change
(d; moderate; p. 356)

32. Managing change is an integral part of _____.
    a. top management's job
    b. middle-level management's job
    c. the first-line manager's job
    d. every manager's job
(d; moderate; p. 356)

33. The Sarbanes-Oxley Act of 2002 is an example of which of the following forms of environmental change?
    a. internal
    b. technology
    c. government laws and regulations
    d. labor markets
(c; moderate; p. 356)

34. Assembly-line technology is changing dramatically as organizations _____.
    a. develop new products for the market
    b. replace human labor with robots
    c. replace old manually controlled machines with newer machines
    d. find new markets for their products
(b; moderate; p. 356; AACSB: Technology)

35. Changing human resource management activities to attract and retain health care specialists due to increased needs for those workers is an example of what kind of environmental change factor?
    a. marketplace
    b. technology
    c. labor markets
    d. economic
(c; difficult; p. 356)

36. Global economic pressures force organizations to become more _____.
    a. price competitive
    b. quality conscious
    c. cost efficient
    d. conservative with raw materials
(c; difficult; p. 356; AACSB: Globalizations)

37. Falling interest rates are an example of what external force?
    a. marketplace
    b. government laws and regulations
    c. labor markets
    d. economic changes
(d; easy; p. 356)

38. Which of the following is <u>not</u> an internal force of change?
    a. technology
    b. strategy
    c. workforce
    d. employee attitudes
(a; moderate; pp. 356-357)

39. Which of the following is <u>not</u> an external force of change?
    a. marketplace
    b. government laws and regulations
    c. economic changes
    d. workforce
(d; moderate; pp. 356-357)

40. Internal forces that stimulate the need for change tend to originate primarily from the impact of external forces or from _____.
    a. the forces of competition
    b. change in technology
    c. customer demand for the products the company produces
    d. the internal operations of the organization
(d; moderate; p. 357)

41. What change factor did Steve Bennett address in his turnaround of Intuit, Inc?
    a. technology
    b. workforce
    c. equipment
    d. strategy
(d; difficult; p. 357)

42. Increasing the numbers of employed women and minorities forces managers to pay attention to what change factor?
    a. strategy
    b. workforce
    c. equipment
    d. technology
(b; moderate; p. 357; AACSB: Diversity)

43. Labor strikes are an example of what change factor that may encourage a change in management thinking and practices?
    a. workforce
    b. equipment
    c. employee attitudes
    d. strategy
(c; easy; p. 357)

TWO VIEWS OF THE CHANGE PROCESS

44. One of the primary views of the change process is _____, while the other view is _____.
    a. problematic; encouraged
    b. occasional; continuous
    c. costly; conservative
    d. optimistic; pessimistic
(b; difficult; p. 358)

45. Lewin's theory is consistent with which view of organizational change?
    a. continuous
    b. contemporary
    c. Mayo's
    d. "calm waters"
(d; moderate; p. 358)

46. According to Kurt Lewin, which of the following is <u>not</u> a stage in the change process?
    a. unfreezing
    b. changing
    c. refreezing
    d. restraining
(d; moderate; p. 358)

47. According to Kurt Lewin, increasing the driving forces, which direct behavior away from the status quo, is a means of doing which of the following?
    a. unfreezing
    b. changing
    c. restraining forces
    d. refreezing
(a; moderate; p. 358)

48. The unfreezing step of the change process can be thought of as _____.
    a. thawing the organization loose from the current status to the new status
    b. making the move to the new organizational condition
    c. loosening the organization from the old condition and moving it to the new condition
    d. preparing for the needed change
(d; moderate; p. 358)

49. According to Lewin, which of the following is the objective of refreezing?
    a. directs behavior away from the status quo
    b. hinders movement away from existing equilibrium
    c. eliminates the need for future change
    d. stabilizes the new situation
(d; moderate; p. 358)

50. The _____ is consistent with uncertain and dynamic environments.
    a. calm waters metaphor
    b. white-water rapids metaphor
    c. contemporary metaphor
    d. continuous metaphor
(b; moderate; p. 359)

51. In the white-water rapids metaphor, change is a natural state, and managing change is _____.
    a. an accepted practice
    b. an expected practice
    c. a continual process
    d. a maintenance process
(c; moderate; p. 359)

MANAGING ORGANIZATIONAL CHANGE

52. What is an emerging and evolving consumer trend that Hallmark identified?
    a. future perfect
    b. careiness
    c. new and novel … now
    d. happening
(c; difficult; p. 360)

53. In organizations, people who act as catalysts and assume the responsibility for managing the change process are called _____.
    a. change masters
    b. change agents
    c. operations managers
    d. charismatic leaders
(b; moderate; p. 360)

54. In spurring organizational change, outside consultants are usually more _____, whereas internal managers may be more _____.
    a. drastic; thoughtful
    b. highly paid; risky
    c. resistant; bold
    d. cautious; friendly
(a; moderate; p. 361)

55. As change agents, managers should be motivated to initiate change because they are committed to _____.
   a. promoting the welfare of their employees
   b. managing and want to do the best they can for everyone
   c. improving their organization's performance
   d. meeting the competition head-on in the market
(c; difficult; p. 361)

56. Initiating change involves identifying what organizational areas might need to be changed and _____.
   a. discussing it with the board of directors
   b. hiring a consultant to confirm that the change is needed
   c. forming a committee to determine that the need for change is real
   d. putting the change process in motion
(d; easy; p. 361)

57. Managers' options for change essentially fall into what three categories?
   a. environment, technology, and mission
   b. structure, technology, and people
   c. mission, structure, and people
   d. mission, environment, and process
(b; difficult; p. 361)

58. What category of change involves work processes, methods, and equipment?
   a. technology
   b. people
   c. competitors
   d. structure
(a; moderate; p. 361; AACSB: Technology)

59. A company that decides to decentralize its sales procedures is managing what change category?
   a. technology
   b. people
   c. competitors
   d. structure
(d; moderate; p. 362)

60. What type of change might include a shift from a functional to a product structure?
   a. a structural design change
   b. a structural component change
   c. automation
   d. computerization
(a; moderate; p. 362)

61. Competitive factors or new innovations within an industry often require managers to introduce all of the following except new _____.
   a. equipment
   b. tools
   c. operating methods
   d. employees

(d; moderate; p. 362)

62. When grocery stores installed scanners to read the product price, this was an example of managing what change category?
   a. technology
   b. people
   c. competitors
   d. structure

(a; moderate; p. 363; AACSB: Technology)

63. Techniques to change people and the quality of interpersonal work relationships are termed _____.
   a. operations
   b. organizational development
   c. downsizing
   d. robotics

(b; moderate; p. 363)

64. If Kraft Foods hired a consultant to decrease group friction and enhance cooperative work relationships, this would be an example of managing what change category?
   a. technology
   b. people
   c. competitors
   d. structure

(b; difficult; p. 363)

65. What organizational development (OD) technique is a technique for assessing attitudes and perceptions, identifying discrepancies in these, and resolving the differences by using survey information in feedback groups?
   a. team building
   b. intergroup development
   c. survey feedback
   d. sensitivity training

(c; easy; p. 363)

66. What OD technique involves changing the attitudes, stereotypes, and perceptions that work groups have about each other?
    a. team building
    b. intergroup development
    c. survey feedback
    d. sensitivity training
(b; easy; p. 363)

67. Before using the same OD techniques to implement behavioral changes, especially across different countries, managers need to be sure that they've taken into account _____.
    a. cultural characteristics
    b. organizational differences
    c. employee attitudes
    d. societal differences
(a; difficult; p. 364; AACSB: Globalizations)

68. An individual is likely to resist change because of all of the following reasons except _____.
    a. uncertainty
    b. increased productivity
    c. concern over personal loss
    d. belief that the change is not in the organization's best interest
(b; easy; p. 364)

69. To cope with the complexity of life, individuals rely on habits or _____.
    a. programmed responses
    b. the status quo
    c. beliefs
    d. certainties
(a; difficult; p. 364)

70. Which of the reasons for resistance to change expressed by an employee may be beneficial to the organization?
    a. uncertainty
    b. freezing
    c. change is incompatible with the interests of the organization
    d. refreezing
(c; difficult; p. 365)

71. All of the following are mentioned as actions that managers can use to deal with resistance to change except _____.
    a. education and communication
    b. diversification
    c. participation
    d. facilitation and support
(b; moderate; p. 365)

72. For _____ to be effective, there must be mutual trust and credibility between managers and employees.
    a. education
    b. coercion
    c. negotiation
    d. participation
(a; moderate; p. 365)

73. _____ may be necessary when resistance comes from a powerful source.
    a. Education and communication
    b. Coercion
    c. Facilitation and support
    d. Negotiation
(d; moderate; p. 365; AACSB: Communication)

74. _____ is using direct threats or force on those who resist change.
    a. Negotiation
    b. Coercion
    c. Cooptation
    d. Education and communication
(b; moderate; p. 365)

CONTEMPORARY ISSUES IN MANAGING CHANGE

75. Which of the following represents the relationship between organizational culture and change?
    a. Culture and change are naturally compatible.
    b. Culture tends to be very resistant to change.
    c. Culture can change in months but not weeks.
    d. Culture can never be purposely changed.
(b; moderate; p. 366)

76. Which of the following is <u>not</u> a favorable situational condition that may facilitate change in an organizational culture?
    a. a dramatic crisis occurs
    b. the culture is weak
    c. stock prices remain constant
    d. the organization is young and small
(c; moderate; p. 367)

77. Cultural change is most likely to take place when _____.
    a. the organization is old
    b. the organization is large
    c. the culture is strong
    d. there is a leadership change
(d; moderate; p. 367)

78. What is a strategy for managing cultural change?
    a. Support employees who remain devoted to the old values.
    b. Redesign socialization processes to align with the new values.
    c. Keep the reward system the same.
    d. Terminate top managers who are positive role models.
(b; moderate; p. 368)

79. A dynamic and uncertain organizational environment has created a large number of employees who are _____.
    a. old enough to retire, but can't afford to retire
    b. young and energetic about the "next day's work"
    c. overworked and stressed out
    d. overworked, but paid very well
(c; easy; p. 368)

80. _____ is the adverse reaction people have to excessive pressure placed on them from extraordinary demands, constraints, or opportunities.
    a. Stereotyping
    b. Stress
    c. A halo effect
    d. Creativity
(b; moderate; p. 369)

81. Stress, in and of itself, is _____.
    a. not necessarily bad
    b. healthy in most cases
    c. harmful, especially if not managed by exercise
    d. beneficial to those who use it
(a; moderate; p. 369)

82. _____ prevent you from doing what you desire; _____ refer to the loss of something desired.
    a. Constraints; demands
    b. Demands; constraints
    c. Fears; stressors
    d. Stressors; fears
(a; moderate; p. 369)

83. Which of the following is true concerning stress?
    a. Stress is a static condition.
    b. Stress is a negative reaction to an outside force.
    c. Stress can be caused by change of any kind.
    d. Stress limits performance.
(c; moderate; p. 369)

84. _____ there must be uncertainty over the outcome, and the outcome must be important.
    a. For uncertainty to become fear,
    b. For anxiety to become stress,
    c. For potential stress to become actual stress,
    d. For anxiety to become fear,
(c; difficult; p. 369)

85. Stress symptoms can be grouped under any of the following three general categories <u>except</u> _____.
    a. physiological
    b. cultural
    c. psychological
    d. behavioral
(b; moderate; p. 369)

86. Which of the following is an example of a psychological symptom of stress?
    a. changes in metabolism
    b. increased heart and breathing rate
    c. irritability
    d. changes in productivity
(c; moderate; p. 370)

87. Changes in eating habits are a _____ symptom of stress.
    a. physical
    b. psychological
    c. behavioral
    d. inertial
(c; easy; p. 370)

88. Managers need to make sure that employees' abilities _____.
    a. match the job requirements
    b. are being maximized
    c. are not being affected by their stress
    d. are not causing them stress
(a; difficult; p. 370)

89. _____ that increase opportunities for employees to participate in decisions and to gain social support have been found to lessen stress.
    a. Improved organizational communications
    b. Time management programs
    c. Wellness programs
    d. Job redesigns
(d; moderate; p. 370)

90. Stress from an employee's personal life _____.
    a. is difficult for the manager to control directly
    b. should never concern the manager
    c. indicates that the employee needs counseling
    d. always affects work behavior, so the manager should always intervene
(a; moderate; p. 370)

91. Managers might want to offer _____ to employees who want to talk to someone about their problems.
    a. wellness programs
    b. time management programs
    c. employee counseling
    d. performance planning programs
(c; moderate; p. 370)

92. How can managers increase the likelihood of making change happen successfully?
    a. focus on how they want to change the organization
    b. understand the difficult task at hand
    c. increase the role of individual employees
    d. observe how competitors are changing
(c; moderate; p. 371)

93. What is a characteristic of a change-capable organization?
    a. separates the present and the future
    b. makes controlling a way of life
    c. discourages mavericks
    d. shelters breakthroughs
(d; moderate; p. 371)

94. A study of organizational change found that _____ percent of changes at the work-group level were reactions to a specific, current problem or to a suggestion from someone outside the work group; and _____ percent of those changes occurred in the course of employees' day-to-day work.
    a. 77; 68
    b. 35; 90
    c. 90; 35
    d. 68; 77
(a; difficult; p. 372)

STIMULATING INNOVATION

95. Managing in the dynamic, chaotic world of global competition, organizations must create new products and services, _____.
   a. at competitive prices and in the correct location
   b. and adopt teams as the best way to improve the organization
   c. and adopt state-of-the-art technology if they are to compete successfully
   d. that offer the customer what they want
(c; moderate; p. 373; AACSB: Technology)

96. _____ refers to the ability to combine ideas in a unique way or to make unusual associations between ideas.
   a. Innovation
   b. Imagination
   c. Creativity
   d. Interpretive thinking
(c; moderate; p. 374)

97. _____ is the process of taking a creative idea and turning it into a useful product, service, or method of operation.
   a. Innovation
   b. Imagination
   c. Creativity
   d. Interpretive thinking
(a; moderate; p. 374)

98. Research into the effect of structural variables on innovation shows that _____.
   a. organic structures negatively influence innovation
   b. the easy availability of plentiful resources provides a key building block for innovation
   c. frequent interunit communication helps create barriers to innovation
   d. time pressures actually cause people to be more creative
(b; moderate; p. 375)

99. Which of the following is an example of a variable that can foster innovation?
   a. mechanistic structure
   b. organic structure
   c. few organizational resources
   d. acceptance of ambiguity
(b; difficult; p. 375)

100. Which of the following is <u>not</u> a cultural variable that supports innovation?
   a. acceptance of ambiguity
   b. tolerance for the impractical
   c. high external controls
   d. focus on ends, not means
(c; moderate; p. 375)

101. An innovative culture is likely to have _____.

a. high external controls
b. low tolerance for risk
c. closed-system focus
d. tolerance of conflict

(d; easy; p. 375)

102.   Which of the following human resource variables is supportive of organizational innovation?
a. low commitment to training
b. selection of Type A employees
c. high job security
d. unionization

(c; moderate; p. 376)

103.   _____ actively and enthusiastically support new ideas, build support, overcome resistance, and ensure that innovations are implemented.
a. Idea champions
b. Whistleblowers
c. Idea generators
d. Idea screeners

(a; moderate; p. 376)

104.   All of the following are common personality characteristics of idea champions <u>except</u> _____.
a. extremely high self-confidence
b. persistence
c. energy
d. risk aversion

(d; moderate; p. 376)

SCENARIOS AND QUESTIONS

For each of the following, choose the answer that *most completely* answers the question.

FORCES FOR CHANGE

<u>New Ideas (Scenario)</u>

Although New Ideas, Inc., has been in business for 30 years, the company and its employees seemingly have been in a constant state of change. Louis Snyder has been President of New Ideas, Inc. for the last 15 years. During this time, he has had to change the strategic focus of the company three times. The employees have become vocal recently about the decrease in their bonus checks and their desire for increased profits. It seems as though his competition is always introducing new products into the market, and New Ideas, Inc.'s niche products are constantly changing. Moreover, the government has been active in passing new legislation to increase the control of the product packaging and product contents. The technology used to manufacture the products has continually changed to make the process more efficient.

105.   The technology change in the manufacturing process of New Ideas, Inc.'s products to make the process more efficient is the result of a competitor lowering its price. Therefore, it was a(n) _____.
   a. external force of change
   b. internal force of change
   c. marketplace force of change
   d. economic force of change
(a; moderate; p. 356; AACSB: Technology)

106.   Mr. Snyder has had to change the strategic focus of the company three times. The change in strategic focus of the New Ideas, Inc., is a(n) _____.
   a. external force of change
   b. internal force of change
   c. marketplace force of change
   d. economic force of change
(b; moderate; p. 357)

107.   When the employees express their concern about their bonus checks, which of the following types of forces of change is constraining Mr. Snyder?
   a. external force of change
   b. labor market force of change
   c. internal force of change
   d. social force of change
(c; moderate; p. 357)

TWO VIEWS OF THE CHANGE PROCESS

New Ideas (Scenario 2)

Although New Ideas, Inc., has been in business for 30 years, the company and its employees seemingly have been in a constant state of change. Louis Snyder has been president of New Ideas, Inc. for the last 15 years. During this time, he has had to change the strategic focus of the company three times. It seems as though his competition is always introducing new products into the market, and New Ideas, Inc.'s niche products are constantly changing. Moreover, the government has been active in passing new legislation to increase the control of the product packaging and product contents. The technology used to manufacture the products has continually changed to make the process more efficient.

108.   Being that New Ideas, Inc., focuses on new ideas, uses technology that changes frequently, and has strong competition in the market, what metaphor of change can be used to describe New Ideas, Inc.?
   a. a calm water metaphor
   b. more of a white-water rapid metaphor than a calm water metaphor
   c. more of a calm water metaphor than a white-water rapid metaphor
   d. a white-water rapids metaphor
(d; easy; p. 358)

MANAGING ORGANIZATIONAL CHANGE

Fred Fryer's Donuts (Scenario)

Since the integration of two new stores in Littleville, U.S., Fred Fryer's Donuts, Inc., has recognized that there is a need for reengineering the entire organization. The main need is to install new state-of-the-art kitchen equipment in the seven remaining stores, and then dispose of all old equipment to a salvage dealer at three-fourths of the book value, or a loss of $2,000 per store. This means that employees will have to be trained to operate the new computer programmed equipment. Fred is setting up the main store as a training store. Employees from the other stores will train at the main store for the 5 days that their respective store's equipment is being converted. The regular employees from the main store have the responsibility of instructing the classes or overseeing the installation of the new equipment and testing its operation before that store's employees return from training. The organization is also implementing teams to replace the old employee reporting system. Ordering of materials will now be done by an intranet among the stores and the corporate purchasing function. Fred has promised that no one will lose his or her job because of the reengineering organizational changes. He estimates that when the employees get to the computer programming training, as many as 10 percent of the current employees will resign or retire. The planned opening of a new store in Nowhere will absorb any "excess" employees due to the efficiency of the new equipment.

109.   Do the employees of Fred Fryer's Donuts, Inc., have reason to be concerned about the reengineering or to resist the changes that Fred has announced?
    a.   No. They have been promised a job after training on the new equipment.
    b.   Maybe. They do have a few changes occurring in their job.
    c.   Yes. Their whole work life could be changing.
    d.   Definitely. Everything in their job is changing, even the town in which they may be working.
(d; easy; p. 361)

110.   What is the most successful way to deal with the human side of the reengineering to help to change people and the nature and quality of their interpersonal work relationships?
    a.   training and development
    b.   organizational development
    c.   reengineering training
    d.   give the employees a training manual
(b; moderate; p. 363)

111. The installation of the new equipment at Fred Fryer's Donuts, Inc., is an example of _____.
    a.   technological change
    b.   technological-automation change
    c.   technological-computerization change
    d.   technological-reengineering change
(c; moderate; p. 363; AACSB: Technology)

112. Which of the following should Fred and the team leaders practice if they need to overcome employee resistance?
    a. assure the employees that they will have a job after training
    b. encourage the employees to talk with their coworkers
    c. tell employees that the new system is the best way to make donuts
    d. educate employees and communicate with them about the changes
(d; easy; p. 365; AACSB: Communication)

The Government Job (Scenario)

Colin was getting accustomed to his surroundings in state government. His efforts at getting people to accept change had met with little resistance due to his and the new director's efforts as well as the hard work of his subordinates. But now the hard part really started—actually managing the change. What techniques could he and his agency's new director employ to most effectively implement changes that would result in increased productivity in his department? He considered changing three aspects of his agency: the structure, the technology, and the people.

113. If the new agency director decided to remove layers in the agency and increase the span of managerial control, this would be considered changing the _____.
    a. structural design
    b. selection process
    c. degree of centralization
    d. structural components
(d; moderate; p. 362)

114. If the agency director decided to shift away from a functional to a product design, this would be considered changing the _____.
    a. structural design
    b. selection process
    c. degree of centralization
    d. structural components
(a; difficult; p. 362)

115. If Colin decided to replace some employee work time with a telephone menu system, this would be considered changing the _____.
    a. organizational structure
    b. technology
    c. people
    d. organizational development
(b; moderate; p. 362; AACSB: Technology)

116.   Finally, Colin decided his people could benefit from _____, a method of changing behavior through unstructured group interaction.
    a. survey feedback
    b. sensitivity training
    c. team building
    d. intergroup development
(b; difficult; p. 363)

The Practice (Scenario)

Kelly Rae works for an ophthalmologist's office where she has been employed as a technician for approximately 1 year. Kelly has been promoted to the position of clinic coordinator where she is responsible for ensuring operational efficiency and effectiveness by managing and training other technicians, overseeing the doctor's schedules, and coordinating activities between the scheduling desk, the technicians, the insurance office, and the optical shop. Upon her promotion she was given a mandate by the doctors to "clean house" in an effort to make fundamental changes to enhance productivity.

117.   If Kelly were to consider enhancing productivity by giving greater authority to other technicians and increasing formalization, she would be considering _____ changes.
    a. structural
    b. technological
    c. people
    d. automatic
(a; moderate; p. 361)

118.   The two doctors at the practice have very different work habits. Each has his own team of technicians who are used to the doctors' preferences and are comfortable with their routines; they basically do the same thing every day. When Kelly suggested that they train all of the technicians to work with both doctors, this led to significant resistance from all of the parties involved. The technicians were concerned that they would no longer be able to perform their usual daily tasks. Their resistance came from _____.
    a. the technicians' belief that ambiguity would increase
    b. the technicians' fear that they would be forced out of their habits
    c. technicians' concern over personal loss
    d. belief that Kelly's changes would harm the organization
(b; moderate; p. 364)

119.   Shelly, a technician, was particularly concerned about the changes. She had spent a number of years ingratiating herself with one of the doctors and, because of it, she had earned special privileges, such as taking extended lunches with her husband. Shelly's resistance to change came from her _____.
    a. belief that uncertainty would increase
    b. fear that she would be forced out of her habit
    c. concern over personal loss
    d. belief that Kelly's changes would harm the organization
(c; easy; p. 364)

CONTEMPORARY ISSUES IN MANAGING CHANGE

The Management Seminar (Scenario)

Mandy recently returned from her two-day managerial seminar, *How to Totally Change Your Management and Leadership Style in Two Days*. She felt the seminar was worthless (as she had predicted), but it did give her a chance to think about how to change the culture of her organization. She had been brought in by the new CEO as a change agent, and she has the authority to make an impact. She felt that the recent hostile takeover by their parent company had shocked everyone, especially given that the entire organization consisted of only 150 people and had been in business for only 5 years. She felt that this might be the time to attempt cultural change while everyone was still thinking in terms of change. As she tossed her leadership seminar manual into the wastebasket, she considered what her first step might be and how well the cultural change would work.

120.   Of the following, which is an advantage that Mandy has to implement cultural change?
    a.   her new leadership skills
    b.   the recent purchase of her company
    c.   previous stable leadership
    d.   her managerial level
(b; difficult; p. 367)

121.   Which of the following statements is true concerning the leadership of Mandy's company and its effect on cultural change?
    a.   New top leadership can be an advantage.
    b.   New top leadership is rarely an advantage.
    c.   It is important for the cultural change to begin with employees first.
    d.   Leadership issues have little impact on cultural change.
(a; moderate; p. 367)

122.   Which of the following statements about her company is most advantageous to Mandy as she attempts to change the cultural leadership?
    a.   Change would be easiest with a company that is older and has a small number of employees.
    b.   Change would be easiest in an older company with many employees.
    c.   Implementing change in small companies that are new is easiest.
    d.   Implementing change in small companies that are old is easiest.
(c; difficult; p. 367)

123.   Of the following, which statement about her company's previous culture would be most advantageous to her accomplishing a change?
    a.   A previously strong culture is receptive to change.
    b.   A previously nonexistent culture is receptive to change.
    c.   A moderately strong culture is receptive to change.
    d.   A weak culture is more receptive to change.
(d; difficult; p. 367)

Fred's Situation (Scenario)

Fred was not handling the change in his department well. The company had recently changed hands, and even though no jobs had been lost, people had been changing jobs and were being asked to move to different locations. The new leadership had a completely different outlook than management he had worked under for the past 21 years. Fred found that he was unable to concentrate at work and generally felt like he did not like his job anymore. At home he was getting headaches and having trouble sleeping, which only enhanced his feeling that things were not going to work out well for him. When he thought about it, he had always hated change. He had chosen this line of work partially because it was considered stable (boring to some) and predictable. Fred's new boss kept trying to convince him that he was a valuable employee and that new opportunities, along with salary increases, were in store in his future. Unfortunately, Fred felt like he never knew what to expect from day to day and what Fred really wanted was to have things return to the way they were.

124. Fred was obviously feeling stress. Which of the following is not a factor of the stress that Fred feels?
   a. It is a static condition.
   b. It may involve opportunity or threats.
   c. It is related to what Fred desires.
   d. It is related to a desire of Fred's that is uncertain.
(a; moderate; p. 369)

125. Fred is obviously resistant to the change being introduced in his organization. Which of the following reasons is most likely the primary driver of Fred's resistance?
   a. habit
   b. concern over personal loss
   c. uncertainty
   d. belief that change is not in the organization's best interest
(c; moderate; p. 369)

126. Which of the following statements is not true concerning the stress Fred may be feeling?
   a. Stress may come from any change in Fred's life.
   b. Stress may come from personal factors.
   c. Stress is not related to personality differences.
   d. Job-related factors may be part of Fred's stress.
(c; easy; p. 369)

127. Which of the following would be a behavioral symptom of Fred's stress?
   a. headaches
   b. a rise in Fred's blood pressure
   c. his job dissatisfaction
   d. problems sleeping
(d; moderate; p. 370)

128. If Fred's manager noticed Fred's stress, which approach would she find to be the most useful in helping to reduce Fred's stress level?
    a. select better employees
    b. improve organizational communications
    c. redesign Fred's job to increase his workload
    d. redesign Fred's job to decrease his workload
(b; difficult; p. 370; AACSB: Communication)

129. Fred's coworker, Tammy, is also feeling stress. Tammy's stress, however, is not due to the new changes at work. Rather, Tammy's stress is due to some rather large credit card bills she owes and her recent separation from her partner. Which of the following tactics would be most appropriate for the manager to use to help Tammy reduce her stress level?
    a. improve organizational communication
    b. redesign Tammy's job to decrease her workload
    c. implement an MBO program
    d. provide employee counseling for Tammy
(d; difficult; p. 370)

STIMULATING INNOVATION

Lightspeed.com (Scenario)

Edwin Edwards is a team leader for Lightspeed.com, an e-business that has employees in every global time zone. Some of the factors that the team has to contend with are deadlines, strong work ethic, creativity-innovation chain, high-speed turnaround, and professionalism. As team leader, Edwin sees team members via videoconference only a few times per year or via compressed video via Internet a few times more per year. A frustration that he is encountering himself is that he works with all of these people and does not have control over their "actual" work or the few organizational rules, regulations, and policies. Yet, due to the position he is in, he feels he gets all of their complaints. The team does not deal well when a member offers an "off-the-wall" solution to a team problem; team members seem to have more trouble with this than any other team-conflict issue. What he likes most about leading the team is that they seem to prefer getting their objective accomplished instead of wasting time trying to decide who should be doing what tasks.

130. When Edwin feels frustrated that he does not have control over team members' "actual" work or the organizational rules, regulations, and policies, he is contending with _____.
    a. low external control
    b. diversity of opinions
    c. abundant resources
    d. unclear goals
(a; moderate; p. 374)

131. When a member offers an "off-the-wall" solution to a team problem, it appears that Edwin has to contend with what cultural variable?
    a. tolerance of conflict
    b. tolerance of risk
    c. tolerance of the impractical
    d. focus on ends

(c; moderate; p. 374)

132. The part Edwin likes the most is that the team seems to prefer getting their objective accomplished instead of wasting time, which indicates that the team is _____.
    a. tolerant of conflict
    b. an open-system focus team
    c. able to deal with high risk
    d. focused on ends rather than means

(d; moderate; p. 375)

ESSAY QUESTIONS

FORCES FOR CHANGE

133. In a short essay, discuss the external and internal forces that bring about the need for change.

Answer
The external forces that create the need for change come from various sources. The marketplace can affect companies by requiring them to constantly adapt to changing consumer desires as they develop new search capabilities. Governmental laws and regulations are a frequent impetus for change. Technology and the fluctuation in labor markets also forces managers to make changes. Organizations that need certain kinds of employees must change their human resource management activities to attract and retain skilled employees in the areas of greatest need. Economic changes, of course, affect almost all organizations. For instance, global economic pressures force organizations to become more cost efficient. But even in a strong economy, uncertainties about interest rates, federal budget deficits, and currency exchange rates create conditions that may force organizations to change. Internal forces also create the need for change. These internal forces tend to originate from the internal operations of the organization or from the impact of external changes. A redefinition or modification of an organization's strategy often introduces a host of changes. In addition, an organization's workforce is rarely static. Its composition changes in terms of age, education, ethnic background, sex, and so forth. The introduction of new equipment represents another internal force for change. Employees may have their jobs redesigned, need to undergo training on how to operate the new equipment, or be required to establish new interaction patterns within their work group. Finally, employee attitudes such as job dissatisfaction may lead to increased absenteeism, more voluntary resignations, and even labor strikes. Such events often lead to changes in management policies and practices.
(moderate; pp. 356-357)

TWO VIEWS OF CHANGE

134.   In a short essay, describe, compare, and contrast the "calm waters" and "white-water rapids" views of organizational change.

Answer
Up until the late 1980s, the calm waters metaphor was fairly description of the situation that managers faced. It's best illustrated by Kurt Lewin's three-step description of the change process. According to Lewin, successful change can be planned and requires unfreezing the status quo, changing to a new state, and refreezing to make the change permanent. The status quo can be considered an equilibrium state. To move from this equilibrium, unfreezing is necessary. Unfreezing can be thought of as preparing for the needed change. It can be achieved by increasing the driving forces, which are forces that drive change and direct behavior away from the status quo, decreasing the restraining forces, which are forces that resist change and push behavior toward the status quo, or combining the two approaches. On the other hand, the white-water rapids metaphor is consistent with the discussion of uncertain and dynamic environments. It's also consistent with the dynamics of a world that's increasingly dominated by information, ideas, and knowledge. The stability and predictability of the calm waters metaphor do not exist. Disruptions in the status quo are not occasional and temporary, and they are not followed by a return to calm waters. Many managers never get out of the rapids. They face constant change, bordering on chaos. These managers must play a game that they've never played before, and the game is governed by rules that are created as the game progresses.
(easy; pp. 357-360)

MANAGING ORGANIZATIONAL CHANGE

135.   In a short essay, explain organizational change. Then briefly discuss the three types of change.

Answer
Most managers, at one point or another, will have to make changes in some aspects of their workplace. We classify these changes as organizational change—which is any alteration of people, structure, or technology. Organizational changes often need someone to act as a catalyst and assume the responsibility for managing the change process—that is, a change agent. There are three types: structure, technology, and people. Changing structure includes any change in structural variables such as reporting relationships, coordination mechanisms, employee empowerment, or job redesign. Because an organization's structure is defined in terms of work specialization, departmentalization, chain of command, span of control, centralization and decentralization, and formalization, managers can alter one or more of these structural components. Another option would be to make major changes in the actual structural design. Changing technology encompasses modifications in the way work is performed or the methods and equipment that are used. Competitive factors or new innovations within an industry often require managers to introduce new equipment, tools, or operating methods. Automation is a technological change that replaces certain tasks done by people with tasks done by machines. Probably the most visible technological changes in recent years, though, have come through managers' efforts to expand computerization. Most organizations have sophisticated information systems. Changing people refers to changes in attitudes, expectations, perceptions, and behavior of individuals or groups. The term organizational development (OD), though occasionally referring to all types of change, essentially focuses on techniques or programs to change people and the nature and quality of interpersonal work relationships.
(moderate; pp. 361-363)

136.   In a short essay, explain organizational development (OD). Then list and explain the five most popular OD techniques.

Answer
Organizational development (OD), though occasionally referring to all types of change, essentially focuses on techniques or programs to change people and the nature and quality of interpersonal work relationships. The common thread in these techniques is that each seeks to bring about changes in the organization's people.
   a. Sensitivity training—a method of changing behavior through unstructured group interaction.
   b. Team building—activities that help team members learn how each member thinks and works.
   c. Intergroup development—changing the attitudes, stereotypes, and perceptions that work groups have about each other.
   d. Process consultation—an outside consultant helps the manager understand how interpersonal processes are affecting the way work is being done.
   e. Survey feedback—a technique for assessing attitudes and perceptions, identifying discrepancies in these, and resolving the differences by using survey information in feedback groups.
(moderate; p. 363)

137.   In a short essay, list and discuss the four reasons that describe why people resist change. Include an example of each reason to support your answer.

Answer
An individual is likely to resist change for the following reasons: uncertainty, habit, concern over personal loss, and the belief that the change is not in the organization's best interest. Change replaces the known with ambiguity and uncertainty. For example, when quality control methods based on sophisticated statistical models are introduced into manufacturing plants, many quality control inspectors have to learn the new methods. Some inspectors may fear that they will be unable to do so and may, therefore, develop a negative attitude toward the change or behave poorly if required to use them. Another cause of resistance is that we do things out of habit. Every day, when you go to school or work you probably go the same way, whether walking, driving, or using mass transit. If you're like most people, you find a single approach and use it regularly. As human beings, we're creatures of habit. Life is complex enough—we don't want to have to consider the full range of options for the hundreds of decisions we make every day. To cope with this complexity, we rely on habits or programmed responses. But when confronted with change, our tendency to respond in our accustomed ways becomes a source of resistance. The third cause of resistance is the fear of losing something already possessed. Change threatens the investment you've already made in the status quo. The more that people have invested in the current system, the more they resist change. Why? They fear the loss of status, money, authority, friendships, personal convenience, or other economic benefits that they value. This helps explain why older workers tend to resist change more than younger workers. Older employees have generally invested more in the current system and thus have more to lose by changing. A final cause of resistance is a person's belief that the change is incompatible with the goals and interests of the organization. For instance, an employee who believes that a proposed new job procedure will reduce product quality or productivity can be expected to resist the change. If the employee expresses his or her resistance positively, this actually can be beneficial to the organization.
(moderate; pp. 364-365)

CONTEMPORARY ISSUES IN MANAGING CHANGE

138.   In a short essay, define stress. Next, discuss the various causes of stress and explain how managers can recognize stress in their employees.

Answer
Stress is the adverse reaction people have to excessive pressure placed on them from extraordinary demands, constraints, or opportunities. Stress is not always bad. Although it's often discussed in a negative context, stress does have a positive value, particularly when it offers a potential gain. However, stress is more often associated with constraints and demands. A constraint prevents you from doing what you desire; demands refer to the loss of something desired. When you take a test at school or have your annual performance review at work, you feel stress because you confront opportunity, constraints, and demands. A good performance review may lead to a promotion, greater responsibilities, and a higher salary. But a poor review may keep you from getting the promotion. An extremely poor review might lead to your being fired. Just because the conditions are right for stress to surface, however, doesn't always mean it will. Two conditions are necessary for potential stress to become actual stress. First, there must be uncertainty over the outcome, and second, the outcome must be important. Stress can be caused by personal factors and by job-related factors. Clearly, change of any kind—personal or job-related—has the potential to cause stress as it can involve demands, constraints, or opportunities. Because organizational changes are frequently created in a climate of uncertainty and around issues that are important to employees, it's not surprising that change is a major stressor. Stress is shown in a number of ways. For instance, an employee who is experiencing high stress may become depressed, accident prone, or argumentative; may have difficulty making routine decisions; may be easily distracted; and so on. Stress symptoms can be grouped under three general categories: physical, psychological, and behavioral. All of these can significantly affect an employee's work.
(moderate; p. 369)

139.   In a short essay, discuss three ways that managers can help to reduce stress for their employees.

Answer
Things that managers can do in terms of job-related factors begin with employee selection. Managers need to make sure that an employee's abilities match the job requirements. When employees are in over their heads, their stress levels typically will be high. A realistic job preview during the selection process can minimize stress by reducing ambiguity over job expectations. Improved organizational communications will keep ambiguity-induced stress to a minimum. Similarly, a performance planning program such as MBO will clarify job responsibilities, provide clear performance goals, and reduce ambiguity through feedback. Job redesign is also a way to reduce stress. If stress can be traced to boredom or to work overload, jobs should be redesigned to increase challenge or to reduce the workload. Redesigns that increase opportunities for employees to participate in decisions and to gain social support have also been found to lessen stress. Stress from an employee's personal life raises two problems. First, it's difficult for the manager to control directly. Second, there are ethical considerations. Specifically, does the manager have the right to intrude—even in the most subtle ways—in an employee's personal life? If a manager believes it's ethical and the employee is receptive, there are a few approaches the manager can consider. Employee counseling can provide stress relief. Employees often want to talk to someone about their problems, and the organization—through its managers, in-house human resource counselors, or free or low-cost outside professional help—can meet that need. A time management program can help employees whose personal lives suffer from a lack of planning to sort out their priorities. Still another approach is organizationally sponsored wellness programs.
(moderate; pp. 370-371)

STIMULATING INNOVATION

140.   In a short essay, define creativity and innovation. Next, discuss the three sets of variables that have been found to stimulate innovation.

Answer
Creativity refers to the ability to combine ideas in a unique way or to make unusual associations between ideas. An organization that stimulates creativity develops unique ways to work or novel solutions to problems. Innovation is the process of taking a creative idea and turning it into a useful product, service, or method of operation. Thus, the innovative organization is characterized by its ability to channel creativity into useful outcomes. When managers talk about changing an organization to make it more creative, they usually mean they want to stimulate and nurture innovation. The three sets of variables that have been found to stimulate innovation are the organization's structure, culture, and human resource practices. Structural variables: Research into the effect of structural variables on innovation shows five things. First, organic structures positively influence innovation. Second, the easy availability of plentiful resources provides a key building block for innovation. Third, frequent interunit communication helps break down barriers to innovation. Fourth, innovative organizations try to minimize extreme time pressures on creative activities despite the demands of white-water-rapids-type environments. Finally, studies have shown that when an organization's structure provided explicit support for creativity from work and nonwork sources, an employee's creative performance was enhanced. Cultural variables: Innovative organizations tend to have similar cultures. They encourage experimentation, reward both successes and failures, and celebrate mistakes. Human resource variables: Within the human resource category, innovative organizations actively promote the training and development of their members so that their knowledge remains current, offer their employees high job security to reduce the fear of getting fired for making mistakes, and encourage individuals to become "champions" of change.
(difficult; pp. 374-376)