

11

MANAGING ORGANIZATIONAL CHANGE

After studying this chapter., you should be able to;

- A Identify the external and internal forces that influence organisational change.
- A Discuss the differences between planned and reactive responses to change.
- A Describe the Lewin-Schein model of change.
- A Identify sources of resistance to change.
- A Discuss methods managers can use for overcoming resistance to change.
- A Describe three domains of the organization that can be targets for change.
- A Describe the steps, techniques, and conditions for the success of an organizational development program.
- A Discuss the difference between conflict and competition.
- A Identify the sources and outcomes of conflict.
- A Describe techniques managers can use for preventing, reducing, and stimulating conflict.
- A Identify ineffective techniques managers use as a response to conflict.

When James L. Dutt ascended to the chairmanship of Beatrice Companies Inc. in 1979, he brought with him a vision of what the company should be. Beatrice was a giant Chicago-based company producing more than 9,000 food and consumer products. Dutt, who joined the company in 1947 as a part-time accountant at a local dairy plant in Kansas, aggressively sold off divisions, established a large advertising budget, and imposed tighter controls over employees, all in an effort to push the company's return on equity higher and to accelerate growth in earnings per share. By 1985, however, Dutt was forced out of the chairmanship of Beatrice. His efforts to change the company were highly unsuccessful and led to a high number of executive resignations, low employee morale, persisted problems in the reorganization of the company, and a drop in earnings per share. Former employees claimed that Dutt was prone to deliver tirades that demoralized rather than inspired and that he could not tolerate dissent or debate.¹

The purposes of this chapter are to suggest how managers can most effectively bring about change in an organization and to explore methods and techniques for handling conflict. Organizations are difficult to change, as James Dutt found out with Beatrice. In spite of his 32

1. A. M. Louis, "The Controversial Boss of Beatrice," *Fortune* (July 22, 1985), 110-35

with the company before being made chairman, Dutt was unable to implement successfully his vision for Beatrice. Not all organizations are difficult to change. Some organization managers try to make change a continual process. Other managers may try to resist change, believing that change leads to disruptions and thus to lower performance. As we will see, the need for change is dependent on a number of external and internal forces that influence the activities of the organization.

Chapter 11 provides the ideas and guidelines for managing change. In addition to identifying the external and internal forces that promote change, we will discuss the change process, the targets for change, the techniques associated with organization development, the nature of organization conflict, and how conflict can be managed effectively.

FORCES FOR ORGANIZATIONAL CHANGE

Organizational change refers to any alteration of activities in an organization. The alteration of activities can be the result of many things: changes in the structure of the organization, modifications of work tasks, introduction of a new product, or change in attitudes among members. Managers must learn to recognize not only when change is occurring in an organization, but also when change is needed. The need for change is often the result of forces that are external and internal to the organization.

External Forces

As we saw in Chapter 4, the environment of an organization can have direct consequences on organization activities. Indeed, many recent books have attempted to address the importance of the environment as a cause for widespread change throughout society. The books *Future Shock* and *Megatrends* both underscore that change is occurring at an increasingly rapid rate.² Understanding how that change affects an organization, for better or worse, is an important task for managers of the future. Organizational change as a result of external forces can be understood by examining the six domains of the environment: (1) economic, (2) political, (3) social, (4) technological, (5) competitive, and (6) physical.

In the economic domain, inflation, gross national product, and money supplies can force organization managers to change their organization. New laws and regulations, trade tariffs, and court decisions emanating from the political domain can require managers to alter organization

2. A. Toffler, *Future Shock* [New York: Random House, 1970], and J. Naisbett, *Megatrends* [New York: Warner Books, 1982]

activities. The social domain contains values, norms, attitudes, customs, and demographic patterns that often require changes in products and training procedures. In the technological domain, transfer of inventions and innovations can either enhance or threaten the organization, depending on how managers are able to adjust to their applications. Mergers, pricing, and changes in strategies by competitors are all critical forces that can lead to organizational change. And finally, lack of adequate resources, such as water, or climatic disturbances in the physical environment of the environment often require organizations to alter their activities. Changes in the environmental domains of an organization can generate either opportunities or threats, depending on how well managers anticipate the change or are able to react to the change. In the 1980s, many banks were forced into bankruptcy because of loans made to governments of countries that were large oil producers. At the time of the loans, oil prices were rapidly climbing and generating large incomes that went to pay off the loan. However, many bank managers did not foresee an oil glut which served to reduce drastically the incomes of countries that had borrowed from the banks. Changes in lending and investment practices before and after the oil glut allowed many banks to avoid bankruptcy.

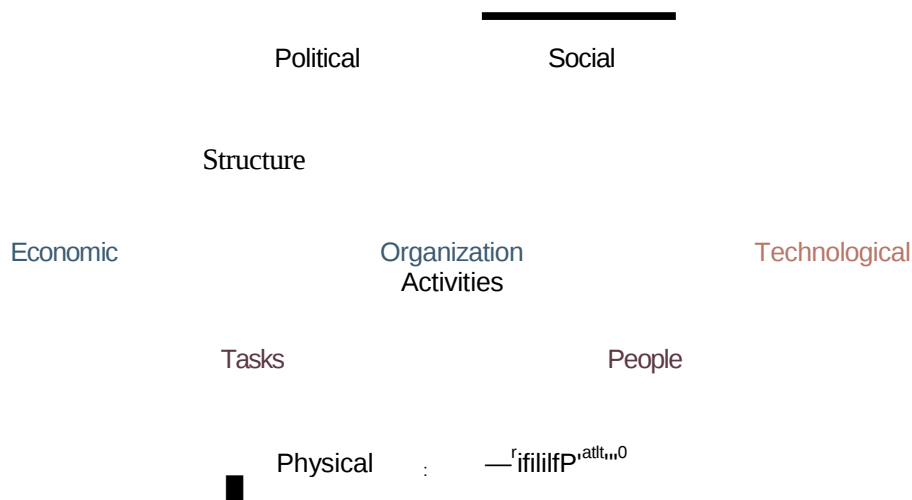
Internal Forces

Several forces within an organization can promote change as well. The internal forces that most often lead to change are as follows: [1] organizational structure, where change can result from organizational growth, decline, or a shift in goals; [2] products, as in the case where new products are introduced which may require different production, marketing, and accounting methods; [3] task technology, as when the modification of existing tasks requires retraining or changes in personnel; and [4] people, as may occur when members' attitudes, values, or levels of motivation change.

It is important to recognize that external and internal forces are highly interrelated. Attitudes that employees have toward work change because of a general shift in attitudes among the populace. Efforts to modify or install new technologies may be the result of competitive pressures or exposure to new technologies in other industries. Because organizations operate as open systems, a relationship between external and internal forces will always exist. However, managers must be able to identify not only the cause of change, but also the external and internal domains in which the change is taking place. Only then will managers be able to respond correctly to the change and adopt activities that enable the organization to be effective. Figure 11-1 summarizes the forces for organizational change.

For decades, the company suggestion box has been a fixture in many corporate headquarters and on plant floors. It is designed to solicit

Figure 1.1.1

EXTERNAL AND INTERNAL FORCES
FOR ORGANIZATIONAL CHANGE

needs, ideas, and proposals informally from employees. Situation 1 shows how one individual and a suggestion box have become a powerful force for change at General Motors.

SITUATION 1

He's the King of Suggestion Makers

Michael G. McKay, a 40-year-old machinist for General Motors Corporation, is proof of the power of suggestion. McKay, who carries a picture of inventor Thomas Edison, has stuffed his company's suggestion box about 250 times in the past 21 years with ideas he felt would save GM money. The company estimates that about 200 have been implemented at a savings of \$3 million. Many of the rest are still being evaluated.

Enlisting employees in the drive for greater efficiency has never been more popular in the United States as managers, economists, politicians, and consultants decry what they see as slipping U.S. productivity and increasing competition from other nations, especially Japan. The modern form of the suggestion box is growing more important in the effort.

Employee suggestion programs have been around a long time; Eastman Kodak Company established the first in 1898. And the National Association of Suggestion Systems began in 1942, when 35 suggestion administrators from different organizations met in Chicago and decided to establish a

clearing house through which affiliated organizations could benefit from the experience of others.

But the key to making the concept work is still the person on the job who sees a better way of doing something, And that describes McKay. For his history of money-saving ideas, he was honored by the association as Suggester of the Year." For some, the honor would pale beside the 520,000 check one of McKay's latest innovations brought from the company, but he claims his biggest reward is just having an idea and making it work. It makes me feel good to see the company pick up on my ideas. The reward is minor. Seeing your idea implemented just makes you feel good."

Persistence also pays. "I got \$15,000 once on a suggestion that was turned down four times before it was accepted," he said. His suggestion have ranged from his first—in 1964, when he suggested setting up a canteen arrangement for workers to eat their lunches instead of sitting on the floor or on boxes, for which he received \$25—to a redesign of a pump the company says will save \$3.5 million in the next five years. His most successful year was 1984, when he received about \$80,000 from the company for his suggestions.

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THE CHANGE PROCESS

Organization managers must learn to respond to both external and internal forces for change. Pressures for change come from so many factors that many managers spend much of their time planning or reacting K> change. In order to avoid undesirable consequences, managers needtO' understand the steps in the change process, reasons why change maybe resisted, and techniques that can be applied for overcoming resistance ro change.

Planned versus Reactive Change

Two major approaches managers can make in response to pressures for change are planning and reacting. **Planned change** occurs when managers develop and implement a program that serves to alter organization activities in a timely and orderly way. In many instances, planned change is instigated because managers anticipate the development of a force for change and thus seek to prepare the organization to adjust activities with minimal disruption. **Reactive change** occurs when managers simply respond to the pressure for change when that pressure comes to thai attention. Usually, this involves a piecemeal approach to change as managers only alter activities in a way that provides for immediate resolution of problems.

Planned change is generally regarded as the superior approach to change. It is often used when change in the organization is to be extensive and lengthy. As such, it requires a greater commitment of time and resources and requires additional expertise in formulating and implementing the change. However, planned change can also be very effective when only modest change in organization activities is required. The key to planned change is that managers must be able to anticipate the type of change that will be necessary.

Reactive change is usually hurried and less expensive to implement than planned change. It is most effective when applied to small or day-to-day problems in the organization. Examples would include postponing production activities in response to shipping delays, altering a dress code policy to enable office workers to help move belongings to new headquarters, or deciding to hire computer consultants upon learning that the recently purchased computer operates on a language unfamiliar to division programmers. These changes usually require minimal planning and are best handled by managers at the time a problem occurs. Other instances in which reactive change may be more appropriate than planned change occur when external and internal forces are themselves changing so rapidly that planning is virtually impossible, or when organizations lack the resources or time to commit to the planning process, as is the case with many new organizations. Indeed, the high failure rate among young organizations is due in part to the need to rely on reactive change when planned change would be appropriate.

Steps in the Change Process

Whether managers are engaged in planned or reactive change, understanding and implementing the steps in the change process will enhance the probabilities that the change will be successful. One of the first efforts to identify appropriate steps in a change process was made by Kurt Lewin.³ Lewin, and later Edgar H. Schein⁴ who elaborated on what is known as the Lewin-Schein **model**, identify three general steps to the change process: unfreezing, changing, and refreezing.

The Lewin-Schein Model. In the first step of the change process, Lewin and Schein observed that most individuals found it difficult to alter attitudes and behaviors that have been practiced for a long while. Most individuals, for instance, when told their attitude or behavior is inappropriate, are likely to deny or reject the information. This resistance, according to Lewin, can be countered by **unfreezing** the attitude or

3. K. Lewin, "Frontiers in Group Dynamics: Concept, Method, and Reality in Social Science" *Human Relations* (June 1947), 5-41.

4. E. H. Schein, *Organizational Psychology*, 3d.ed., Englewood Cliffs, NJ: Prentice-Hall, 1980], 243-47.

behavior pattern by making the need for change so obvious that the individual will be willing to accept the change. This can be accomplished by making the individual recognize that some sort of change is better than the status quo.

The second general step in the Lewin-Schein model is changing. Changing occurs when the individual accepts and internalizes the changes in behavior and attitude that are necessary. The third and final step is refreezing which occurs when the changed attitude and behavior are supported and reinforced in a way that is rewarded by the organization. As a result, the new attitude and behavior become the accepted way of doing things in the organization.

Successful Change. The Lewin-Schein model is valuable for understanding why efforts to create change in an organization sometimes succeed and sometimes fail. However, it does not fully identify all the factors that must be present for change to be successful. Richard Daft suggests that in order for a new idea or behavior to be successfully adopted, a series of steps has to be completed:⁵

1. *Need.* A need for change occurs when organization members become dissatisfied with current activities. Goals may not be met, product quality is low, or market share is shrinking. Dissatisfaction serves to unfreeze acceptance of current activities on the part of managers.
2. *Idea.* An idea is a new way of doing things. An idea may be a new product, a new technique, or a new machine. However, ideas must be matched with a need. Members of the organization must perceive that the idea, if implemented, will reduce the dissatisfaction caused by current activities.
3. *Proposal.* A proposal is a request by someone in the organization to adopt the new idea. Proposals may take the form of a memo, a formal written document, a suggestion made during a conversation, or a recommendation of an official committee in the organization. A proposal shows how an idea will solve a problem such as unmet goals. A proposal also initiates consideration by members concerning whether or not to adopt an idea.
4. *Decision to adopt.* A decision occurs when a choice is made to adopt the proposed idea. This decision may be made by the board of directors if the change is rather large, or may be made by a first-line supervisor if the change is small.
5. *Implementation.* Implementation occurs when organization members actually use the new idea. This may be a change in attitude.

5. H. L. Daft, "Bureaucratic versus Nonbureaucratic Structure in the Process of Vacancy and Change," in Samuel B. Bacharach, ed., *Perspectives in Organizational Theory and Research* (Greenwich, CT: JAI Press, 1982), 12:9-66.

behaviors, equipment, or products. Without implementation, change cannot take place.

6. *Resources.* Adopting a new idea requires information, financial, material, and human resources. Without resources, change will not take place, and members will return to their previous ways of doing things in the organization.

Many times, the smallest amount of dissatisfaction or need can lead to a prosperous outcome for an organization. Situation 2 describes how the need of one individual resulted in a product that now resides on the desk of virtually every secretary in the country.

SITUATION 2

Stick 'Em Up

Suddenly, they are everywhere! Those tiny yellow sheets of notepaper with sticky backs. You find them clinging to your office door in the mornings. They are affixed on letters from associates in the mail. You return from lunch to find them hugging the receiver of your phone. A brief trip to the water fountain engenders one on the side of your coffee cup left back at your desk.

Midway through the 1980s, a humble invention called repositionable notepaper has quietly but quickly stuck itself into the lives of millions of Americans. Many people cannot recall when they wrote or received their first note on these yellow pages with the quick-gripping adhesive backs. One thing they say they do know for sure: They can never return to a life without them.

The Post-it* note pad has been compared to inventions as utilitarian as the paper clip and as imaginative as the shmoo (an imaginary comic-strip character that existed solely to help people). They are simple to use and benign; they leave no trace when you remove them. Like so many great inventions, this one was born of need. It was a sleepy Sunday in 1974, in St. Paul, Minnesota, when Art Fry conceived the idea that has grown into one of the most successful consumer products of the 1980s.

A scientist at the 3M Company, Fry was singing in his church choir when he was confronted with the problem of finding himself hopelessly lost when the lily slips of paper he used as bookmarks fell from his hymnal. "I thought, what I need is a bookmark with some adhesive so it would stay put but wouldn't damage the pages if I pulled it off," he said. The next morning at his office at 3M headquarters, he began fiddling with a quick-grip adhesive that a colleague named Spencer Silver had recently discovered. Most people at the giant consumer products company had dismissed this new adhesive as useless, because it wasn't strong enough, wasn't sticky enough. But, Fry realized, that might be its beauty. "It was technology in need of an application," said Fry, who today is a senior scientist at 3M.

It took six years to perfect the product and convince skeptical corporate marketers that the time was right for this idea. But finally, in 1980, the product was released nationally. The rest is consumer product history. Post-It notes

quickly claimed a spot in the pantheon of the five top-selling office products, among basics such as paper clips, scotch tape, file folders, and typewriter correction fluid. Although 3M will not release sales figures, industry observers have estimated annual sales reach somewhere between \$80 million and \$200 million.

Source: Christopher Bogan. *Dallas Times Herald*, as printed in *The Milwaukee Journal* (November 24, 1985): lifestyle section, p. 2. (Story distributed by the Los Angeles Times-Washington Post News Service).

Resistance to Change

Not all change is greeted warmly by members of an organization. The implementation of a new idea or technique quite often results in resistance by those who will be affected most. Resistance is common; it is important for managers to understand and overcome resistance to change. First, we will identify and discuss the major reasons for resistance to change and then explain strategies managers can apply to overcome resistance to change.⁶

Self-Interest. It is not unusual for managers or workers in an organization to have interests in benefiting themselves directly. Economic gain, power, prestige, status, job security, or promotion opportunities are all self-interests that many employees have as members of an organization. Resistance is likely to occur if the proposed change in the organization threatens those interests. Managing a new product may increase one's prestige while lessening the prestige of those who did not receive the assignment. Opportunities for promotion may diminish if authority over hiring is shifted from the corporate personnel department to divisional level in the organization. Or, the replacement of old equipment with new equipment may make a work unit's skills less valuable to the organization. When change is likely to result in a challenge to managers' or employees' self-interests, resistance to the change will result.

Uncertainty. With change often comes uncertainty. Organization members may resist the change because they are worried and nervous about the way the change will affect their work and lives. Many times when change is accompanied by uncertainty, individuals and groups think the worst will result from the change. This often leads to ill-

6. P. R. Lawrence, "How to Deal with Resistance to Change," in G. W. Lawrence, and L. E. Greiner, *Organizational Change and Development* (Homewood, IL: Irwin and Dorsey, 1970), 181-97; and J. P. Kotter and L. A. Schlesinger, "Choosing Strategies for Change," *Harvard Business Review* vol. 57 [March-April 1979]

dogged resistance and a preference for the status quo. The more uncertain managers or workers are about change, the more likely they will resist,

Lack of Understanding and Trust. Many proposed changes are not explained in their entirety to those affected by the change. This may be due to the inability of the initiators of change to communicate effectively or of those affected to totally understand the change. Failure to understand the change increases the probabilities that members or departments will resist the change. A lack of trust can also contribute to the resistance to change. Prior experiences with those supporting or initiating change may have resulted in misrepresentations or deceptions. As a result, resistance may be based simply on who supports the proposed change in the organization.

Different Perceptions. Differences of opinions about the need for change and what the change will accomplish once implemented can be a cause for resistance. As individuals or as a group, we tend to perceive situations and events differently. Often, this is a result of prior experiences and training. Thus, an engineer is likely to view a change in the production process differently from the way an accountant will view it. The engineer may perceive the change in terms of increasing task efficiency in the production of a good. The accountant may perceive the change in terms of the cost increase that will be reflected in the price of the product. Thus, resistance will result from legitimate disagreements over the outcome of the change based on the differing perceptions.

Lack of Tolerance for Change. Some organization members feel comfortable with change, while others feel uncomfortable. Even when members are shown that the change will not threaten their self-interest, the outcomes are certain, a full understanding and trust exist, and perceptions are in agreement, they may resist change. Some people prefer to drive the same route to work even when they agree that a different route is quicker, safer, and less crowded. However, they like the familiarity of the route they presently drive and therefore are unwilling to make the change.

Overcoming Resistance to Change

The fact that change is resisted by members in an organization should not necessarily alarm managers. Resistance in some form should be expected. Understanding the cause of the resistance will enable managers to employ techniques to overcome it effectively. Several strategies for overcoming resistance to change can be applied.⁷ The advantages,

7. J. P. Kotter and L. A. Schlesinger, "Choosing Strategies for Change," *Harvard Business Review* 57 (March-April 1979): 106-114.

disadvantages, and situations in which these strategies for overcoming resistance to change are appropriate are summarized in Figure 11-2.

Education and Communication. Explaining the need and logic of the change is an effective strategy for reducing resistance. Many times, members lack the information to gauge the change properly or

Figure 11-2 **METHODS FOR DEALING WITH RESISTANCE TO CHANGE**

Approach	Commonly used where ...	Advantages	Disadvantages
Education + Communication.	There is a lack of information or inaccurate information and analysis.	Once persuaded, people will often help with the implementation of the change.	Can be time consuming if lots of people are involved.
Participation Involvement	The initiators do not have all the information they need to design the change and when; others have considerable power to resist.	People who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan.	Can be very time consuming if participants design an inappropriate change.
Facilitation + Support	People are resisting because of adjustment problems.	No other approach works as well with adjustment problems.	Can be time consuming, expensive, and still fail.
Negotiation + Agreement	Someone or some group will clearly lose out in a change and where that group has considerable power to resist.	Sometimes it is a relatively easy way to avoid major resistance.	Can be expensive in many cases if it alerts others to negotiate for compliance.
Manipulation + Co-optation	Other tactics will not work or are too expensive.	It can be a relatively quick and inexpensive solution to resistance problems.	Can lead to future problems if people feel manipulated.
Explicit + Implicit Coercion	Speed is essential, and the change initiators possess considerable power.	It is speedy and can overcome any kind of resistance.	Can be risky if it leaves people mad at the initiators.

Source: Reprinted by permission of the *Harvard Business Review*. An exhibit from "Choosing Strategic for Change" by John P. Kotter and Leonard A. Schlesinger (March/April 1979). Copyright © 1979 by the President and Fellows of Harvard College; all rights reserved.

have inaccurate perceptions of how the change will affect them. Education helps members to better understand the need for change.

Participation and Involvement. Managers can overcome resistance to change by having members participate in the planning and implementation of the change. This helps reduce uncertainty and misunderstandings about the purpose of the change. Participation also allows members to express their own ideas and listen to the ideas of others through discussion of the change process and therefore receive a fuller assessment of why some approaches to change were selected while other approaches were rejected.

Facilitation and Support. Gradual introduction of the change process and provision of support to people affected by the change are effective for overcoming resistance. Support can be provided to those members directly affected by the change by providing training programs, time off during the transition period, and emotional support when the change process is at a difficult stage.

Negotiation and Agreement. Many times, it is necessary for managers to negotiate or bargain to win acceptance or reduce resistance to change. Powerful individuals or departments in an organization may demand more resources to comply with the change, believing correctly or incorrectly that the change will reduce their power. Managers may want to seek agreements through negotiation prior to the implementation of change to avoid disrupting the change process.

Manipulation and Co-Optation. Managers may select a strategy of covertly steering individuals or groups away from resistance to change through selective use of information. They may also assign potential resistors to a desired position in the change process.

Explicit and Implicit Coercion. If managers seeking to implement the change hold an advantage of power over resistors, they may demand that members support the change or be threatened with the loss of rewards and resources. This strategy has the potential for increasing resistance among members in the future and thus is most appropriately used when change must occur quickly and without the opportunity to muster support through other strategies.

TARGETS FOR CHANGE

Change can be targeted to three important areas of an organization: technology, administration, and humans.⁸ Change in an organization's

8. H. J. Leavitt, "Applied Organization Change in Industry: Structural, Technical, and

technology requires the alteration of equipment, engineering processes, research techniques, or production methods. Changing the administration of an organization requires approaches that alter the organization's structures, lines of communication, managerial hierarchy, goals, strategies, and reward systems. Changing of humans, or members of the organization, is focused on altering attitudes, values, technical skills, and behaviors. It is essential for managers to identify a target or several targets for change that will lead to greater overall effectiveness. As suggested in Figure 11-3, these three areas of an organization tend to overlap, and thus change in one area often requires change in another area. We will examine each of these areas of an organization which can serve as targets for change.

Figure 11-3 AREAS FOR TARGETING
ORGANIZATIONAL CHANGE



Technology Change

With ever-increasing pressure on American management to increase innovation and improve production efficiency, technological change has received considerable attention. Recall from Chapter 8 that technology refers to the conversion process that transforms organization's all inputs into outputs. As such, an organization's technology consists of machinery, knowledge, tools, techniques, and actions that are necessary

Human Approaches," in W. W. Cooper, H. J. Leavitt, and M. W. Shelly, II, eds., *New Organization Research* [New York: John Wiley & Sons, 1964], 55-71-

to complete the transformation process. Thus, **technological change** involves alterations in the organization's conversion process.

A problem that often confronts managers wishing to make technological changes is how to achieve the light balance between creativity and routinization. Creativity, as it will be discussed in Chapter 16, leads to innovation; routinization often increases efficiencies in production. However, in many situations, promoting creativity can decrease efficiency and promoting efficiency can decrease creativity in the production of goods and services. Moreover, emphasis on creativity is useful for initiating change, but the implementation of change is best facilitated through a routinized technology. How might managers resolve this dilemma?

One answer to this dilemma is to develop **ambidextrous organizations**—establishing structures that are appropriate to both creativity and efficiency.⁹ Recall from Chapter 8 that Tom Burns and G. M. Stalker identified two types of organizational designs: organic and mechanistic.¹⁰ Organic organizational designs are those that emphasize decentralized structures and thus promote creativity. Mechanistic designs emphasize centralized structures and are appropriate for tasks that need to be routinized. When managers want to promote creativity to initiate technical change, it is best to have an organic design. However, a centralized, mechanistic design would be more appropriate for implementing change to increase production efficiencies. The ambidextrous organization is, therefore, one that has separate designs: an organic design for creativity and the initiation of change and a mechanistic design for the implementation of the technical change. There are four ways organisations can achieve technological change through the ambidextrous approach: switching structures, innovation departments, venture teams, and idea champions.¹¹

Switching Structures. **Switching structures** means that managers change their department or organization between organic and mechanistic designs, depending on the need for innovation or implementation. Managers, for instance, may decide to halt production for a day to conduct informal meetings where employees can identify problems and generate ideas for solving those problems. Once an agreed-upon solution has been achieved, managers can then revert the department back to a mechanistic design in order to implement the change. Generally this method works best in smaller organizations such as manufacturers of parts or restaurants.

9. R. B. Duncan, "The Ambidextrous Organization: Designing Dual Structures for Innovation," in R. H. Killman, L. R. Pondy, and D. Slevin, eds., *The Management of Organization 1* (New York: North-Holland, 1976): 167-88.

10. T. Burns and G. M. Stalker, *The Management of Innovation* [London: Tavistock Publications, 1961],

11. R. L. Daft, *Organization Theory and Design*, 2d ed. (St. Paul, MN: West Publishing Company, 1986), 273-75.

An ambidextrous approach to organization addresses "both creativity and efficiency.



Innovation Departments. In larger organizations, separate departments can be created to deal specifically with creativity and initiation of change. These innovation departments are organically designed to, facilitate the development of new ideas and techniques. Those ideas that are deemed worthy are then passed on to a mechanistically designed department for implementation. Research and development departments are often designed organically for the purpose of generating innovations. The innovation is then communicated to the production department, which implements the innovation through a mechanistic design. Figure 11-4 identifies the relationship between separate departments where the initiator has an organic design, and the implementer a mechanistic design.

Figure 11-4

INNOVATING^ IMPLEMENTING



Venture Teams. A technique for technological change that is increasing in popularity is the use of venture teams. A venture team is a temporary grouping of organization members for the purpose of generating new ideas. They are freed of the organization's bureaucracy which might stifle creative thinking and in many cases are provided with a separate location and facilities. Major corporations such as IBM, 3M Company, Dow Chemical, and Texas Instruments have used venture teams to solve technical problems and promote change.

Idea Champions. An idea **champion** is a member of the organization who is assigned responsibility for the successful implementation of a change. The idea champion may be a senior manager or a non-manager, such as the inventor of the idea that leads to change. An idea champion is someone who is devoted to the change and is willing to expend time and energy to see that the change takes place. Idea champions are individuals who will fight resistance to change and will actively pursue resources necessary to implement the change. Senior managers often make excellent idea champions because they have personal power and prestige that can push the idea through bureaucratic red tape and make sure that the idea comes to the attention of key decision makers. Idea champions have been found to be critical to the success or failure of change. For example, Texas Instruments reviewed 50 successful and unsuccessful technical projects. One consistent finding was that every failure also lacked an idea champion. As a result, Texas Instruments established as its number one criterion for project approval the presence of an idea champion.¹²

Administrative Change

Administrative change refers to alterations in the organization's structures, lines of communication, managerial hierarchy, goals, strategies, and reward systems. Change is usually implemented in the administrative area of the organization to improve the coordination and control of manager and member activities. Management may, for instance, alter the strategy of the organization, which in turn will require the implementation of new structures to successfully coordinate and control activities that are designed to support the new strategy. Administrative change is important when the organization must adopt new managerial methods to increase performance or to avoid failures.

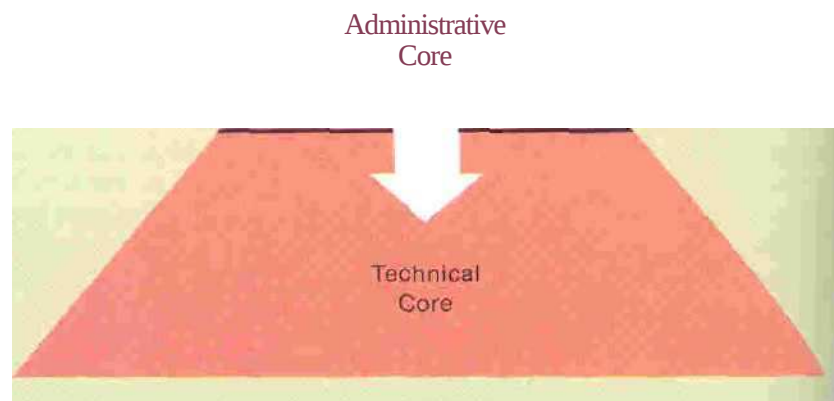
One way for managers to understand the process of administrative change is represented by the dual-core model.¹³ The **dual-core model** sug-

12. T. J. Peters and R. H. Waterman, Jr., *In Search of Excellence* (New York: Harper and Row, 1982), 203-204.

13. R. L. Daft, "A Dual-Core Model of Organizational Innovation," *Academy of Management Journal* 21 (1978): 193-210.

gests that application of organic versus mechanistic designs is partly dependent on the need for administrative versus technological change. The dual-core model identifies two cores of an organization: administrative and technical. The administrative core rests above the technical core in the hierarchy as depicted in Figure 11-5. When the administrative core is required to undergo change, usually due to an uncertain environment, then the appropriate design would be organic in the administrative core and mechanistic in the technical core. The organic administrative core allows managers to be creative and innovative in their efforts to adapt to the environment. Innovations are initiated in the administrative core and then implemented by the mechanistic design in the technical core. This change represents a top down implementation process in the organization.

Figure 11-5 **DUAL-CORE MODEL FOR ADMINISTRATIVE CHANGE**



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Human Change

A third area of organizational change concerns humans, (i.e., members of the organization). As a target for change, the emphasis of human change is on altering values, attitudes, skills, performance, perceptions, and behavioral patterns of members. Efforts to initiate human change

may come from within the organization as provided by training programs or may come from outside the organization through the use of experts in organization development. The change process directed at humans may involve an individual, group, or the entire membership of an organization. Since many techniques for human change are discussed in Chapter 10, Chapter 12, and elsewhere in the text, we will focus in this chapter on organization development.

Organization Development. Organization development (OD) provides an overall framework of change focusing on the improvement of human relationships. The OD effort of change strives to make change itself a natural occurrence in the organization in the sense that members are comfortable with change and are willing to seek improvements in their working environment. **Organization development** has been defined as "an effort (1) planned, (2) organization wide, and (3) managed from the top, to (4) increase organizational effectiveness and health through (5) planned interventions in the organization's 'process/ using behavioral science knowledge."¹⁴

In this definition, we find the key components to the organization development approach to change. First, the OD approach is planned. Change is not based on spontaneity, but rather on careful consideration of the goal of the change and the methods that will lead to the achievement of that goal. Second, OD is an approach to human change that considers and includes all members of the organization. It is not change restricted only to some individuals or groups in the organization. Third, OD is a change approach supported by top management. Generally this requires a firm commitment of resources to the change process. Fourth, the change is designed to increase organizational effectiveness as well as to improve **the** working conditions of its members. Increased effectiveness at the cost of deteriorated working conditions is to be avoided. And finally, OD utilizes behavioral science approaches to create a more open and honest atmosphere in organizations. Emphasis is on the use of techniques that facilitate communication and problem solving among members.

OD Assumptions and Values. The practice of OD is based on several shared assumptions about people as individuals, as group members, and as members of the organization. These assumptions guide an OD practitioner in her or his efforts to bring about change in the organization.

People as Individuals. Three basic assumptions are made by OD practitioners concerning people as individuals. First, people in the organization

14. R. Beckhard, *Organization Development; Strategies and Models* (Reading, MA: Addison-Wesley, 1969), 9.

seek to satisfy higher needs such as personal development and growth in their job. Second, people desire to make a contribution to the organization. And third, people not only desire to make a contribution to the organization, but they also have the potential to do so. The practice of the OD approach aims to overcome those organizational barriers that discourage members from satisfying higher needs and making a contribution to the organization through their work.

People as Group Members. Practitioners of OD assume that the nature of group relationships will determine the satisfaction and contribution of the individual members of the group. It is important to the OD approach that group members feel that acceptance in a work group is important and that the group is capable of generating trust, support, and cooperation among the members. Finally, the nature of the group should be such that members are capable of acting both as leaders and as followers in the group when necessary.

People as Members of the Organization. OD practitioners assume that organizational structures have an impact on member attitudes and behaviors. For instance, if a new policy on dress were communicated to organizational members, there would be an effort to abide by the policy. A second assumption is that win-lose conflict strategies—where conflict is based on one member winning at the expense of another member—will not be healthy in the organization. A third assumption is that upper management must have a long-term commitment to change within the organization.

These assumptions to the OD approach are critical to the success of the OD practitioner. For instance, if a practitioner of OD were to try to improve the organization's effectiveness and health where members did not desire to participate in the change and upper management was unsupportive of the change, the chances of success would be almost nil.

The OD Process. Several important steps can be identified in the OD process. Organization development is usually implemented by what is referred to as a change agent, who is usually an individual outside of the organization who intervenes to start the change process. The steps involved in the intervention are as follows: identify a need for change, select a technique for change, solicit management support, implement the change process, overcome resistance to change, and evaluate change process.

Identify a Need for Change. The first step in an OD intervention occurs when the change agent identifies a need for change. This may be the result of work with managers or employees in attempts to understand why productivity or satisfaction is low. The change agent must

The role of change agent is a critical one in the OD process.



mine whether the situation is temporary or may have long-lasting effects on organization and member effectiveness. If the situation appears to be long lasting, the change agent will want to identify a change process which will solve the problem.

Select a Technique for Change, Wendell L. French and Cecil H. Bell, Jr., have identified 11 intervention techniques that change agents can use in the organization development approach.¹⁵

▲ *Diagnostic techniques.* Once the change agent has identified a need for change, an effort to obtain more in-depth information about the situation is necessary. This can be accomplished through diagnostic techniques which may include such methods as administering questionnaires and surveys, conducting interviews, attending meetings, or reviewing reports and minutes of the organization. Diagnostic techniques are designed to obtain as much in-depth information about the situation as possible.

A *Team building.* Team building consists of a series of activities designed to assist individuals who work in groups to develop a

15. W. L. French and C. H. Bell, [r.. *Organization Development; Behavioral Science Interventions for Organization Improvement*, 2d ed. (Englewood Cliffs, NJ: Prentice-Hall, 1978)

sense of teamwork. Teams may consist of members who work alongside one another daily or are together on a project for a short period of time. The change agent institutes exercises that facilitate communication among members of the team and teaches techniques that are applicable to solving problems. *Survey feedback.* The survey feedback technique of organization development starts with the administering of a questionnaire designed to gauge attitudes and perceptions of members. The information is then collected by the change agent and fed back to members. The feedback may present the results of the survey with time set aside for the group to discuss their meaning and explore possible interpretations. Members may be actively involved in the solution to problems through use of the survey feedback technique.

Education. Educational techniques usually consist of classroom training. The classroom can be used for both skill development in regard to relating to others and the exploration of material on specific topics. The education technique is different from supporting managers who return to school to obtain a degree in that the class will usually consist of organization members and the emphasis is on the development of human skills rather than, technical skills.

Intergroup activities. The change agent may want to focus on techniques designed to enhance relationships between groups. Problems may occur between organizational departments because of a lack of understanding between the groups. The change agent may want to apply techniques that increase communication between groups and promote cooperation. *Third-party peacemaking.* The change agent may want to resort to an approach of mediation or negotiation between two parties engaged in conflict. The parties in conflict may be groups, individuals, organizations, or a mix of the three. *Sociotechnical activities.* Sociotechnical refers to the way members relate to the organization technology. The change agent may examine the technology of the organization to see if it is compatible with existing structures. If not, a structural change, such as a move toward decentralization, may be necessary. Or, the change agent may want to change the number and composition of tasks that an employee has responsibility for. *Process consultation.* Process consultation is a popular technique in which the change agent observes individuals or groups in the organization to develop an understanding of their attitudes and behaviors. Based on observation, the change agent provides immediate feedback to members so they can readily observe how certain processes shape their relationships.

- A *Life and career planning*. Another technique that a change agent may want to apply concerns life and career planning of members. This is particularly useful where the goals of members and the goals of the organization are incompatible. The change agent may assist individuals in formulating personal goals that coincide with those of the organization or identify specific career maps and training opportunities.
- ▲ *Coaching*. Coaching is an effective technique when individuals need feedback in order to understand how others are responding to them. The information provided is usually nonevaluative and constructive.
 - ▲ *Planning and goal setting*. Time management, goal setting, and activity planning are important managerial tasks. The change agent can assist managers in improving the use of their time, setting goals, and developing plans. Increasingly, packaged computer software is being made available to managers for these purposes.

Solicit Top Management Support. The successful implementation of any OD technique directed at human change requires the support of top management. Top management should communicate support of the OD change technique to those organizational members who will be involved in the change process. Communication from top management should identify the goals of the change effort, the purpose of the change, and expected outcomes of the change effort. In this way, members will fully understand why the change effort is taking place and know that top management supports its implementation. Indeed, without the support of top management or in situations in which top management has not announced its support, members are likely to treat the change effort as frivolous or nonconsequential. If this occurs, the change effort is sure to fail in achieving its goal.

Plan the Change Process. The change process should be well conceived from start to finish. The change agent should break down the change process into subparts and then each subpart should be implemented sequentially. This will enable the change agent to monitor and evaluate progress. If some techniques do not work, the change agent will have the opportunity to substitute a more appropriate technique without a large loss of organizational resources invested in the change process.

Plan to Overcome Resistance to Change. Resistance to the change process may come from a variety of members in the organization. Top management may get "cold feet" halfway through the change process and begin to withdraw support. Managers of divisions or departments may feel that the change process is a direct attack on their competency or their

power and thus resist the effort. Equally true, managers of divisions departments left out of the change process may, because of uncertainty, feel that the change outcome will result in the weakening of their position. Employees may feel that the change process is an effort to increase¹ their work obligations without commensurate pay. Or, they may feel that the change process is simply an effort to evaluate their work and that the information will be used by management to make decisions about firings* or layoffs. Regardless, the change agent is responsible for anticipating, resistance to change from a variety of people in the organization. The change agent should have a well-thought-out plan to counter the ^ tance and apply the techniques for overcoming resistance to change discussed in the previous section.

Evaluation of Change Process. Evaluation of the change process is the final step in an organization development program. The change agent should develop evaluation methods that will measure how closely the change process came to achieving its intended goal. Evaluation of the process can be achieved through observations of activities (comparing activities before and after the change program was implemented), discussions with participants in the change process as well as those who did not participate, and the collection of performance data to determine if the change process led to an increase or decrease.

Evaluation of the change process, however, can be rather difficult. Many unintended factors can influence success or failure in achieving the intended goal. Contextual factors, such as the environment, growth, linkages, and ownership, may alter the intended outcome of the change process. Generally these factors are uncontrollable by the change agent, but failure in the change process may result in spite of a well-planned executed change program. The change agent should look beyond her or his own efforts in evaluating the causes of success or failure of the change process.

Conditions for Successful OD Programs. While many factors may contribute to the success or failure of an OD program, there are several important conditions that are thought to be necessary for an OD program to succeed. Wendell L. French and Cecil H. Bell, Jr., have identified 11 such conditions:¹⁶

- A *Recognition by managers and members that the organization has problems.* Without recognition, it is unlikely that a change process will receive the required resources to make the effort successful.
- A *Use of an external change agent to initiate the process.* The change agent should have the proper training and should not let

16. *Ibid.*, 215-28.

a member of the organization. Internal change agents often lack the experience, objectivity, expertise, and autonomy to implement programs that are necessary. Importantly, an external change agent is free of prior political squabbles that can seriously hamper one's efforts to lead the change process. *A Support from top management for the change process.* As previously noted, the lack of top management support can seriously jeopardize the successful implementation of a change program.

- ▲ *Involvement of work group leaders.* Where change is directed at work groups or teams, it is important that the work group leaders have an active role in the change process. Without involvement of work group leaders, the aftermath of the change process is unlikely to be carried on.
- ▲ *Achieving early success with the OD effort.* Success breeds success. Generally change agents should strive initially to implement a change process that has a high probability for success. Success motivates members to continue with the process and gives members confidence that more ambitious efforts can also be successful.
- A *Education and communication of the change process and its goals.* Generally people will respond positively to a change process if they understand why the change is being made and what the purpose of the change is. Articulation of the purpose and goals of the change process should be made frequently.
- A *Support of managerial strengths.* Many times, change agents become so focused on the process that they ignore the positives that exist in the organization. Managers who have good management techniques should be acknowledged and reinforced. The change agent should be wary of overplaying the "expert" role in an organization.
- A *Inclusion of personnel managers in the OD program.* The change agent should include managers from the personnel or human resources department in the planning and implementation of the change process. Human resources managers can provide valuable information and insight into members' performance, development, and rewards.
- A *Development of internal OD resources.* One goal of an OD program is to make change an ongoing and healthy process in the organization. The change agent should involve and train organization managers at all levels in OD skills and *techniques*. By developing expertise in OD skills and techniques, managers of the organization can plan and implement change long after the change agent has left.
- A *Effective management of the OD program.* The change agent should monitor and respond to situations in order to optimize the chances of success. This often requires careful coordination

and control of activities to make sure that the change process is correctly implemented and that members are in support of the program.

Measurement and evaluation of results. Measurement and evaluation of results provides the change agent and members of the organization with important information about the effectiveness of the change program. This information can be the basis for planning and implementing change programs in the future.

ORGANIZATIONAL CONFLICT

Anyone who has ever worked in an organization is aware that conflict exists, and that it can have disruptive effects on organizational and member activities. Many times, opposing groups will put their own goals above those of the organization. As a result, the organization's effectiveness lessens. In other instances, members find that time which could have been used productively is instead used up in a conflict situation. Finally, many of us have experienced the situation in which the conflict becomes so intense that, win or lose, we are emotionally and physically drained of our energy and as a result find ourselves to be ineffective.

Despite the adverse effects that conflict can generate, many theorists and practitioners today view conflict as a useful force in organizations and, if managed correctly, as a potential force for innovation and change. Stephen Robbins notes that the once-held view that conflict is inherently destructive is incorrect. Instead, he states, a certain amount of controlled conflict in an organization is healthy. Conflict, according to Robbins, helps to prevent an organization from stagnating and from producing myopic decisions.¹⁷ In a survey of top and middle managers, managers rated "conflict management" as of equal (or slightly higher) importance to that of activities such as planning, communicating, motivating, and decision making. The managers spent about 20 percent of their time on conflicts; yet, they did not consider the conflict level in their organizations to be excessive. Instead, they rated it as about right.¹⁸

Conflict and Competition

Many times the terms *conflict* and *competition* are used interchangeably. However, the two terms are indeed different. Organizational

17. S. P. Robbins, "Managing Organisational Conflict," in J. Schnee, E. Kirby and H. Lazanis, *The Progress of Management* (Englewood Cliffs, NJ: Prentice-Hall, 1963-76).

18. K. Thomas and W. Schmidt, "A Survey of Managerial Interests with Respect to Conflict," *Academy of Management Journal* [June 1976], 315-18.

Academic Profile

ROBERT A. ZAWACKI



Robert A. Zawacki (Ph.D., University of Washington) is Professor of Management and Organization at the University of Colorado, Colorado Springs. He was previously Associate Dean of the College of Business and Administration at the University of Colorado and was on the faculty of the United States Air Force Academy. Professor Zawacki has co-authored *Managing and Motivating Computer Personnel*, *Organization Development: Theory, Practice and Research*, *People and Organizations*, and *Supervisory Management*. His research on motivation, feedback, and performance appraisal has been published in *Datamation*, *The Personnel Administrator*, and *Journal of Systems Management*. Professor Zawacki is an international consultant working with such corporations as IBM, Hartford Insurance Group, Prudential, Volvo, and Hewlett-Packard. In addition, he has served as a consultant to the United States Navy, the Air Force Academy, and the New York Department of Labor.

Q: What do you believe are the fundamental differences between organizational change made by consultants hired temporarily and organizational change made through an organization development program?

A: Effective organizational change requires maximum information, participation by the workers, trust in the initiator, and a good experience with a previous change program. Many temporary consultants do not implement lasting change, because they either ignore the above factors or do their faddish thing and run. On the flip side of the coin, some internal OD departments are ineffective because they are part of the problem, are seen as spies of the boss, or can't see the forest for the trees. Unfortunately, effective change is implemented in a large program at about the pace of a turtle with gout. For change to be effective, there must be a proper diagnosis and effective implementation of the change program, and the new behavior must become a habit.

Q: Many management scholars believe the increased use of robots in the workplace will have a profound effect on management processes. Do you believe this to be the case and what, if any, changes will result from this new technology?

A: America is lagging behind international competition such as Japan and Sweden when it comes to introducing robots in the workplace. Between 1974 and 1981, *Business Week* reported that robots increased from 0.8 to 4.0 robots per 10,000 workers in the United States while they increased from 1.9 to 13.0 in Japan, and from 1.3 to 29.9 in Sweden. Thus, robots replacing workers in America will be slower

than many "experts" predicted in the 1970s. However, because of declining productivity and increased international competition, the 1990s will see robots replacing workers in the United States, and employed workers will need more computer skills. Management will need to develop human and conceptual skills that motivate technical workers to increase productivity.

Q: Many managers are uncomfortable with conflict and thus prefer to avoid rather than manage conflict. Are there techniques or ideas that managers can use to assist them in learning to manage conflict?

A: As we compete over scarce jobs and resources in the 1990s, managers will have to learn to manage conflict. Those managers that keep brushing problems under the rug will be ineffective in the long run. Managers of the future will continue to be promoted based upon superior performance in their technical skills. During college, a small-group dynamics course should be required for students majoring in engineering, computer science, accounting, physics, and so on. Then, when organizations select managers, they should put greater emphasis on human skills and use more assessment centers to evaluate managerial candidates. Finally, organizations should have a practical management course with cases and skill development where candidates, can experiment with management skills. If the candidate does not have the aptitude for management, there should be a dual-career path to allow the employee to pursue a technical career without moving into management

conflict can be broadly defined as a disagreement between two organizational units (individuals or groups) resulting from perceived or real efforts by another party to interfere with the achievement of a goal. Competition, on the other hand, exists when goals are incompatible, but no opportunity exists for interference in the other party's efforts to achieve the goal. In other words, conflict exists when one party attempts to interfere with another in its efforts to achieve a goal.

A manager of a production unit who slows down work so that the sales force is unable to meet its quota is engaging in conflict. Two salespersons may compete to see who is able to meet a sales quota first. In the former instance, the production manager has acted in such a way as to interfere with the sales force in its effort to achieve its goal. In the latter instance, the two salespersons are engaged in a rivalry to see who can reach the quota first without interfering in each other's activities. However, should one salesperson begin to remove client lists or cut the phone cord of the other salesperson, conflict would exist.

Sources of Conflict

There are many sources or causes of conflict in an organization. While conflict may take place between members, between individuals and groups, and between groups, we can usually trace the source of these conflicts to one or several of the following events: task interdependence, goal incompatibility, shared resources, differentiation, uncertainty, and the reward system.

Task Interdependence. Chapter 8 presented four forms of task interdependence: pooled, sequential, reciprocal, and team. Task interdependence refers to the nature of the dependence among organizational units for information, financial, material, or human resources. Pooled interdependence occurs when units have little contact with each other and thus are not dependent on one another for resources. Sequential interdependence occurs when one unit cannot perform a task until another unit has completed its work. Reciprocal interdependence means each unit performs a task, and then a decision is made as to which receives the output. Team interdependence is the most complex units mutually interact in the exchange of resources.

Generally the greater the interdependence between units of an organization, the greater the potential for conflict.¹⁹ With pooled interdependence, interaction is low and thus conflict potential is low. Interaction in sequential interdependence is limited to units that provide input and the units to which the output is being provided. Thus, conflict potential is greater among these interacting units. Reciprocal and team interdependence

19. R. Walton and J. Dutton, "The Management of Interdepartmental Conflict: A Model and Review," *Administrative Science Quarterly* vol. 14, no. 1 (March 1969): 11-31.

pendence are likely to produce the most conflict. The need to coordinate and share resources, often in an unpredictable manner, is likely to generate conflict if one unit does not receive expected resources from other units.

Goal Incompatibility. From our discussion of organizational goals in Chapter 5, we can understand that different departments or units can have different goals. As a result, these goals may become incompatible. Conflict is likely to result due to these differences even though both units of the organization agree on the overall goal of the organization. Airport security, in the aftermath of a hijacking or bombing, may increase security and surveillance of passengers. At the same time, personnel in the control tower want to attain the goal of airplanes taking off and landing on schedule. The delays caused by increased security may lead to conflict between the two groups.

Shared Resources. Most organisations have limited resources. Because of these limitations, the potential for conflict increases. Units want to obtain the necessary money, facilities, people, and information in order to attain their goals successfully. If it appears that resources are scarce, efforts will be made to secure resources, often to the detriment of the goals of other groups. Inflating budgets, challenging the legitimacy of activities by other units, and covert efforts to prevent budget cuts are all forms of conflict over resources in an organization.

Differentiation. Paul Lawrence and Jay Lorsch discovered in their research on organisations that differentiation is a frequent source of unit conflict.¹⁰ Basically, they found that as each unit or department in an organization tries to cope with the unique demands of its own environment, it necessarily develops its own types of procedures, cherished values, and point of view. For example, a research department in a chemical firm might be run very democratically, and its personnel might develop a rather long-term time perspective since most of the things they are working on will not reach fruition for years. On the other hand, the production department might be run more autocratically, and its managers might be expected to put a much greater emphasis on immediate results. Because of these differences, communication and agreements about the sharing of resources will be a more difficult task.

Uncertainty. Another source for conflict between organizational units is uncertainty. Uncertainty is often the result of an unstable environment. As the environment shifts, so must the activities of the unit. This often results in the shifting of the task scope and responsibilities.

20. P. R. Lawrence and I. W. Lorsch, *Organization and Environment* [Mowday, 1L: Richard D. Irwin, 1969]

ties of the unit. As units increase or decrease their tasks and responsibilities, they disrupt the activities of other units. This disruption may result from learning that a unit no longer is providing a resource that is critical to your unit's goal attainment or from finding out that another unit is performing essentially the same activity as your unit. For instance, a public relations unit in an organization may, because of increased encounters with potential customers, begin soliciting sales. This activity¹ may result in conflict when the sales department learns that it is losing commissions by not recruiting the customers itself.

Reward System. The reward system in an organization can have a large impact on the degree of conflict between units. The reward system often governs the degree to which units will cooperate or engage in conflict. If units are given incentives that will reward the attainment of the organizational goal, cooperation is likely to emerge. However, if the incentives are designed to reward units for the attainment of their assigned goals, then the potential for emergence of conflict over cooperation is greater. For instance, if annual salary increases for managers are based on overall organization profits, then managers across departments are more likely to cooperate and seek compromise. However, if salary increases are distributed based on the performance of each department, little incentive exists for managers to cooperate, and instead, they engage in conflict if the performance of their department is threatened.

Outcomes of Conflict

As noted earlier, many people regard conflict as undesirable in an organization. Indeed, early writers on management, from both the classical and behaviorist perspectives, felt that conflict was an indication that something was wrong or unhealthy within the organization.²¹ A manager's primary responsibility was at least to reduce conflict and at best to eliminate it from the organization. In other words, the most effective organization was one that was built entirely upon cooperation.

More recently, a "pluralistic" view of conflict has been accepted. This perspective argues that conflict is inevitable in organizations and has beneficial qualities to its members.²² Indeed, it is argued that the absence of conflict may actually be bad for the organization in that it shows complacency and stagnation which may result in the decline of the organization. Figure 11-6 summarizes the differences between the traditional and pluralistic views of conflict.

21. S. P. Robbins, *Managing Organizational Conflict: A Nontraditional Approach* (Englewood Cliffs, NJ: Prentice-Hall, 1974).

22. D. Nightingale, "Conflict and Conflict Resolution," in G. Strauss, R. Snow, and A. Tannenbaum, eds., *Organizational Behavior: Research and Issues* (Menlo Park, CA: Wadsworth Publishing Company, 1976), 141-64.

Figure 11-6 VIEWS OF ORGANIZATIONAL CONFLICT

Traditional View	Pluralistic View
1. Conflict, by and large, is bad and should be eliminated or reduced.	1. Conflict is good and should be encouraged; conflict must be regulated, however, so that it does not get out of hand.
2. Conflict need not occur.	2. Conflict is inevitable.
3. Conflict results from breakdowns in communication and lack of understanding, trust, and openness between groups.	3. Conflict results from a struggle for limited rewards, competition, and potential frustration of goals—conditions that are natural in organizations.
4. People are essentially good; trust, cooperation, and goodness are givens in human nature.	4. People are not essentially bad, but are nevertheless driven by achievement, self-seeking, and competitive interests.

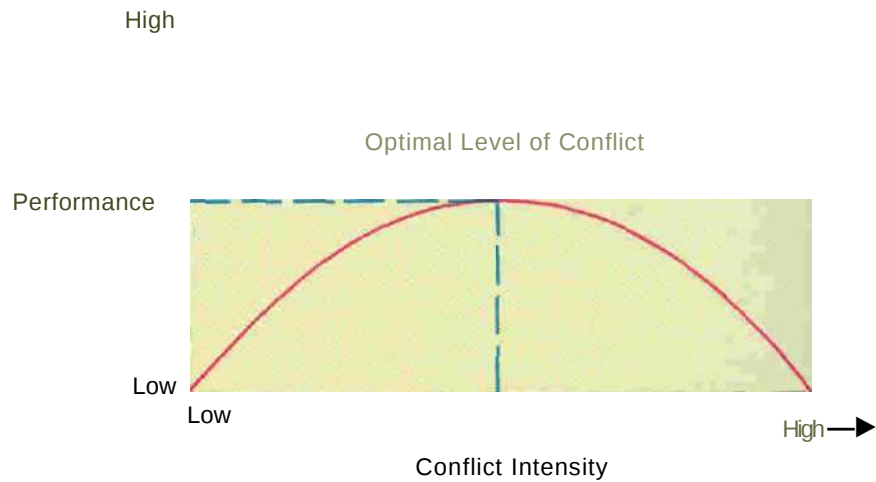
Source: Adapted from Donald Nightingale, "Conflict and Conflict Resolution" in George Strauss, Raymond Miles, Charles Snow, and Arnold Tannenbaum, eds., *Organizational Behavior: Research and Issues* (Belmont, CA: Wadsworth Publishing Company, 1976).

What then, is the appropriate level of conflict in an organization? Figure 11-7 suggests that a moderate level of conflict will lead to higher levels of performance for the organization. When conflict is too low, complacency and stagnation will emerge, causing the organization's performance to decline. When conflict is too high, performance is low, because members divert their energies away from efforts toward achieving goals. Perceptions become less accurate. Units that lose in the conflict develop "loser effects" and seek scapegoats, and coordination among units is reduced. The benefits of conflict at a moderate level in the organization are several, and all contribute to higher performance. Moderate conflict encourages members to focus more on their tasks and less on superfluous issues or disputes. It generates cohesion by building a "we" feeling. A balancing of power can be achieved through moderate conflict, and greater energy is directed toward the attainment of goals. It is important that managers understand the intensity level of conflict in their organization in order to facilitate a movement toward higher levels of performance.

MANAGING CONFLICT

According to the pluralistic view of organizational conflict, managers will want to maintain a moderate level of conflict in the organization.

Figure 11-7

**THE RELATIONSHIP BETWEEN
CONFLICT AND PERFORMANCE**

This means that conflict may have to be reduced, stimulated, or maintained. The traditional view suggests that conflict should be reduced and, if possible, prevented. Regardless, we can identify techniques that are designed to prevent conflict, reduce conflict, and increase conflict in the organization. All are techniques that managers can implement in order to manage conflict in an organization.

Preventing Conflict

There are a number of techniques that managers can use preventing conflict. They include the following;

- ▲ *Emphasize organizational goals over unit goals.* If members focus their attention on the goals of the organization, they are less likely to promote the differences between unit goals. This technique requires continual communication of organizational goals in order to make sure members are constantly focusing on the "big picture."
- ▲ *Structure tasks so that they are predictable and stable.* Well-structured tasks help members understand their activities, the activities of other members. This reduces ambiguity and uncertainty, thereby reducing the potential for conflict.
- ▲ *Develop and promote communication between members in different units of the organization.* The more misperceptions

members have concerning what activities exist in another department or division, the greater the potential for conflict. Managers should facilitate the communication either by encouraging contact between the groups or providing information about their activities.

- A *Avoid win-lose situations.* A win-lose situation is one in which a member or group attains advantage through the deprivation of another. Where resources are scarce, managers should devise mechanisms for distributing resources equitably. For instance, if budget cuts are necessary, managers should avoid drastic cuts in one department with few cuts in other departments. Rather, an across-department percentage cut in funds would be more equitable.

Reducing Conflict

The above techniques are useful for preventing the occurrence of conflict. However, if conflict is already present and is debilitating performance, managers may seek techniques for its reduction. The techniques discussed here can be applied by managers to reduce conflict in an organization.^M

- A *Physically separate conflicting groups.* The physical separation of conflicting groups is a direct and quick way to reduce conflict. However, managers should recognize two limitations to this technique. First, it does not necessarily reduce the hostility felt between groups or members. Rather, it prevents the conflict from flaring up. Second, physical separation should only be applied when groups are not working on a joint task. If reciprocal or team task interdependence is absolutely necessary to complete the task, physical separation may pose severe problems.
- A *Apply bureaucratic rules and regulations.* Invoking or developing bureaucratic rules and regulations enforces a code of behavior that can lead to the suppression of conflict. A rule stating that only top management can approve employee travel to training sessions may reduce the conflict between production and personnel departments where the latter previously had authority **for** such approval.
- A *Limit group interaction.* Conflict can be reduced between groups in the organization by confining their interaction to

23. E. H. Nejlson, "Understanding and Managing Conflict," in J. Lorsch and P. Lawrence, eds., *Managing Group and Intergroup Relations* [Homewood, IL: Irwin, 1972], A29-43,

issues and tasks where goals are compatible. Many times, conflict is the result of groups focusing on where their goals differ instead of on those goals on which they agree. Developing agendas that confine discussions between the two groups to topics where goals are compatible can lead to the reduction of conflict.

Establish integrator roles. An integrator role is one that serves to bridge two groups or departments in an organization. Managers can establish an integrator role by assigning authority to an individual who then maneuvers between the conflicting groups in order to achieve a solution. The integrator role is usually filled by an individual who is trusted by both conflicting groups.

Encourage confrontation and negotiation. This technique for conflict reduction requires the face-to-face meeting of the conflicting members or groups. Managers should apply this technique when they believe a direct and open discussion of the problems causing the conflict can lead to a negotiation between groups. However, the success of this technique is often contingent on the groups seeking a win-win solution as opposed to a win-lose solution.

Bring in third-party consultants. An outside or third party consultant with expertise in human behavior can often facilitate the reduction of conflict. The third-party consultant can meet with representatives from both groups and work out an agreement that is acceptable to both. Third-party consultants should be used when suspicion between groups has resulted in a deadlock. Because third-party consultants have no vested interest in the dispute or organization, groups are often willing to trust and abide by their recommendations.

Rotate members between groups. The temporary transfer of members from one group to another can have long-term consequences on the reduction of conflict. The advantage of this form of rotation is that members of one group learn the problems and constraints of another group. It also encourages the establishment of personal bonds that are an outcome of interaction with members in the other group. As a result, conflict is less likely to result from misunderstandings or lack of recognition of the problems confronted by the other group.

Develop superordinate goals. Developing superordinate goals by managers can turn the focus of members or groups from conflict to cooperation. Threats of bankruptcy, loss of jobs, or the deterioration in product quality can often unite conflicting groups in cooperation to achieve a goal that is beneficial to **both** groups. The "need to save the company" is an expression designed to encourage conflicting groups to set aside their hostilities and unite for the purpose of keeping the organization going.

A *Use intergroup training.* Intergroup training requires that members from two or more groups in the organization be brought together in order to undergo similar training experiences. The objective of intergroup training is to develop permanent mechanisms that encourage groups to work together. Often this requires the use of outside workshops and training programs where participants are removed from the day-to-day problems of their jobs. Though expensive, such techniques have been beneficial for reducing conflict in organizations.

Stimulating Conflict

It is obvious that conflict can be stimulated, or increased, by managers simply avoiding or reversing the application of the techniques mentioned. There are several additional techniques that managers may want to consider when stimulating conflict between opposing groups is desirable:

- A *Increase competition and opportunities for conflict.* While competition differs from conflict, as discussed earlier in this section, when competition intensifies, groups usually seek opportunities to engage in conflict. Creating awards for competitive activities, such as awards for the division that sells the most products, can energize members and groups in an organization. Conflict can result when one group suffers from loser effects. That group may demand that the rules of the competition change to make the conditions of winning the award more equitable. Through modification of the rules, competition continues and the organization benefits from this new-found energy by an increase in sales.
- A *Increase uncertainty among groups.* Stagnation in organizations is often the result of keeping activities unchanged over long periods of time. Members and groups know exactly what tasks are to be performed each day and can predict the results of those tasks. Uncertainty reduces the ability of members and groups to predict. Assignment of new tasks, hiring of new personnel, and withholding of information are all techniques that can be used to increase uncertainty. As uncertainty increases, a new interest in activities develops, and the potential for conflict becomes greater.
- A *Change the reward system.* A change in reward systems is one technique that can accomplish both the increase in competition and the increase in uncertainty. Reward systems can encourage competition by having the distribution of rewards based on a comparative formula with other groups rather than with prior time periods. For instance, a group that receives rewards based

on this quarter's performance compared to last quarter's performance is in competition with itself. However, the basis of these rewards can be changed to a system whereby rewards are distributed based on how well the group performs in this quarter compared to other groups in the same quarter. Additionally, the introduction of a new reward system creates uncertainty as members or groups try to determine how they will be affected by the new system. Often, this leads to increased conflict due to misinterpretations or miscalculations of how the reward system operates.

Ineffective Techniques

Over the years, managers **from all** types of organizations have developed techniques for managing conflict that generally have proven to be ineffective. So that you will be cognizant of and have an opportunity to avoid these techniques, we refer to them as nonaction, administrative orbiting, due-process nonaction, secrecy, and **law** and order.²⁴

A *Nonaction*. A popular but ineffective strategy for managing conflict is simply to do nothing, hoping that the conflict will go away. When managers utilize this approach, they encourage the conflict to escalate into uncontrollable proportions with unproductive results. Ignoring problems usually only increases frustration and anger among the participants.

▲ *Administrative orbiting*. This technique recognizes the conflict situation, but appeals for change or attention are placed "under study" until "more information is received." After a while, the conflicting parties recognize that the administrative orbit does¹ not provide solutions; therefore, they increase their hostilities and undertake destructive action directed at the organization or manager. Strikes, work stoppages, and sabotage often result from application of this technique by managers.

▲ *Due-process nonaction*. A third ineffective technique for handling conflict is through due-process nonaction. **Here**, recognized procedures are established for members or groups to redress grievances. However, the procedure turns out to be costly, time consuming, complicated, and with no guarantees of a successful outcome. The purpose of this technique is to wear the hostile groups or members down, unless they choose to devote all of their energy to combating bureaucrats.

A *Secrecy*. Some managers feel that if they seek to maintain secrecy regarding the way they operate and make decisions, they will

24. R. H. Miles, *Macro Organizational Behavior* (Santa Monica, CA: Goodyear, 1980), 125-2.6.

avoid questions and confrontations from those who are affected "by such activities. Managers using this technique only disclose those activities that they feel shed a positive light on their activities. This "none of your business" attitude generates distrust and frustration among members of the organization. Thus, any effort to formulate and implement a solution to a conflict situation is met with suspicion.

- A *Law and order*. This requires the suppression of conflict through force. Managers, in the name of the overall good and welfare of the organization, invoke stringent rules often unrelated to the conflict situation. Those who persist in the conflict are labeled as troublemakers and efforts are made to discredit them by suggesting their motives are devious. Managers use this technique with the idea that conflict can be suppressed and thus eliminated. However, conflicting groups in the process of curtailing their hostilities will often forge a coalition directed at management out of resentment toward the technique.

IMPLICATIONS FOR MANAGEMENT

As a manager you will want to devote considerable attention to the processes and outcomes of change and conflict. Both are powerful dynamics of an organization, and they can have considerable consequences on the performance and overall effectiveness of an organization. Learn to identify the sources of change and conflict. Too often, managers only attack the symptoms of a problem rather than correcting the underlying cause of the problem. When only the symptom is treated, managers will be forced to deal with the problem's reoccurrence repeatedly.

Many managers find it useful to identify steps they want to take in order to implement change before they proceed. The creation of these steps requires a keen understanding of how both external and internal forces affect activities in the organization. As a manager, you should develop a list of each external and internal force you believe affects the activities of your organization. You may want to keep such a list handy at all times. It can serve as a checklist and reminder of what factors must be considered before change is to take place in the organization. If possible, try to avoid reactive responses to change. While many times throughout your career you will have to react to (as opposed to plan for) change, the change process has greater potential for success when it is planned. Remember that, unlike most operative-level employees, managers are paid to anticipate problems.

Regardless of how well thought out and how beautifully conceived your plan for change is, expect resistance. Resistance to change can evolve from many unexpected sources. However, if you prepare your plan

for change considering the potential resistance to be met, you may be able to make an effective response and thereby overcome the resistance. Many excellent plans for change have fallen by the wayside because the manager failed to consider adequately the resistance that would be met.

If you have determined that the source of a problem rests with the administrative domain of the organization, you will want to facilitate change by altering policies, goals, structure, or evaluation systems. Create an organic system in the administrative unit for formulating the change. This can be accomplished by developing workshops or sessions that allow employees to offer suggestions. Or create a separate organizational department whose goal is to formulate solutions to problems. When it is time to implement the change, develop a mechanistic system. This will enable you to monitor the change process and identify trouble spots.

If you believe the problem to be solved is caused by the technical domain of the organization, you will want to change the tasks or technology in the organization. Again, you may halt the production line and develop workshops or sessions that will encourage employees to participate and contribute to the solution of the problem. Once a solution has been identified, a mechanistic system can be used to implement the solution to the problem. More common is the creation of an organic department, such as research and development, whose goal is to create new ideas to be implemented by a mechanistic production department.

When a change of members is deemed necessary, consider an organizational development program. While more costly than hiring an outside consultant, it has many long-term benefits. Make a commitment to greet change as a natural process in the organization and develop your own ideas as to how the workplace of members can be improved. Remember that any successful change through an OD program is going to require support from management. If you display suspicion or ridicule toward the program, others will assume that attitude and the program's chances for success will be greatly reduced.

As a manager, you should begin to realize that conflict can be both beneficial and destructive to an organization. You will find yourself in many situations where your first instinct is to try to eliminate the conflict. This is only natural because as humans, we generally prefer a peaceful setting in which to work. However, recognize that conflict can lead to benefits for you and your organization. Learn techniques for preventing, reducing, and stimulating conflict. Try to identify what you believe are the optimal ranges of conflict between groups or members that you are supervising. Then determine where conflict in your organization resides. Finally, apply techniques that will move the conflict situation into this optimum range in order to increase performance. Avoid the use of ineffective techniques for handling conflict. Though tempting, often used, recognize that they may solve short-run symptoms, but will most likely compound problems in the long run.

KEY TERMS
AND
CONCEPTS

administrative change
ambidextrous organizations
change agent changing
dual-core model human
change idea champion
innovation departments
Lewin-Schein model

organizational change
organization development
planned change reactive
change refreezing
switching structures
technological change
venture team
unfreezing

REVIEW
QUESTIONS

1. What are the key external and internal forces that influence change in an organization?
2. How does planned change differ from reactive change? Which is considered to be the most effective approach to change?
3. Identify and discuss the three steps for change described in the Lewin-Schein model. What conditions are necessary for change to be successful?
4. Describe why some members of an organization may resist change. How might managers overcome this resistance to change;
5. What is the ambidextrous method of technical change? Discuss why each design is more appropriate than the other for formulating or implementing change.
6. What are the implications for administrative change as presented in the dual-core model?
7. What is organization development? How does OD differ from hiring a consultant to institute change?
8. Identify and discuss the assumptions that an OD program makes in regard to individuals, groups, and the organization as a whole.
9. Describe the OD process for change. What conditions are necessary for an organization development program to be successful?
10. What is a change agent? Describe the various techniques a change agent may use in an organization.
11. What is the difference between conflict and competition?
12. Identify and discuss the sources of conflict.
13. How does a traditional perspective of conflict differ from a pluralistic perspective of conflict?
14. How might managers prevent, reduce, and stimulate conflict? Under what conditions would each technique be appropriate?
15. Identify and discuss the five ineffective techniques for managing conflict that managers have been known to use.

CASE 11 A Middle Managers and Supervisors Resist Moves to More Participatory Management

When senior management at Corning Glass Works began a program last year to foster a more participatory style of management, some supervisors were dubious. Now they're believers.

What turned them around were experiences like one at the company's plant in Erwin, New York, where a die-manufacturing problem needed to be solved. Supervisors put five machinists in a room and gave them whatever information they needed. Five hours later, the team had a solution costing less than \$200.

Under the old management style, says Bob Pierce, a department head, supervisors and engineers would have huddled, "and it would have come out as an edict" with uncertain results. Now, by getting workers involved, the people who actually have to carry out a decision "have a personal obligation to make it happen."

Corning has been fortunate. Getting plant supervisors and middle managers to give it a serious try is the essential first step in establishing a more participatory management style. But to hear executives tell it, that isn't an easy task at many companies. In fact, according to some managers, "It's like pulling teeth."

The aim of the participatory style is to get first-line supervisors and plant managers to elicit ways of doing a better job from workers on the shop floor. Hourly workers who have been ignored for years usually like the idea of being listened to, and top executives who launched the program are eager for it to happen.

But mid-level employees, like the Corning supervisors in Erwin, are sandwiched in between. They worked hard to get into management and tend to guard their old-style authority jealously. They grew up in a system in which "management has all

the answers"—even if it didn't—and they have long been taught that their job is to keep the hourly employees in the dark and the production lines humming.

Now their bosses tell them, "We want more participation" from the workers, as well as better management and a steady flow of quality products. Managers in the middle are left wondering, "How do I do both?"

Faced with that dilemma, many managers and supervisors dig in to oppose the change. When one big telecommunications company started its program, middle managers boycotted an orientation meeting. At S.C. Johnson & Son Inc., Philip Ricco, the productivity director, says he once watched a hard-bitten manager bluntly tell a boss, "I've been here longer than you, and I'll be here after you've gone, so don't tell me what really counts at this company."

Because of the central role middle managers and supervisors play in implementing a more participatory management style, attitudes like that obviously jeopardize the entire program. "People in the middle are the ones who make it go or don't go," says Mark Arnold, consulting services director of Organizational Dynamics Inc.

The problem of getting middle managers to make the transition to managing worker teams from the more traditional¹ autocratic management of individuals is huge, Mr. Ricco of S.C. Johnson says, "It's the problem." Johnson, he says, has made more progress than most companies. Among other things, it holds working sessions two or four times a year to help middle managers focus on the company's overall strategy goals, and it publishes a quarterly management newsletter.

At Florida Power & Light Co., middle managers became confused about their¹

rules, prompting the company to tailor special training sessions to help them along. ■But while such retraining can be useful, some managers and supervisors never get the message. They must learn how to run regular meetings of hourly workers, do their homework before the meetings, and follow up on suggestions made by the worker teams.

"The participative manager needs better management skills and people skills. Most of those things aren't trainable," says James Lester, president of Eggers Industries Inc., a building-products company.

Both Eggers Industries and TRW Inc/s Valve division in Cleveland reassigned several first-line supervisors and managers to jobs that didn't involve supervising workers because they failed to change their style.

To further make the point, other TRW managers were told that their pay depended on how well they made the transition. Division chiefs have also promoted lower level managers who have blossomed with the management style change.

Regular communication between supervisors and workers is essential. Thelma Stewart, a Coming supervisor, spends her first hour every day explaining to workers what needs to be produced that day. Then she spends the next hour or so looking at their work.

At TRW, Gary Hemmi, a supervisor, says, "You specify exactly what you want to

accomplish—what your objective is—and by getting people involved, they start throwing out suggestions."

One of the more difficult changes a manager must make is knowing when to give commands and when to get things done more diplomatically. "You don't go tell anybody to do something, you ask them to do it," says David Goodfield, a TRW instructor who was a supervisor for six years. "You make them aware of a job that has to be done, make some suggestions, and then let them figure out ways to do it."

Still, there are times when the boss has to make a decision without spoiling the teamwork of his group. "Sometimes/" says John C. Boldt, manager of organizational training and development at the TRW division, "you have to call the shots."

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1. What external and internal forces for change play a role in moving middle managers towards a more participatory management style based on information provided in the case?
2. Identify the sources in the case that cause managers to resist change.
3. What organizational development techniques could be applied to overcome the resistance to change:

PART 4 CASE ▲ Meet Today's Young American Worker

*I see you on the street and you look so
tired, Girl, I know that fob
you got leaves
yon so uninspired. When I
come back to take you out. to
eat. You're lying all dressed
up on the bed,
baby, fast asleep.*

—Bruce Springsteen, "Jersey Girl"

Rock powerhouse Bruce Springsteen's passionate young losers, picking up girls at union hall dances in dying industrial towns, have become the 1980s images of working-class youth. But the working girls and guys who pack his pounding rock concerts in Oakland, Pittsburgh, and Chicago have money enough for the \$17.50 tickets—and cassette tapes and car stereos and the cars

from which the music blasts. In fact, most workers 18 to 35 are making anywhere from \$14,000 to \$40,000 a year as skilled machinists, medical technicians, telephone equipment repairpersons, and computer operators. Springsteen's wild kids, scraping a living from dead-end jobs and trying to outrun state troopers across industrial New Jersey's lunar landscapes, have a gut appeal even for listeners no longer adolescent. But they have about as much to do with the reality of most young workers' lives as the angry rebels portrayed by James Dean did with the square, crew-cut kids of the Eisenhower era.

The attitudes of America's young working class are critically important to managers who have to find people to staff an increasingly high-tech, service-based economy. Half the U.S. work force is now under 35, up from just over one-third at the end of the 1950s. Whether their collars are blue, white, or pink, most of these are nonsupervisory workers—7 million versus 10 million supervisors, managers, and professionals of the same age whose own careers will turn at least partly on their ability to manage these increasingly well-educated and skilled people.

Fortune magazine reporters interviewed upwards of 100 young workers across the United States—in factories, offices, bars, and unemployment lines. They range from nurses to garbagepersons to robotics technicians to construction roustabouts. Many seem not even to recognize the hallowed term "blue collar," so much has the workplace changed in the 1970s and 1980s. Indeed, many have made their way up and out of low-skilled, low-paying white-collar jobs at the checkout counter or filing cabinet to more highly skilled, higher paying blue-collar work.

Their plans for the future match the needs of corporations for flexible, mobile, highly skilled workers like the young machinist interviewed who was as familiar

with computer controls as with the milling machines they drive. From auto parts plants in Ohio's rustbelt to the high-tech, union-free industrial "campuses" of Texas, young workers are intensely aware of the changes that have been taking place in the labor markets. Traditional wage structures have broken down; old-line industries have disappeared, to be replaced by others. Some young workers can't find jobs—the unemployment rate for people under 35 is 9.3 percent, twice that of older workers. And the jobs young workers do find sometimes prove evanescent. "I've worked for many different contractors in the Houston area, but most of the jobs don't last more than a few months," says an unemployed 23-year-old.

Partly in response, young workers have become avidly interested in acquiring¹ new skills, even when their companies pay little extra for their additional knowledge. Almost two out of five have at least some college training—double the proportion among their parents—and many more are going back to night school and technical college for more.

While they would be quite willing to change jobs and relocate to seize opportunities, they also tend to speak highly of their current employers. Oh, they have their gripes, all right; their most common beefs are about excessive overtime and the failure of managers to tell them what's going on. They are not hostile to unions in principle but most seem indifferent to them. Only a small minority are union members, and those who are often find union seams; rules, which protect older workers at their expense, infuriating. To anyone who worked in plants in the bitter Vietnam years, they remember the angry, violent, drug-ridden young Luddites of the GM Lordstown plant, which symbolized that era, their success seems like a manager's dream.

Many of their attitudes, in fact, are not

back not 15 years to Lordstown but 30 years ago.

to the post-Depression work ethic of their parents. In this respect, young workers are also far removed from the "I'm entitled" ethos often attributed to the much-hyped elite of their generation, the young urban professionals; many, such as some nurses, are working at high-skill, high-stress jobs that pay less than some garbagepersons'.

However much new technology may be changing their jobs, members of the new working class live, like their parents before them, in that world described by Carl Sandburg, "where nobody works unless they have to, and they nearly all have to." They work for the rent money, the grocery money, the diapers and children's shoes, and for the down payment on a two-bedroom frame house not too far from the plant. Many have something going on the side, "off the books" and invisible to the tax man, like the house-cleaning supervisor at a hospital near San Francisco who also works as an auto mechanic at a friend's garage. . . .

Young workers clearly perceive economic reality—the Japanese threat, the decline of industries that were organized labor's strongholds—and they're adapting to it. Today, many of the steel mills up and down the Monongahela River valley winding southeast from Pittsburgh are moth-balled hulks. This is Springsteen country; in Pittsburgh for a concert, the singer gave \$10,000 to Steelworkers Local 1397, which has been struggling to force the reopening of shuttered plants.

But those who appear hardest hit by the closings are the older workers, unwilling to consider leaving the Mon Valley, as they call it. Younger workers like Arthur Pepper, 31, an electrician laid off from U.S. Steel's closed Duquesne mill, shrug off the union militants' Save the Mon campaign and instead talk about jobs available out of state. "They can buy the plant. I'm not," says Pepper. "It's been let go for so many years, I don't see how it can be done. I don't think

you can compete with foreign imports, anyhow. There's no future here. Lots of people are moving; I have one friend who left for Florida today."

Not that they have to move terribly far. Jobs can be had across the industrial Midwest by young people prepared to work for less than the rates the unions once enforced. GM's Packard Electric division has 18 plants, employing some 9,000 hourly workers, in and around Warren, Ohio, about 10 miles northwest of hard-hit Youngstown. Last year, GM and the International Union of Electrical Workers agreed on a new contract to give older workers "lifetime" security, Japanese-style, in exchange for sharply lower wages for new hires. Since that agreement, about 300 new workers have been hired....

Young workers across the country talk continually of training for new jobs and new technologies as a means of ensuring their upward mobility. High schools don't seem to be doing the job. Besides the college scholarship programs offered by "dead-end" employers to lure young workers, a lot of technical training is available on the job as well. Every year, temporary services firms like Kelly Services and Manpower give tens of thousands of high school graduates crash courses in operating word processors and other electronic equipment, and then rush them out into the market, where many are offered permanent jobs in offices and factories by managers desperate for trained people. Across the Frostbelt and the Sunbelt, young workers with high school educations are going back to night school at local technical colleges, frequently with employers picking up the tab, to learn about computers and other electronic technologies. . . .

Perhaps as a result of rapid change, young workers want their employers to keep them clued in, probably more than their predecessors did. Unetta Jones, 30, is a service assistant at AT&T in Morristown, New

Jersey; she helps out junior operators with customer problems. Jones says flatly, "The problem with AT&T is they just don't *communicate*."

The elimination of some 24,000 jobs announced by Ma Bell in August won't cut into the ranks of operators and telecommunications technicians, but the operators are worried about being bumped from daytime shifts by workers with greater seniority as offices are consolidated. AT&T, they note, still has lots of employees on its switchboards with 40 years' seniority and no plans to leave.. *.

Most young operators have no plans to remain phone company operators for 40 years. Their commitment to getting up and out is plainly evident. Michelle Pond, 25, works days as an AT&T operator and then works four hours at night as a computer programmer for another company. In the rest of her waking hours, she tries to find enough time to complete an AT&T home study course that will allow her to qualify as a computer technician. Maurice Woodward, 29, who started out as an operator, taught himself electronics with Heathkit sets and passed an AT&T exam to qualify for training as a technician repairing electronic switching equipment—a job that can pay as much as \$40,000 a year with overtime, compared with the \$26,000 or so for operators. AT&T pays the tuition of workers going back to school to acquire high-tech skills.

Especially across the Sunbelt, high-tech companies determined to remain non-union aren't waiting for organizers to push such demands; they are promoting education and upward mobility themselves. In the Research Triangle Park outside Raleigh, North Carolina, Northern Telecom, a powerhouse in telephone switching technology, offers its nonunion work force generous educational benefits, not to mention lunch in an elegant atrium with trees and flowers; a working environment of spotless conveyer

lines, IBM robot arms, and computer terminals; and for end-of-the-day workouts, exercise equipment on the premises.. ..

Construction laborers doing dirty jobs in the open air probably come as close to matching up with Bruce Springsteen's young roustabouts as any workers the Fortune reporters spoke with. But even they have far more going in their lives than the adolescent rebels in his ballads. Like many other young workers, they display a passionate avidity for work—they will go to great lengths, and put up with a lot, to find a job and stick with it.

David Byers is a 29-year-old ironworker who had to leave his wife and two children in depressed eastern Ohio to find work in New York City. He returns home every other weekend. Byers did a lot of ironwork in steel mills in and around Wheeling, West Virginia, but there's no work left there now. In New York, where Manhattan is still in the midst of an office construction boom, he hasn't missed a day's work for several months.

Byers finds it tough living apart from his family, but there is no way they could join him: he's living in a Howard Johnson motel, along with nine other men front Ohio, only half of them registered at tie front desk. "The work is all right/" he offers. "I guess I'm stuck with this until I retire—0 unless I win the lottery." He says he'll stay in New York "until things pick up back home."

This is the true voice of the American worker. Across an ocean to the west, big chunks of Japan's notoriously industrious work force are locked in place by the almost feudal loyalties of a system where young¹ workers straight out of school commit themselves for life to a single corporation. Across an ocean to the east, European **fob** markets are only beginning to thaw from decades of labor legislation and welfare state | policies that have frozen labor mobility. In-

the United States, the labor market, never anywhere near as unionized or as regulated, has become a wide-open free-for-all. And a generation of young workers who have grown up with kaleidoscopic change are in the middle of it, learning whatever new skills they have to learn, moving a hundred or a thousand miles to find a job, and keeping the wheels of the economy turning.

Source: Adapted and abridged from Michael Brody, "Meet Today's Young American Worker," *Fortune* (November 11, 1985), 90-96, 98. © 1985 Time Inc. All rights reserved.

1. Do you agree with the picture of "today's young American worker" presented in this case? Discuss.
2. Consider the demands and aspirations of the workers discussed in this case. Which organizational design do you believe would best meet those demands and aspirations? Which organizational design would be least appropriate? Explain.
3. Which job characteristics appear to be especially important to these workers? How do you think these workers are likely to feel about such developments as flex time, job sharing, and the compressed workweek?
4. Discuss some of the implications of the material presented in this case for selection, placement, training, and rewarding of young workers.
5. Review the assumptions of an organization development program. Which assumptions do you believe the workers discussed in this case satisfy? Which assumptions are not being satisfied? Do you think these workers radically differ from workers of other generations in terms of meeting these assumptions? Explain.

