

Cambridge University Press

978-1-107-02009-2 - The Psychology of Organizational Change: Viewing Change from  
the Employee's Perspective

Edited by Shaul Oreg, Alexandra Michel and Rune Todnem By

Excerpt

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*Part I*

Introduction

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## 1 Introduction

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*Shaul Oreg, Rune Todnem By, and Alexandra Michel*

The subject of organizational change is attracting more attention than ever, with a rising tide of research aimed at understanding this complex topic, which has ramifications for academic fields such as leadership, strategy, human resource management and development, and more broadly, organizational behavior and psychology as a whole. A quick examination in Google Scholar of the number of publications with the term “organizational change” in their title reveals this rapidly increasing interest over the years (see Figure 1.1). From a meager 38 publications in 1962, there are more than 8,000 today, with almost 50 percent of these being published in the last decade. The majority of studies, and almost all of the books on the subject, take on a macro perspective, focusing on the strategic process of managing organizational change. Most books are dedicated to describing what change looks like, what instigates it, how it develops over time, and most notably, how it can and should be managed. The perspective in these books is almost exclusively that of management, with little more than a passing notice to what change looks and feels like from the perspective of the change recipient. In recipients we include all organization members who are at the receiving end of change, including both employees and those managers who typically have little control and influence over whether, or what types of change, will be implemented.

Nevertheless, awareness of the importance of considering recipients' perspective is gradually increasing. Researchers are more frequently acknowledging the key role that organization members have in determining the change's potential to succeed (Bartunek et al., 2006; Fugate, Prussia, and Kinicki, 2012; Oreg, Vakola, and Armenakis, 2011). As these scholars indicate, all too often the introduction of a change in the organization elicits, frequently quite justifiably, negative responses. These often include active demonstrations of resistance to the extent that the organization ends up no better off after the change than it was prior to it. A better understanding of the nature and reasons for these negative reactions could therefore help change agents improve the change and facilitate its implementation, to ultimately yield improved outcomes for the organization.

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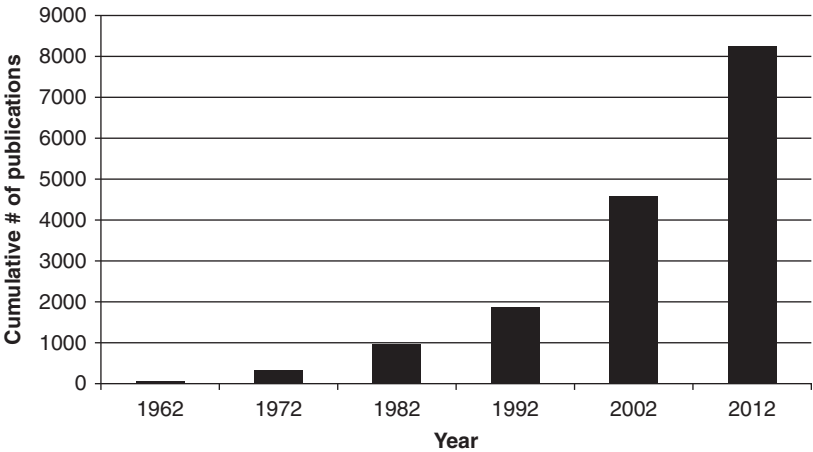


Figure 1.1 Increase in number of publications with a title including the term “organizational change”

But an even more essential point, typically overlooked, is the importance of considering the recipients’ perspective should be acknowledged even if it were not consequential for the change’s and the organization’s success. Change recipients are those who are most substantially influenced by the change and its consequences. Be it a merger, downsizing (also known as firing lots of people), or the introduction of new technology in the organization, organizational change has a tremendous impact on organization members’ lives. Among other things, it affects their livelihood, their sense of belonging and competence, and their overall well-being. For this reason alone, when studying organizational change it is the change recipient’s outlook we should seek to understand, first and foremost. If a better understanding of this outlook could also benefit the organization, all the better.

In *organizational change* we are referring to any adjustment or alteration in the organization that has the potential to influence the organization’s stakeholders’ physical or psychological experience. Such alterations include changes to the organizational structure, the implementation of new organizational practices, changes in employees’ job descriptions, or even geographical relocations of the organization or its branches. They also include longer-term cultural changes, which are often harder to design and implement. Each of these changes clearly has the potential to influence not only the organization’s performance, but most notably its employees. Employees will surely hold their own opinions about the change and

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experience a range of emotional responses to it, which in turn will likely be manifested in how they cope with the change and in their attitudes toward the organization at large. These reactions have received little attention in previous books on organizational change, and constitute the focus of the present book. Rather than describing what change looks like, we shift the perspective in this book to describing how change is received, and instead of providing characterizations of changes, such as first-order versus second-order, planned versus emergent, continuous versus discontinuous, or incremental versus radical, the focus here will be on characterizing and explaining the experience of change. Scholars of reactions to change come together in this book to lay out their various perspectives on the topic. They each take on their own approach to understanding how organizational change affects change recipients, and to explain differences in recipients' reactions.

Typically embedded in a micro-organizational perspective, the conceptual frameworks employed in research on reactions to change tend to be psychological. To date, only very few books on organizational change have undertaken a micro perspective, with a focus on the perspective of the individual. Moreover, none that we are aware of have focused specifically on the change recipients' reactions to organizational change. Although the explicit interest in recipients' reactions to change is fairly recent, findings on the topic have nevertheless been rapidly accumulating. A variety of approaches has been used, with a broad range of propositions for how to conceptualize employees' reactions, and numerous change-related variables being employed for assessing these reactions and their consequences. Little integration, however, has been provided and each approach tends to be considered independently of other available approaches. The amalgamation of approaches in this book presents a form of dialog among scholars in the field and brings together, in a single corpus, a broad range of outlooks on the subject.

Contrary to other books on organizational change, the authors in this book do not offer explicit prescriptions for managing organizational change. Rather, their focus is on reviewing and expanding theory in this field, and in a number of cases also providing new empirical findings in support of these theories. Accordingly, our intended audience comprises scholars and practitioners who seek a deeper understanding of the recipients' response to change and of the psychological underpinnings of this response. Certainly, such a deeper understanding can in turn be translated into practical action in the design and implementation of organizational change. Indeed, most of the chapters in the book include a discussion of the practical implications of the authors' theoretical perspective and empirical findings.

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### Structure of the book

The book comprises seven parts, together covering manifestations of change recipients' responses to organizational change and predictors and outcomes of these manifestations. Following this introduction, Mel Fugate offers in Chapter 2 an overarching framework for understanding change recipients' reactions to organizational change, with a particular focus on the construct of *change appraisal*. Specifically, he employs this construct to link aspects of recipients' personality and characteristics of the change context, with change-related outcomes, such as employees' emotions or their voluntary turnover. In change appraisal, a concept that will also be used in some of the chapters that follow Chapter 2, Fugate refers to "an evaluation of a person–situation transaction in terms of its meaning for personal well-being," which includes the three core types of appraisal: harm, threat, and challenge. After laying out his perspective of change-related appraisal, Fugate moves to discuss person and situation antecedents of employees' change appraisals. The person antecedents on which he focuses are *positive change orientation*, *positive psychological capital*, and *employability*. The situation antecedents are *change-related fairness*, *trust in management*, and *perceived organizational support*. Following the antecedent–appraisal links, Fugate discusses the relationship between change appraisals and outcomes, including employee emotions and employee withdrawal. Fugate's chapter offers an inclusive framework, integrating many of the disparate findings in this field. Through his research propositions he lays down an elaborate and viable research plan for advancing our knowledge of the subject even further.

In Part II we introduce two particular conceptualizations of recipients' reactions to change, with each of the two chapters in this section focusing on a different manifestation of the reaction to change. In Chapter 3, John Meyer and Leah Hamilton develop an evidence-based framework of commitment to change. They draw on the extensive work on commitment of Meyer and his colleagues and extrapolate from what is known about commitment to organizations to the notion of commitment to change. They begin with defining commitment and commitment to change, and their three components of affective, continuance, and normative commitment. They then move on to discuss the implications of commitment to change, which include job satisfaction, retention, compliance, and discretionary behavior. Meyer and Hamilton then review findings relating to how commitment can be developed. Specifically, they discuss individual differences, as well as the roles of the change context, process, and perceived impact on employees' commitment to change. After a discussion of the limitations of previous studies they devote their last section to

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providing a guiding framework for future research. In their framework they also highlight important issues that managers of change may wish to consider. As in Fugate's chapter, Meyer and Hamilton propose a mediating mechanism that links both person- and situation-based antecedents with employees' work-related outcomes. Their focus on commitment to change, drawing from the well-established body of knowledge on commitment to organizations, provides a well-rounded view of employees' response to change.

In Chapter 4 Alexandra Michel and Gloria González-Morales focus on the health-related outcomes that result from change. The authors provide an integrative review of the literature from which they propose the model of healthy organizational change (HOC) for explaining the health-related outcomes. Specifically, characteristics of the change (e.g., type of change) of the job (e.g., workload), and of the social exchange employees have with their organizations (e.g., trust in management) interact with individual differences variables (e.g., cynicism about change) in their effect on health-related outcomes. Health-related outcomes include aspects of employees' physical and mental health. As their review shows, and related to the concepts discussed in Chapter 2, these relationships are often mediated by employees' appraisal of the change situation. The authors open their chapter by discussing the stress-related implications of change, and the consequences of these implications to change recipients' health. They then turn to systematically summarize conceptual propositions and empirical findings which establish the relationships they include in their model.

Each of the following two parts focuses on a different category of predictors of recipients' reactions to change; the first on person-related factors and the second on situation-related factors. Specifically, Part III covers internal factors that antecede reactions to change, namely individual differences in recipients' propensity to accept or resist change. In Chapter 5, Maria Vakola, Achilles Armenakis, and Shaul Oreg review fifty-seven empirical articles about employees' reactions to change, published between 1975 and 2010. In an integrative model they draw links between individuals' characteristics, their explicit and immediate reactions to the change and longer-term implications that change has for employees. They begin by addressing how reactions to change have been conceptualized and defined in previous research. As a means of categorizing studies they use the tri-dimensional definition of change attitudes, comprising affective, cognitive, and behavioral components. In the main part of their chapter they review findings involving four categories of individual differences variables that have been used to predict reactions to change: personality dispositions, motivational needs, coping styles, and demographics.

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In the next section of Chapter 5 Vakola and her colleagues discuss the longer-term consequences of change for employees. In the final section they highlight the implications for theory, research and practice of the knowledge that has accumulated in the studies reviewed.

In Chapter 6 Karen van Dam introduces the concept of adaptability at work. By integrating conceptual frameworks and empirical findings she presents a general model of adaptability aimed at enhancing our understanding of employees' reactions to change. She first discusses the deficiencies of previous definitions of the construct before presenting her own definition, highlighting the resources that comprise employees' potential to effectively adjust to work-related, vocational, and environmental demands. She then elaborates on these cognitive, affective, and behavioral resources that help employees adapt. In the next section she ties her former discussion of general adaptability to the particular context of organizational change. In doing so she demonstrates the various roles adaptability may have in the change process. For example, along the lines highlighted in Chapter 3, adaptability can be seen as an antecedent of employees' reactions to change with more adaptable employees exhibiting more favorable responses to change. Contrarily, adaptability could also be seen as an outcome of various factors, including leadership and past history of change. As such, adaptability can be seen as a mediating mechanism between various change-related antecedents and outcomes, such as between employees' personality and job satisfaction, or even between personality and their health. Van Dam concludes with a discussion of the challenges researchers and practitioners face for further understanding and enhancing employee adaptability.

Part IV shifts the spotlight from intrinsic characteristics of the individual to factors within the organization that explain reactions to change. In Chapter 7, Alannah Rafferty, Nerina Jimmieson, and Simon Restubog focus on the role that leadership has in shaping change recipients' response to change. They present and empirically test a model in which the transformational leadership of supervisors and the organization's top-management team are indirectly linked with employees' affective commitment to the change, and the degree to which employees perceive the organization as violating its psychological contract with them. Resonating with the general model proposed in Chapter 2, the process through which these factors are linked includes employees' change appraisal, operationalized through their job-related and strategic uncertainty. In turn, change appraisal antecedes recipients' openness versus cynicism toward the change. In other words, transformational leadership predicts perceptions of uncertainty, which then predicts the attitude (openness versus cynicism) toward the change, which ultimately predicts affective change commitment



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and psychological contract violation. They tested their model in a manufacturing organization in the Philippines, undergoing an organizational restructuring review conducted for the purpose of adopting innovative work practices. These new work practices aimed at decentralizing decision-making processes and empowering middle managers toward improving the company's competitiveness. With data collected at two points in time, from 273 company employees, the researchers confirmed most of their hypotheses. Among their findings, top-management team transformational leadership was indirectly related to perceived contract violation through its impact on openness toward change. Supervisory transformational leadership was indirectly related to contract violation through its impact on employees' cynicism about change.

In Chapter 8, Rashpal Dhensa-Kahlon and Jacqueline Coyle-Shapiro focus on the construct of anticipatory justice as a means of understanding employees' reactions to organizational change. Following their introduction they present the construct of anticipatory justice and explain its particular relevance for the context of change, in which levels of uncertainty are high. They systematically establish a set of testable propositions that comprise an overarching model describing the change process through a justice-focused lens. Specifically, they suggest that given the announcement of a change initiative, anticipatory justice perceptions will arise as a function of recipients' trait anxiety. The anticipatory justice that emerges in turn yields several emotional and health-related outcomes. Corresponding with the rationale presented in Chapter 7, leaders' influence on the change process is acknowledged through the moderating effect of managers' interactional justice and of offering employees voice during the change. In the latter part of their model, Dhensa-Kahlon and Coyle-Shapiro propose that emotional and health-related outcomes will, in turn, determine the degree to which recipients become engaged in the organizational change. The authors conclude the chapter by discussing the value of future studies of anticipatory justice for both research and practice.

Part V includes two chapters that address communication as a key factor in the development of change and the formation of recipients' reactions to it. Chapter 9 focuses on the formal communication about the change that the organization provides. Nerina Jimmieson, Alannah Rafferty, and James Allen describe in this chapter a laboratory experiment in which they test the impact of management's change communication on employees' behavioral support for change. They begin by highlighting the importance of effective change communication as a means of gaining more positive affective, cognitive, and behavioral responses from change recipients. They hypothesize that the link between change communication and employees' ultimate reaction to the change is mediated by

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employees' appraisal of the change, as is reflected in the level of uncertainty they perceive and in the amount of anxiety they experience. They then suggest that the personal dispositions of tolerance of ambiguity, locus of control, and desire for control moderate the relationship between communication and support for change such that the relationship will be stronger among those with an external locus of control, a low tolerance for ambiguity, and a high desire for control. To test their model, they sampled 134 psychology undergraduates and used a set of vignettes to manipulate the quality of change communications. With some exceptions, their findings supported their hypothesized model. Specifically, change communication of higher quality reduced participants' anxiety and uncertainty, which in turn reduced participants' intentions to undertake deviant organizational behavior. Perceived uncertainty also mediated the relationship between change communication and participants' intentions to support the change. The moderation analyses yielded interesting findings, only some of which were hypothesized. The authors discuss these findings and provide valuable insights, along with promising directions for future research.

Departing from this focus on formal communication, Prashant Bordia and Nicholas DiFonzo write in Chapter 10 about the role that informal communication has during the change process, by focusing on the concept of rumors. To this aim, they review the psychological research on rumors and employ a motivational framework to explain why rumors spread during organizational change. Following their definition of rumors, as "information statements that circulate among people, are instrumentally relevant, and are unverified," they discuss the factors that characterize change, including uncertainty and the threat of loss, which constitute fertile grounds for the spread of rumors. These, viewed by the authors as a form of sense-making activity, help employees interpret the changing work environment and cope with the threats that accompany change. In the next section, Bordia and DiFonzo outline the psychological motivations that drive the spread of rumors. The authors then describe types of rumors, and their implications for employees and their organizations. In addition to the factors that bring about rumors to begin with, the authors also describe two contextual variables that can influence the rumor-spreading process: the organization's network structure and the degree of trust between employees and management. They conclude their chapter with the practical implications of their motivational framework for the management of rumors during change.

Part VI includes two chapters that describe the dynamic interplay between employees' orientation toward the organization and the organizational change. Both chapters describe a reciprocal process in which