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CHAPTER I

INTRODUCTION

Advanced information technology and globalization are viewed as major challenges in this era for an effective management. The factors that bring about change in organizations can be viewed as winds which are many and different from small summer breezes that disturb a few papers to powerful storm which cause destruction to structures (Senior & Flemings, 2010). Most of the individuals today agree that organizational life is more uncertain as the pace of change quickens and the future becomes rather unpredictable.

The more recent rise of service industries and the information technology outburst, the speed of change in the environment in which organizations operate has quickened to such an extent that, twenty years ago, writer Clarke (1994) said that last decade has brought with it a time of totally exceptional change. In every way business are in turmoil, from computing to financial services, from telecommunication to health care. Change is an accelerating constant. This view was broadly confirmed by Dawson (2003) in his discussion about ‘new bias for organizational action’ by which he means the need for managers to be leaders of change or else, in an increasingly competitive environment their organizations will cease to exist.

According to Nadlar and Tushman (1999), we are witnessing a profound renovation in the very nature of our business organizations. Historic forces have converged to basically reshape the scope, strategies, and structures of large, multi-business enterprises. Organizations keep themselves under change for their survival and for the
development from the prehistoric age. Hence change is nothing new to the employees as from years together it has been noticed.

During industrial revolution, agriculture was taken over by production industries. Industrial age was characterized by many inventions and innovations that reduced number of people working in agricultural land. Then, there was shift from production to service Industries. In Neo Industrial Era, in contrast to ‘task orientation’ this period was considered as ‘value oriented’. Now it has been considered as the era of technology. We have moved from PC to laptop; notebook to tablet. We have more IT Industries compared with production. Globalizations, economic climate, technological advance, growth of e-commerce and internet have a greater impact on the organizations. These turbulent environment triggers change in some or all the ways on organization and its components operate. One of the main reasons for some organizations’ inability to change is organizational inertia that maintains the status quo. Resistance to change worsen the organization’s effectiveness and reduces its chances of survival.

1.1 CHANGE MODELS AND THEORETICAL PERSPECTIVES

Within the organizational psychology reviews, change has been deliberated from several varying perspectives (Armenakis & Bedeian, 1999). At the organizational level, environmental factors that instigate change are the research focus. On the other hand, researchers may look at the content of change, including the growth of several change typologies. In recent times, researchers have begun to focus on change processes, including how organizational members react to change.
1.2 CHANGE TYPOLOGIES

Classifications of change types have been anticipated and evaluated for many years in the organizational change researches. Various typologies of change have been proposed in an attempt to classify change (e.g., Dunphy & Stace, 1988; Porras & Robertson, 1992; Weick & Quinn, 1999). Organizational change can be defined as “something that alters the function of organization, its members and leaders or the allotment of resources” (Huber, Sutcliffe, Miller, & Glick 1993). Weick and Quinn (1999) suggested two types of changes i.e., episodic and continuous. Both types of change consider that the perfect organization is one that can continuously adapt to its external environment. Episodic change is thought of as an organizational change that is “infrequent, discontinuous, and intentional” (p. 365). Episodic change occurs in distinct periods during which shifts are precipitated by external events such as technology change or internal events such as change in key personnel (p. 365). Change that is episodic in nature usually occurs in a phased approach, and is frequently planned and driven by external forces. Lewin’s (1947) model of planned change, considered change as episodic. Alternatively, continuous change is thought of as “ongoing, evolving and cumulative” (Weick & Quinn, 1999, p. 375). Change occurs in organizations as work processes and systems are continuously updated over time. Continuous change happens every day as “small continuous adjustments, created simultaneously across units, culminate and create substantial change” (p. 375).

Watzlawick, Weakland and Fisch (1974) proposed first order change and second order change. First order change occurs when change within a system leaves the system itself unchanged. Second order change attempt to change the system itself as
contrasting to effecting change within a system. Second order change has much more profound and lasting effects on a system than first order change. In terms of the different magnitude of changes, the model suggested by Dunphy and Stace (1993) has four major kinds: fine tuning, incremental adjustment, modular transformation and corporate transformation. Fine tuning refers to the method of making small modifications to improve or optimize the outcome; incremental change as when individual parts of an organization deal increasingly and separately with one problem and one objective at a time (Burnes 2004); modular transformation refers to major organizational changes to the components of an organization rather than the whole firm and corporate transformation refers to strategic whole-of-organization change. Such change may include major changes in organizational systems, structure, process and improved organizational mission.

In the attempt to change the system, the organizational change implementation involves widespread corporate-wide modifications to business processes and technology. According to Weick and Quinn (1999), the change taking place was planned, distinct, and precipitated by disequilibrium, which would qualify as “episodic change”. Rafferty and Simons (2006) examined whether antecedents of change readiness vary based on the type of change under examination. They particularly looked at comparisons between “fine-tuning” changes (or small changes to an organization’s structure, strategy, and processes) and “transformational changes” (Dunphy & Stace, 1993). Results indicated that the antecedents of change readiness differed based on the type of change that was being implemented: transformational or fine-tuning changes. Logistics and systems support had the greatest impact on
readiness for fine-tuning changes, whereas trust in organizational leadership had the
greatest impact on readiness for corporate transformation.

1.3 PROCESS MODELS OF CHANGE

Process models of change study the actions taken to initiate or facilitate organizational
change and generally outlook organizational change as a gradual process. In
particular, process research looks at actions taken in the context of change, and
employee, workgroup, or organizational outcomes of these actions (Armenakis &
Bedeian, 1999).

The most influential change researcher, Lewin (1947) conceptualized change in
human systems as a unhurried and gradual process. This “episodic” change is thought
to occur in three stages: unfreezing, moving, and freezing. The unfreezing stage
involves moving individuals from their current state to a state where they are open for
alteration. During the unfreezing stage, a state of “change readiness” is produced, and
prior learning is thought to be rejected and replaced. Lewin (1947) theorized that
during this stage, anxiety related to the change is likely to occur, due to the fact that
earlier held assumptions are being challenged. Unfreezing is attained through various
other mechanisms: disconfirmation of expectations, orienting to learn anxiety if
disconfirming data are accepted as suitable and relevant, and provision of
psychological safety creates motivation and change from anxiety (Schein, 1996).

During the moving or transition stage, individuals are expected to move from their
current state to the future state (Lewin, 1947). Dissatisfaction with the present
conditions that is created during the unfreezing phase brings motivation to change
during the moving phase. At this stage, activities are required to enable individuals to move to the new state. These can include proper communication, role modelling, and other activities that sustain new learning.

Finally, the refreezing stage occurs as individuals move to the new state and the change is made permanent (Lewin, 1947). New behaviours learned as a result of the change ultimately become automatic, and a new identity is established to maintain these behaviours.

Lewin’s three stage model of change has formed the basis for many of the process models of change. (Armenakis & Bedeian, 1999). For example, Judson’s (1991) model of creating change consists of five stages: 1) analysing and planning the change; 2) communicating the change; 3) gaining acceptance of new behaviours associated with the change; 4) changing the status quo to the new desired state; 5) consolidating the change. Judson (1991) also identified the reason for resistance and suggested several ways to overcome this resistance, including persuasion, bargaining, and rewards. On the other hand, Isabella (1990) proposed a process model to show how change affects organizational members when it is implemented. The four stages describing organizational members’ experiences with change in this model are a) anticipation, in which individuals accumulate information they have about the change into a perceived reality, b) confirmation, during which assumptions are established and become fixed, c) conclusion, in which managers compare pre-change and post-change conditions, and d) aftermath, when managers review and evaluate change consequences. Isabella’s model has been used by many researchers to understand the organizational members resistance to change.
Hendry (1996) illustrated that any process model of change can brought down to Lewin’s three stages of change. These entire change models have a series of identifiable steps and indicate specific actions that can be taken to reduce resistance. Finally, these staged approaches to change imply that if the stages of change are not effectively addressed, resistance is likely to happen (Armenakis & Bedeian, 1999).

Continuous and discrete models of change can be distinguished based on the perceived frequency of the change events. Continuous change is a situation in which change occurs very frequently within an organization, resulting in a highly unpredictable situation for organizational members (Glick, Huber, Miller, Harold, & Sutcliffe, 1995). This unpredictability is likely to lead to high anxiety, even though this type of change is small in nature. If the change is less frequent within organizations, it is more likely to be viewed as having a distinct beginning and end. This type of change is more likely to be transformational in nature, involving modifications to core aspects of the organization, such as values, structure, strategy, and key work processes. All the models and the theoretical framework related to change, has been concentrating on organizational factors rather than individual factors.

Human side of the organization is very important for any successful organization. People in organizations are considers as human capital or intellectual capital. Human resources of an organization should be managed effectively to face competitive advantage of an organization. Change in human side is not as fast as technological changes which can be copied and implemented.
1.4 EMPLOYEE’S REACTION TO CHANGE

As the business world becomes more and more complex through the development of new technologies, methods, and procedures, employees are expected to not only adapt to but embrace change as a way of their working life. Employees must act in response to continuous smaller scale changes that happen on a day to day basis, as well as discrete large-scale change initiatives that completely alter the way they do their jobs (Weick & Quinn, 1999).

The revolution in information technology expects employees to embrace new ways of doing things and imposes remarkable revisions in completing their job responsibilities. Though these technological advances deliver considerable business performance improvements in terms of productivity and efficiency, they may do so at the cost of employee satisfaction and retention (Gilmore, Shea, & Useem, 1997). This is a challenge for organizations implementing large scale technology changes. To understand how to manage and support employees going through major transitions in the workplace, it is important to know the psychological and behavioural aspect. Many organizational development and change researches focuses on change at the organizational (or macro) level as contrasting to change at lower levels of analysis (Judge Thoresen, Pucik, & Welbourne 1999). However, recent researchers have postulated that both the ability to cope with change as well as resistance to change lies within the individuals who are experiencing the change (Judge et al., 1999; Oreg, 2003). To be specific these researchers, proposed that reactions to change are profoundly dependent on dispositional characteristics. Few other scholars have found that situational characteristics, such as communication quality and supervisor support,
significantly influence employees’ perception and reaction to large-scale changes (e.g., Wanberg & Banas, 2000). Review of the organizational change reviews published by Armenakis and Bedeian (1999) points out the importance of work dealing with the emotional reactions of organizational members to change implementations. However, further empirical work needs to be done to recognize most effective ways to implement change and to avoid the costly implications of negative employee responses to change.

1.5 INDIVIDUAL FACTORS

Reactions to change are heavily dependent on individual characteristics. Any changes in work life, place demands on individuals and would challenge their capacities. This results in creating stress among the employees. If employees perceive coping resources are strong enough, they cope with stress and cooperate with organization for the successful implementation of an organizational change. Hence it is important to find out what kinds of employees have strong resources to cope with the stress generated by organizational change. Individual factors are essential for coping. Coping has been described as ‘personality in action under stress’ (Bolger, 1990, p.525), and theorists have suggested that ‘coping ought to be redefined as personality process’ (Vollrath, 2001, p.341). Research in change management has focused on systems approach in change management and on organizational development (OD) interventions (Ferman, 1997). Review of the literature helped the researcher to identify the individual factors such as self-esteem, change self-efficacy, internal locus of control, optimism, neuroticism, openness to experience, risk aversion, and
tolerance for ambiguity which plays an important role in coping process especially in relation to organizational change.

1.5.1 SELF-ESTEEM

Self-esteem refers to an individual’s overall self-evaluation of his/her competencies (Rosenberg, 1965). It is that self-evaluation and descriptive conceptualization that individuals make and maintain with regard to themselves. Self-esteem is a personal evaluation of what people think of themselves as individuals. The self-esteem construct is typically conceptualized as a hierarchical phenomenon. Self-esteem exists at different levels of specificity, such as global, and task or situation-specific self-esteem (Simpson & Boyle, 1975). Coopersmith’s (1967) found that self-esteem indicate the extent to which the individual believes him/herself to be capable, significant, and worthy. Self-esteem represents a motivational force that influences perceptions and coping behaviour. Wells and Marwell (1976) define self-esteem in four ways. First the self is treated as an object. Just like cognitive, emotional, and behavioural responses to objects, individuals can have them toward the self. Second, self-esteem as attitudes; however it is more formal focusing on the relation between different sets of attitudes (e.g., the differences between one’s attitude toward goals and accomplishments, such as the importance one attaches to being loved and how much a person feels loved). The third defines self-esteem as a psychological response a person holds toward himself. And the last method of defining self-esteem conceptualizes self-esteem as a component of personality. Thus self-esteem found to be significantly related to coping especially when it comes to change process.
1.5.2 CHANGE SELF-EFFICACY

The perception of being in control of the situation is often referred to as self-efficacy (Bandura, 1984; 1993; 1997). Self-efficacy is defined as an evaluation of one’s competency to execute a course of action that is necessary to reach required outcome (Bandura, 1993). Few research studies indicated that self-efficacy is dependent on performance attainments, knowledge and skills, and comparison to relevant others (Kaufman, 2003). Due to high performance, self-efficacy increases. If someone is confident about one’s knowledge and skills, self-efficacy increases as well. Also, self-efficacy is evaluated through comparison to others.

One of the important properties of self-efficacy is that it is domain related. A person can have high self-efficacy on one domain, and low in another (Bandura, 1982). For example, one can have high self-efficacy in academic tasks, but low self-efficacy of job skills (e.g. Zajacova, Lynch & Espenshade 2005; Jex & Gudanowski, 1992). Present study concerns self-efficacy in terms of handling changes. That is, self-efficacy is the perception of one’s ability to handle changes. Change self-efficacy is defined as the perceived ability to handle the changing situation. Self-efficacy will be referred as self-efficacy of change. There is no direct support about the relationship between self-efficacy of change and job stress, the findings of other self-efficacy domains may provide some hints for this relationship.

In Bandura's (1977) theory of social learning, self-efficacy refers to an individual's belief in his or her capability to execute a course of action needed to meet the demands of a situation. Bandura (1977) argued that self-efficacy should not be
measured in terms of generalized feelings of mastery but rather than specific in handling a specific situation or performing a specific behaviour. Thus, in the context of organizational change, change-related self-efficacy can be defined as an employee's perceived ability to function well on the job, despite the demands of a changing work environment (Ashford, 1988; Wanberg & Banas, 2000). Employees who doubt their ability to respond to the demands of a specific organizational change event are likely to focus attention on their feelings of incompetence, which will be accompanied by feelings of psychological distress, and a failure to deal with the situation (Bandura, 1977). In contrast, employees who have high levels of change-related efficacy are unlikely to be distressed by feelings of inadequacy and, for this reason, are expected to persist in their efforts to manage the organizational change process.

Self-esteem and self-efficacy are often considered synonyms, but they vary greatly. Self-efficacy differs from self-esteem in that it is a judgment of specific capabilities rather than a general feeling of self-worth (Beck, 2008).

**1.5.3 INTERNAL LOCUS OF CONTROL**

Rotter (1966) developed the concept of locus of control as the perceptions of the individual about his or her ability to control over the situation. Individuals with internal locus of control believe that they have control over their situation and their personal accomplishment, whereas those with an external locus of control view their lives as controlled by external factors such as luck, fate, chance or powerful others. Rotter (1966) differentiates internals as those who believe that they are the masters of their destiny and, therefore, often are confident, attentive, and directive in attempting
to control their external environments. Internals perceive a strong link between their actions and consequences. Externals, on the other hand, are those who believe that they do not have direct control of their fate and perceive themselves in a passive role with regard to the external environment. Thus they tend to attribute personal outcomes to external factors or luck.

Researchers examined the importance of locus of control at work. It was found that locus of control is related to important work outcomes including job satisfaction and job performance (Judge & Bono, 2001). Control beliefs partly develop from social experience (e.g., Langer, 1983; Lefcourt, 1976); therefore it is suggested that some people have the dispositional tendency to believe that they have more control over the external environment than others. Individuals who are relatively ‘immune’ to external reinforcement are termed as internal locus of control (Lefcourt, 1976; Phares, 1976). On the contrary, individuals with externality orientation fail to see a relationship between their behaviours and consequences, whether positive or negative and hence are responsive to external reinforcement.

Organization behaviour sciences, differentiates internal and external locus of control in employees approach to work, both attitudinally and behaviourally. Two major (Judge & Bono, 2001; Spector, 1982) viewpoints in this regard are briefly reviewed in the next chapter.

1.5.4 OPTIMISM

Scheier and Carver (1985) defined optimism as a set of generalized positive expectancies. Optimistic people generally expect things to happen in their favour.
They also expect that future will be more of good outcomes than bad ones. Individuals with optimistic outlook are more motivated to perform well in their job (Taylor & Brown, 1988). The concepts of optimism and pessimism concern people’s expectations about future. These concepts are being explained in psychological theories of motivation that is expectancy-value theories. Such theories propose a sound basis for the ways in which optimism and pessimism influence people’s behaviour and emotions. Sheier and Carver (1985) developed the theory of optimism that led them to predict that optimists would display better task performance in various domains than would pessimists (Robbins, Spence, & Clark, 1991). Optimism increases individuals’ ability to withstand situations and to solve problems. Optimism is defined as a tendency to expect favourable outcomes. Research has established that there are individual differences in global optimism—that is, some individuals are more disposed than others to expect good things across a variety of life domains. A global, dispositional tendency to be optimistic will usually manifest itself in a variety of more specific beliefs tied to particular situations, or life domains. Optimistic or pessimistic beliefs may be activated or diminished by short term factors (for example, people in happy or angry moods are more optimistic than people in fearful moods). Optimism and pessimism are opposite sides of a continuum. Optimism is found to be associated with various domains of physical health and psychological functioning. Optimistic individuals are more likely than pessimists to persist in their pursuit of goals when faced with a difficult situation (Wrosch & Scheier, 2003). Optimistic individuals have a tendency to spontaneously use stable coping mechanisms, such as problem-focused coping, which help them to face their challenges (Scheier & Carver, 1992).
research studies related to change had found that optimism plays an important role in
coping when change process occurs in organization.

1.5.5 NEUROTICISM

It is associated with emotionality, self-consciousness, physiological reactivity to stress
and behavioural inhibition. (Costa & McCrea, 1992). Low score in neuroticism
(emotional stability), is associated with certain personal strengths. Strengths
associated with the facets of emotional stability dimension are: courage, calmness,
happiness, impulse control and resilience and have a high self-confident. McCrae and
Costa (1991) found that neuroticism is highly correlated with lower well-being
neurotic individuals are predisposed to experience negative affects. Negative affect
was found to be negatively related to job satisfaction (Brief, 1998; Spector, 1997) and
emotional stability is positively correlated to job satisfaction (Watson & Hubbard,
1996; Judge & Cable, 1997; Ilies & Judge, 2002). As the neurotic individuals are
usually anxious, moody and lack self-confidence and dwell in negative emotions, they
do not enjoy the work they do. On the contrary emotionally stable individuals are able
to control their emotions; hence, it’s positively correlation to job satisfaction. Thus,
neurotic individuals are less satisfied with their jobs than emotionally stable
individuals. Organization needs employees who are emotionally stable as they will be
able to perform to their best. Connolly & Viswesvaran’s (2000) in their meta-
analysis, showed that neuroticism was negatively correlated to job satisfaction as it is
the primary source of negative affectivity. This negative perception lowers the
perception of satisfaction in the work place. Individuals who score low in Emotional
Stability are likely to be irritable, depressed, or anxious, and these traits inhibit the
completion of workplace tasks (Barrick & Mount, 1991). Argyle (1989) found that neurotic individuals inability to handle stress well and hence results in work inefficiency and suffer from health problems. Bozionelos (2004) stressed out that neurotic individuals are more likely to develop negative attitudes and behaviours towards their work. Thus emotional stability plays an important role in organizational behaviour.

1.5.6 OPENNESS TO EXPERIENCE

Openness to experience stands in the fifth position among the Big Five personality dimensions. Different researchers define openness in different ways (Peabody & Goldberg, 1989), it is generally associated with intelligence, perceptiveness, creativity, imagination, tolerance, culturedness, and inquisitiveness (Goldberg, 1992). McCrae and Costa (1986) found that openness (measured by both self- and peer report) was positively related to the coping in dealing with stressful life events i.e., individuals characterized with openness to experience utilize effective coping strategies.

Openness to experience also related to the development of organizational commitment. Individuals who score high in openness to experience are typically being imaginative, cultured, curious, original, broad-minded, intelligent (Digman, 1990), and having a need for variety, aesthetic sensitivity, and unconventional values (McCrae & John, 1992). High openness to experience individuals seek out work experiences that foster creativity and imagination. These individuals could develop both affective and normative commitment when a workplace allows for this
opportunity. Individuals who are high in openness to experience would not develop continuance commitment because of the conformist nature of this construct (McCrae & John, 1992). Openness entails the strengths such as openness to fantasy; openness to aesthetics; openness to novel feelings; openness to novel actions; openness to new ideas; and openness to different values. With these traits they cope with change easily. Lounsbury, Sundstrom, Loveland and Gibson (2003) found that openness to experience individuals spend time and effort to finish projects, meet deadlines and are more productive. Therefore openness is expected to influence the employees’ affective commitment. McCrae (1996) and Erdheim, Wang and Zickar (2006) found that openness employees have average level of affective commitment.

1.5. 7 RISK AVERSION

The tendency of individuals to seek out or avoid risky situations is entirely situational (Kahneman & Tversky, 1979), and a very few research had focused risk-taking as an individual difference variable. Lopes (1994) conducted research which led to the dispositional theory of risk aversion. Lopes (1994) has hypothesised that risk aversion is a function of differential attention to a variety of stimuli in risky situations. Risk aversion is coupled with a security orientation on the part of the decision maker, as opposed to seeing risk in terms of potential gains.

Individual risk preference serves as a component of several theories of decision making, including expected utility, non-expected utility and prospect theory (Lopes, 1994). Researchers have used these theories to help develop and modify organizational theories of control, including agency theory (e.g. Eisenhardt, 1989;
Wiseman & Gomez-Mejia, 1998), integrations of agency theory and organizational theory (Eisenhardt, 1985), and transaction cost economics (e.g. Chiles & McMackin, 1996). A study by Shirom, Westman, and Melamed (1999) of blue-collar workers, who as a group may tend toward risk aversion, found that pay variability was associated with employee emotional distress. In a series of studies by Yukl, Latham, and Pursell (1976), it was found that employee risk preference was a factor in explaining the preference for, and productivity under, continuous (low risk) versus variable (high risk) reinforcement schedules in diverse samples. In a study at the managerial level, Bloom and Milkovich (1998) examined the role of risk in the structure of managerial compensation and its relationship to organization performance. They found that high-risk organizations that relied on incentive pay exhibited poorer performance than high-risk firms that did not emphasize incentive pay. Their results suggest that incentive pay in high-risk organizations may induce risk averse managers to act conservatively, thus negatively affecting firm performance.

Other research has identified a positive correlation between the perception of risk and various measures of anxiety (Schaninger, 1976). However, little research has considered risk aversion as an individual difference. Maehr and Videbeck (1968) measured risk aversion across subjects and reported that individuals who were averse to risk avoided taking chances and tended to be unhappy in situations where risk was salient. Because organizational change efforts often involve increased risk, managers who are averse to such risk should cope less well with these changes. In fact, several studies considering risk aversion as an individual difference have found that
individuals who are averse to risk view novel and risk-oriented situations negatively and seek to withdraw from such situations (Cable & Judge, 1994; Gomez-Mejia & Balkin, 1989). Thus, although no research has considered how a risk aversion predisposition may pose difficulties in dealing with organizational change, several studies are suggestive of such a linkage.

1.5.8 TOLERANCE FOR AMBIGUITY

Budner (1962) defined tolerance for ambiguity as "the tendency to perceive ambiguous situations as desirable," whereas the intolerance of ambiguity refers to "the tendency to perceive (i.e., interpret) ambiguous situations as sources of threat" (p. 29). One of the first empirical investigations of the construct by Rydell, (1966) found tolerance for ambiguity to be associated with the willingness of persons to change their opinions on matters, as well as tolerate and cope with new experiences. McLain (1993), defines ambiguity as not having sufficient information about a context. According to Budner (1962), ambiguous situations can be of three different types: new situations, complex situations, and contradictory situations.. Norton (1975), further, explores causes of ambiguity as 1) multiple meanings, 2) vagueness, incompleteness, or fragmentation, 3) a probability, 4) unstructured, 5) lack of information, 6) uncertainty, 7) inconsistencies and contradictions, and 8) unclear. Current definition by Kazamina (1999) concludes that ambiguity is marked by “novelty, complexity, insolubility and lack of structure” (p: 69).

Related to the concept of ambiguity is tolerance. Webster’s Encyclopedic Unabridged Dictionary of English Language defined tolerance as “n.1. a fair and objective attitude
toward those whose opinions, practices, race, religion, nationality, etc. differ from one’s own freedom from bigotry (Abdollahian, & Hosseini Fatemi, 2013, p.no.614). Intolerance consider uncertainties and unclear meanings as potential sources of discomfort and threat (Norton, 1975). Tolerance of ambiguity reflects our personality (Ely, 1989; Ehrman, 1993; 1994). Individuals with tolerance of ambiguity are likelier to feel comfortable under uncertain conditions (Budner, 1962).

When there is insufficient information about a situation, an ambiguous situation is said to exist. Individuals’ tolerance for ambiguity gets reflected in these ambiguous situations (Furnham & Ribchester, 1995). People with high tolerance for ambiguity find ambiguous situations challenging and strive to overcome unstable and unpredictable situations to perform well. People with low tolerance for ambiguity see ambiguous situations as threats. Tolerance for ambiguity was identified as one of the most important variables in explaining managerial coping with organisational change (Judge et al., 1999; Tiong, 2005). Change is often characterised by complexity, newness, and uncertainty. Dealing with uncertainty, risks, and continuous change are part of entrepreneurial jobs (Markman & Baron, 2003). Whetten, Cameron, and Woods,(2000) found that managers with high tolerance for ambiguity were more entrepreneurial in their actions. Entrepreneurs with higher tolerance for ambiguity were found to own the most innovative and entrepreneurial firms (Entrialgo, Fernández,&Vázquez, 2000; Rigotti, Ryan, & Vaithianathan, 2003).
1.6 COPING WITH ORGANIZATIONAL CHANGE

Organizational change is defined as the alteration in the way in which work is organized within your workplace or between your workplace and others. Defining organizational change is a difficult task, given the plethora of meanings that are available in literature. From the research reviews organizational change is understood as any structural, strategic, cultural, human or technological transformation, capable of creating impact in an organization (Wood, 2000). Organization development is nothing but planned change. In order to stimulate organization’s development, with the help of scientific theories, values, strategies and techniques which aim to change the work environment (Porras & Robertson, 1992). In a nut shell, organizational change is defined as, a process that is activated by an organization in order to respond to a resolute need for development.

During change process employees definitely face stress. They need to cope up with the stress to maintain well-being. Successful coping results in better job satisfaction and organizational commitment.

1.7 ORGANIZATIONAL COMMITMENT

Organizational Commitment has received considerable attention in literature, regarding not only the evaluation of its determinants, but also its consequents. The reason for this interest is due to the fact that commitment has been associated with organizational indicators, such as organizational citizenship behaviours (e.g. Schappe, 1998), job characteristics (Lin & Hsieh, 2002), organizational trust (e.g. Korsgaard, Schweiger & Sapienza, 1995). Organizational commitment has a significant place in
the learning of organizational behaviour. Enormous number of research has found the relationships of organizational commitment with attitudes and behaviours in the workplace (Porter, Steers, Mowday, & Boulian, 1974, Porter, Cramton, & Smith 1976; Koch & Steers, 1978; Angle & Perry, 1981). Bateman and Strasser (1984) stated the reasons for studying organizational commitment: “(a) employee behaviours and performance effectiveness, (b) attitudinal, affective, and cognitive constructs such as job satisfaction, (c) characteristics of the employee’s job and role, such as responsibility and (d) personal characteristics of the employee such as age, job tenure” (p. 95-96).

Bateman and Strasser (1984) operationally defined organizational commitment as “multidimensional in nature, involving an employee’s loyalty to the organization, willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and desire to maintain membership” (p.95). Mowday, Steers, and Porter (1979) documented commitment-related attitudes and commitment-related behaviours. Porter et al. (1974) discussed three major components of organizational commitment: “1) a strong belief in and acceptance of the organization’s goals, 2) a willingness to exert considerable effort on behalf of the organization, and 3) a definite desire to maintain organizational membership”.

According to Sheldon (1971) organizational commitment is a positive evaluation of the organization and its goals. According to Buchanan (1974) commitment is a bond between an individual (the employee) and the organization (the employer).

Meyer and Allen (1991) and Dunham, Grube, and Castaneda (1994) identified three types of commitment; 1) affective commitment, 2) continuance commitment, and 3)
normative commitment Affective commitment is the emotional attachment, identification, and involvement that an employee has with his organization (Meyer, Allen, & Smith, 1993; O’Reily & Chatman, 1986). Continuance commitment is the willingness to remain in an organization because of the things that are special in that organization (Reichers, 1985). Normative commitment (Bolon, 1993) is the commitment the individual’s belief about the organization or their feeling of obligation to their workplace.

Thus organizational commitment comprises of, Strong Acceptance, Participation and Loyalty. It is characterized by a belief in and strong acceptance of the company’s values, norms and goals, the willingness to exert substantial effort for the well being and prosperity of the organization, and a resilient aspiration to serve the organization with loyalty and commitment (Mowday et al., 1979). Mowday, Porter, and Steers (1982) and Steers (1977), investigated the role of personal characteristics in predicting commitment to the organization. Thus individual coping predicts organizational commitment.

1.8 JOB SATISFACTION

Just like organizational commitment, job satisfaction is regarded as one of the most representative dimensions of organizational behaviour (Ghazzawi, 2008). It is defined as positive feelings about one’s job based on one’s evaluation of the characteristics of the job (Robbins & Judge, 2007). It can be also be defined as a positive emotional state that results from the evaluation of the experiences given by the job (Locke,
1976), or as a set of feelings and beliefs that a person has about his job (George & Jones, 1999).

Research reviews on job satisfaction strongly suggest job satisfaction to have the potential for affecting a wide range of behaviours in organizations and contributing to employees’ levels of wellbeing (George & Jones, 2008). It is assumed that more satisfied workers are also more productive. However, this direct relation, has been proving to be non-existing, contradicting this popular and intuitive belief (Staw, 1986).

Four main general factors that may lead to job satisfaction have been pointed out in research: 1) the worker’s personality; 2) the worker’s values; 3) the social influence; 4) the work situation itself (Ghazzawi, 2008). Employees’ view of job either being more positive or more negative is influenced by their personality. For example, people who score high on extraversion personality trait is more likely to have a higher level of job satisfaction, when compared with a worker who is low on that same trait (George & Jones, 2008). Thus it is concluded that an individual’s disposition affects the job attitudes, which will reflect on job satisfaction (Ghazzawi, 2008). Intrinsic (valuing the job itself) or extrinsic (valuing the outcomes of the job) orientation work values are important factors for understanding job satisfaction, and related to job satisfaction (eg. George & Jones, 2005; Ellickson, 2002). The basic conclusion is that a worker who has intrinsic orientation of work values is more likely to be satisfied with it, when compared to a worker with extrinsic orientation (George & Jones, 2005). The social influence is also an important factor of job satisfaction. It is related with the influence that individuals or groups have in the evaluation of the job. The work
atmosphere is one of the most important determinants of job satisfaction. The degree of challenges, the type of tasks and responsibilities, or day-to-day interactions at workplace are the commonly used predictors of job satisfaction (e.g. Huselid, 1995; Yazel, 2001). Within this line of reasoning, these types of predictors relate with the core of some organizational change processes. Many organizational changes occur based on dealing with changes in the responsibilities of workers, theirs tasks and with the re-structuring of workplaces. Understanding the relation between organizational change and job satisfaction is logic to explore.

1.9 NEED FOR THE STUDY

Change is unavoidable for any organization. Both external and internal forces drive the organizations to change. External forces such as new work force demographics, change expectations about quality, customer satisfaction and new technologies radically affect the functioning of organization. Factors like outsourcing, globalization, automation, downsizing, best practices, re-engineering, and repositioning all lead to change in the organizations’ way of doing business. Thus change has become a part and parcel of life in any organization. When an organizational change is initiated, an individual’s acquired skills may not be appropriate any more. Therefore, employees may have to acquire new physical and/or behavioural skills. In view of this, coping and adapting to the new situation becomes more difficult and therefore employees feel the stress. The workplace is filled with stress, anxiety, deadlines, pressure, success and failure. The highest individual and organisational performers are able to cope with the fast-changing environment to succeed and achieve high performing results. The individuals play an
important role in the functioning of the organization. People tend to identify themselves with the organization in which they participate. In recent times, there is a focus on harnessing the internal strengths and capacity of individuals to face any demands of the work environment.

Everyday individuals experience situations that have the potential to be stressful. This is particularly true in the workplace with turbulent financial times and ever increasing rates of workplace change. Some people physically and psychologically fall apart when facing major changes; others thrive well in this type of situation. (Kobasa, 1979). In an organizational context, any changes in work life, would make demands on individuals and would challenge their capacities. This results in generating stress among the employees. However if the coping resources are strong enough, they cope with stress and offer cooperation to the organization for the successful implementation of an organizational change. Therefore, one needs to probe further to find out what kind of employees have strong resources to cope with the stress generated by organizational change.

Several studies in the area of change management have focused on systems approach in change management and on organizational development (OD) interventions (Ferman, 1997). There are studies linking human resources with work attitudes of employees. However, the study and analysis of individual behaviour and factors that affect the employees coping with the change has gained a little attention in the research. Hardly have we found any study in the Indian context based on individual factors in relation to coping with organizational change. Therefore, there is a need to study the relationship between individual factors in organizational change and the
resultant of coping with change such as job satisfaction and organizational commitment. Thus the present study aimed at studying the relationship between individual factors and employee’s coping with organizational change and the outcome variable such as job satisfaction and organizational commitment.

**Individual Factors**
- Self-esteem
- Change Self-efficacy
- Internal locus of control
- Optimism
- Neuroticism
- Openness to Experience
- Risk aversion
- Tolerance for ambiguity

**Organizational Commitment**
- Coping with organizational change

**Job satisfaction**

Figure 1: Model indicating the hypothetical relationships among variables of the study

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