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Responses to Changes in the Downtown Area of a Booming Midwest City

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Abstract

Borrowing the “Organizational Change Recipients’ Belief Scale” instrument developed by Armenakis, Bernserth, Pitts, and Walker, employees and owners of businesses in a quickly changing downtown environment were surveyed to assess similarities and differences in their readiness to change. In addition to added demographic variables, the constructs included from the Armenakis et al. instrument were valence, principal support, efficacy, appropriateness, and discrepancy. Results were mixed. There were no significant differences across industries nor across employees vs. supervisors/owners. However, significant differences were found across gender, age, and level of education.

***Keywords:** Change, change readiness, response to change*

Introduction

Change can be defined as replacing something old with something new (Singh, Saeed, & Bertsch, 2012). We can also get a better understanding of change by learning how different genders, ages, education levels, and employment levels react to various changes. Our project will focus on how changes in the downtown area of a booming Midwest city in the U.S.A. affect the business owners and their employees. We will focus on two industries, restaurants and services, as we explore people's response to change.

Literature Review

Cognitive components of change readiness are identified by two beliefs that are key components of change readiness (Rafferty, Jimmieson, Armenakis, 2012). The first belief is that change is needed in the organization. The second belief is that the individual and organization have the capacity to undertake the change. There are five change beliefs that underlie the individual's change readiness. These beliefs are discrepancy, appropriateness, efficacy, principal support, and valence. Discrepancy and appropriateness describes the belief that change is needed. Efficacy describes the individual's perception of change. Principal support describes the individual's beliefs that higher organization will provide support for change in the form of information and resources. Valence is an individual's appraisal of the benefits or the cost of changing the individual role or job in the company (Rafferty, et al. 2012). In further agreement is Gresch (2011) who concurs that change is multidimensional in which individuals can form beliefs, attitudes, and certain intentions regarding a particular change. These

dimensions would include questions about whether or not a change is needed. Our study includes the five dimensions of discrepancy, appropriateness, efficacy, principal support, and valence as proposed by Stevens (2013).

Discrepancy & Appropriateness

The first two aspects of change include appropriateness and discrepancy. These two topics fall hand in hand. Discrepancy is the belief that the occurring change is necessary and appropriateness is the belief that the change will effectively solve certain problems that exist (Gresch 2011). Referring to the changes of downtown, both of these topics can raise questions. Some may argue that it is unnecessary for any changes to be implemented downtown and want to avoid seeing any changes. Those same people may think that the changes will not solve any problems or benefit the area. However, some may also feel the opposite way. Some may believe the changes are necessary and will benefit the area of downtown and the businesses. Both of these constructs reflect on the favorableness of the change initiative and its potential outcomes.

Research has shown the positive influence of these two change beliefs. These benefits include higher job satisfaction and better organizational commitment (Gresch 2011). People who are pleased with all the changes and the new development downtown are more likely to be happy about their job, especially if they see that the changes are going to have a positive effect on the business where they are employed. If the business the pleased employee works for is successful because of the change, it

could lead to the anticipation of higher pay and benefits for the employee (Gresch 2011).

Efficacy

Efficacy is the ability to produce a desired or intended result. It is knowing the individual or group can accomplish a certain change (Strecher, DeVellis, Beck, & Rosenstock, 1986). Strecher et al., (1986) as well as Bandura, A. (1998), believe that efficacy expectations are learned from four major sources. The first expectation would be connected to performance accomplishments. This would refer to learning through personal experiences in which one accomplishes difficult or previously feared tasks. Individuals who achieve accomplishments through personal experience are more likely to feel a strong source of efficacy expectations (Strecher et al., 1986).

Strecher et al. (1986) states the second source is vicarious experience. This would include learning happening through observation of certain events or other people. The certain events or people would be considered “models” when they demonstrate a set of behaviors that display a certain response. An example would be a business seeing another business fail due to a change they made concerning advertisements. Since the first business saw the other fail because of changes they made, that first business will be reluctant to make changes to their advertising methods. Modeled behaviors that result in beneficial outcomes are more effective than behaviors with unrewarded outcomes (Bandura, 1998).

The third source of efficacy expectations is verbal or social persuasion. This method could refer to a business owner changing an aspect of their business because of customers expressing their dissatisfaction with a product or service (Strecher et al.

1986). Individuals who are persuaded verbally that they are capable of accomplishing a certain activity or change are more likely to mobilize greater efforts when problems arise (Bandura, 1998).

The fourth source of efficacy expectations would be a person's physiological state. Strecher et al. (1986) states that high physiological stimulus could impair performance. Failure is more likely to be expected if a person is agitated or stressed. It is not necessarily the emotions or physical reactions, it is how those emotions or reactions are interpreted (Bandura, 1998). This could be applied to the changes downtown in regards to a person or group not agreeing with a change that could make his or her job more difficult. That person or group will likely expect failure in that change and may not perform well in their daily tasks (Strecher et al. 1986).

Efficacy applies to our research downtown because it will depend on the type of person and whether or not they will accept the changes of the downtown area. If they are a person that has the ability to produce a desired or intended result, they will most likely be able to accept the change and move forward. If they are not, they will most likely be upset and not agree with the change. (Strecher et al. 1986) had an example of how someone may want to quit smoking or want to stop drinking alcohol but simply do not have the willpower to do it. Some of the people downtown might want the change but do not know how to accept it.

Principal Support

Principal support includes an individual's belief that the upper executives and key parties support the proposed change or changes (Gresch, 2011). In relation to the changes happening downtown, this would include the decision makers that are initiating

the changes. If the business owners and their employees believe the Downtown Business & Professional Association members are actively supporting the proposed changes, they will feel that principal support is high.

Valence

Valence is a construct that brings some theoretical understanding to the numerous drivers of readiness that change management experts and scholars have discussed (Weiner, 2009). To simplify, change valence is an individual believing he or she will benefit personally from a specific change. Because a change may be urgently needed, organization members will value a planned change to solve a certain problem. For example, let's say a business is having problems with shoplifting. The employer will need to make a plan and make changes to help reduce the shoplifting. The employees will value that change because it will hopefully reduce the shoplifting and make their work environment a better place. Individuals will also value the change because they anticipate the benefits the change will bring not only for the organization, but for themselves as well. Organizational members may also value a change because it expresses one's values and beliefs. When individuals are able to personally value or agree with a certain change or changes, it is a lot easier for that person to support them (Weiner, 2009).

However, all organizational members may not value organizational changes for the same reasons. Each individual has his or her own personal opinions about change. Because of individual's different opinions and conflicts concerning each person's change valence, a business needs to figure out if there are enough members altogether to commit to the implementation of a new change (Weiner, 2009).

Research Methodology

Instrumentation

The instrument is borrowed from a survey developed by Armenakis, Bernserth, Pitts, and Walker and is titled “Organizational Change Recipients’ Belief Scale.” The constructs measured by this scale are valence, principal support, efficacy, appropriateness, and discrepancy.

Sampling

A convenience sample will be selected from the business owners and employees in downtown.

Analysis

To analyze the data, averages were calculated for each of the five constructs and further separated and compared using the collected demographic information. Simple t-tests were employed.

Services vs. Restaurants

We found no significant differences between those employed at services vs. those employed at restaurants. (See Table 1: Services vs. Restaurants)

Table 1: Services vs. Restaurants

	Valence	Principal Support	Appropriateness	Efficacy	Discrepancy
Services	m=3.24	m=3.54	m=3.53	m=3.53	m=3.18
Restaurants	m=3.00	m=3.33	m=3.69	m=3.59	m=3.09
Probability	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant

Gender

We initially found no significant differences between male and female respondents for any of the five constructs. For the principle support construct, the t-test resulted in a p value of $p < 0.06$ which is on the threshold of significance. Therefore, we employed a bootstrapping technique to add one more respondent to the group of male respondents. Bootstrapping is a way to expand the sample size by estimating the properties of the sample distribution from the data. The mean was evaluated for each respondent and we used bootstrapping to obtain one more male respondent (Field, 2009).

The technique employed was to create one more male respondent in the principle support construct by assuming this one more male would respond similar to the average of all the other male respondents. When employing this technique, the difference between female responses ($m=3.64$) and male responses ($m=3.28$) became significant at $p < 0.05$. (See Table 2: Gender)

Table 2: Gender

	Valence	Principal Support (original)	Principal Support (bootstrapped)	Appropriateness	Efficacy	Discrepancy
Females	$m=3.26$	$m=3.64$	$m=3.64$	$m=3.65$	$m=3.58$	$m=3.23$
Males	$m=3.01$	$m=3.64$ $n= 23$	$m=3.28$ $n= 24$	$m=3.41$	$m=3.48$	$m=3.02$
Probability	Insignificant	Insignificant	$p < 0.05$	Insignificant	Insignificant	Insignificant

Age Groups

We then separated the data based on age groups. The age range was from 18-60 and they were broken down into 18 to 34 and 35 to 60 with a median of 33.5. When the means were computed and a t-test was ran, the data displayed a significant difference in the appropriateness construct between the age group 18 to 34 (m=3.78) and 35 to 60 (m=3.30) at $p<0.05$. The data also showed a difference in the efficacy construct between the age group 18 to 34 (m=3.75) and 35 to 60 (m=3.25) at $p<0.01$. (See Table 3: Age Groups)

Table 3: Age Groups

	Valence	Principal Support	Appropriateness	Efficacy	Discrepancy
18-34	m=3.17	m=3.65	m=3.78	m=3.76	m=3.18
35-60	m=3.17	m=3.34	m=3.30	m=3.25	m=3.12
Probability	Insignificant	Insignificant	p<0.05	p<0.01	Insignificant

Education Level

Education level was the next demographic variable used to separate the data. To create nearly equal groups at the education level, we analyzed the data by grouping the levels of education into two groups. The first group are respondents that have an education below a bachelor's degree and the second group are individuals who have a bachelor's degree or higher. According to our analysis, the data showed a significant difference in efficacy between group one (m=3.67) and group two (m=3.36) at $p<0.05$. (See Table 4: Education Level)

Table 4: Education Level

	Valence	Principal Support	Appropriateness	Efficacy	Discrepancy
1. Below Bachelor's Degree	m=3.26	m=3.59	m=3.70	m=3.67	m=3.17
2. Bachelor's Degree or higher	m=3.06	m=3.42	m=3.40	m=3.36	m=3.17
Probability	Insignificant	Insignificant	Insignificant	p<0.05	Insignificant

Job Position

The last method of analyzing the data was to separate the survey respondents by his or her job position at their place of employment. In our survey, we asked respondents which level of employment best describes them. To separate the results into two groups to compare, we compared employees to supervisors and owners together. Like the 'services vs. restaurants' findings described above, we found no significant differences between employees compared to the supervisors and owners of the business for any of the five constructs. (See Table 5: Job Position)

Table 5: Job Position

	Valence	Principal Support	Appropriateness	Efficacy	Discrepancy
Employee	m=3.12	m=3.57	m=3.56	m=3.52	m=3.12
Supervisor or Owner	m=3.29	m=3.41	m=3.60	m=3.60	m=3.23
Probability	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant

Conclusions

The respondents varied in gender, age, education level, job title, and also whether they worked in a service or restaurant.

Gender

When comparing males and females, we found no significant differences in valence, appropriateness, efficacy, or discrepancy. This was supported by Cunningham, Woodward, Shannon, MacIntosh, Lendrum, Rosenbloom, & Brown (2002) believing there is no relationship between readiness for change and gender as well. However, we did find a significant difference in the measure of principle support between males and females. The difference we found when measuring principal support was similar to Kirchmeyer (1995) who determined there is a slight difference between genders as well. In a study conducted by Jimmieson, Peach, and White (2008), they found females reported higher intentions to engage in activities in the future to support the changes. They also reported that females felt they received more communication about the change process compared to males (Jimmieson et al. 2008).

In our analysis, females had a significantly higher average rating of principle support than males. This may mean that the female business owners and their employees believe the Downtown Business & Professional Association members are actively supporting the proposed changes. The male respondents may not believe that the association is in support of these changes as much as the women respondents.

Age

In the comparison of data for the different age groups, 18 to 34 and 35 to 60, we found there were two constructs that had significant differences between the two age

groups. These two constructs were appropriateness and efficacy with the younger age group of 18 to 34 year olds having a higher mean score in both. The higher mean score in appropriateness illustrates the younger respondents believe there is a need for the change in the area of downtown. The higher mean score in efficacy reflects the younger respondents believe downtown has the ability to produce the desired and intended results. These scores together illustrate the younger generation has more confidence the changes being made in Downtown will be effective.

The findings in our analysis are supported by Czaja and Sharit (1998) who believe it is common for older adults to hold more negative attitudes toward change than younger generations. They completed a study that examined age difference and attitudes towards computers and computer task characteristics. The results showed older generations perceived less efficacy and control over computers than the younger participants (Czaja and Sharit 1998).

At the beginning of the survey, we expected the older generation to be more reluctant to change and want to keep things the way they are. We also expected the younger generation to be more confident in the changes being made in downtown. We believe the younger generations to prefer innovation and making changes that will benefit the business or themselves in the future.

Education Levels & Job Title

Education levels were split into two groups: those employees who have received an associate's degree or lower vs. bachelor's degree or higher. There was only one significant difference in the constructs found with our data. The construct with the significant difference was efficacy. Those with a lower education level had a higher

mean score than those with a bachelor's degree or higher. These findings are actually opposite of what Madsen, Miller, and John (2008) found in their study. They found a relationship between educational level and readiness to change but it was employees with more education having higher readiness levels.

Both education groups in our study agree the changes of downtown are appropriate and necessary, but those with an associate's degree or lower believe in the changes more than the respondents with a bachelor's degree or higher. When analyzing respondents by job title, there were no significant differences between the employees, supervisors, and business owners in any of the five constructs.

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