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 employees vs supervisors/owners. However, significant differences were found across sex, age, and level of education.

1. Introduction
Change can be defined as replacing something old with something new (Singh, Saeed, & Bertsch, 2012). But change is much more than just adjusting to something different; it includes the person or group initiating the change and how it affects the people involved in the change. The change also likely varies across sex, ages, education levels, and employment level. We 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. We begin by reviewing the literature to understand how change is defined and measured. We then move on to describe a reasonable and replicable methodology. After a quantitative analysis of our results, we present our findings, draw conclusions, and make suggestions for further study.

2. Literature Review
The cognitive aspects of change readiness are identified by two beliefs that are key to the study of change readiness (Rafferty, Jimmieson, Armenakis, 2012). The first belief is that change is needed in the organization. The second belief is that the individuals within the organization and the organization as a whole can undertake the change. There are several dimensions that capture the beliefs that underlie an individual’s change readiness (Gresch, 2011; Rafferty, et al. 2012; Stevens, 2013). These beliefs are discrepancy, appropriateness, efficacy, principal support, and valence. Discrepancy and appropriateness include the belief that change is needed. Efficacy describes the individual’s perception of the change. Principal support describes the individual’s beliefs that those higher in the organization will provide support for a change in the form of information and resources. Valence is an individual’s appraisal of the benefits or the cost of changing his/her role or job in the organization (Rafferty, et al. 2012). In further agreement is Gresch (2011) who concurs that change is multidimensional such that individuals can form beliefs, attitudes, and certain intentions regarding a particular change. These dimensions would include questions about whether or not change is needed. Our study includes the five dimensions of (i) discrepancy, (ii) appropriateness, (iii) efficacy, (iv) principal support, and (v) valence as proposed by Stevens (2013).

2.1 Discrepancy and Appropriateness
The first two aspects of change include appropriateness and discrepancy. These two topics fall hand in hand. The 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).

2.2 Efficacy
Efficacy is the ability to produce a desired or intended result. It knows 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) state the second source is a vicarious experience. This would include learning to happen through observation of certain events or other people. The certain events or people would be considered “models” when they demonstrate a set of behaviours that display a certain response. An example would be a business seeing another business fail due to 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 behaviours that result in beneficial outcomes are more effective than behaviours 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) state 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 can 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.

2.3 Principal Support
Principal support includes an individual’s belief that the upper executives and key parties support the proposed change or changes (Gresch, 2011). About 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.

2.4 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 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 can 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 has his or her own opinions about the 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).

2.5 Understanding Resistance to Change
After discussing the Five Factors of Change Readiness, understanding why individuals resist change is the next step in understanding change. McShane & Von Glinow (2013) believe resistance to can take many forms. Those forms can range from subtle resistance to change by moving back towards old ways to completely avoiding the change or task. Subtle types of resistance can actually bring the greatest obstacles to change because they are not as noticeable (McShane & Von Glinow, 2013).

Ahluwalia and Joshi (2008) believe the sources of resistance to change can be rational or emotional. If the resistance is not taken care of initially, the individuals resisting can cause many problems for the organization implementing the changes as well as the success of the changes. The first step to manage resistance is to learn why individuals are resisting the changes. Shillingi (2008) believes there are nine reasons that best describe why individuals resist change. Those nine reasons include fear of failure, creatures of habit, no obvious need, loss of control, concern about a support system, being closed minded, unwillingness to learn, fear of the unknown, and fear of personal impact (Shillingi, 2008).

2.5.1 Fear of Failure
One cause of resistance to change is the fear of failing (Shillingi, 2008). During a certain change, some individuals feel the need to hold on to the past because it was predictable and safe for them. If what an individual has been doing in the past has worked for them, that person may resist changing their methods and tasks out of fear that they will not achieve the same level of accomplishment in the future (Shillingi, 2008).
2.5.2 Creatures of Habit
According to Shillingi (2008), when employees are used to doing the same tasks or routines they become comfortable. When changes are implemented, it requires some individuals to move out of his or her comfort zone. When employees have completed a task the same way for so long, they feel there is no need to change it. In certain cases, the employees may even ignore or deny the changes simply because it requires them to change their normal method of operations (Shillingi, 2008).

2.5.3 No Obvious Need
In some cases of organizational change, employees have a hard time seeing the big picture or goals (Shillingi, 2008). Those employees may only see the changes from his or her perspective and will fail to recognize the positive impact the changes will have on the organization as a whole. Those individuals will look at the changes as disruptive and unnecessary for the organization and may resist making any changes required of them (Shillingi, 2008).

2.5.4 Loss of Control
Shillingi (2008) also suggests that making changes to daily routines may make the employees feel a sense of confusion and loss of control. When the individuals are used to familiar routines, those people know what works for them and what does not. When an individual knows what is expected of them and how to complete those tasks, it brings confidence in their contribution to the organization (Shillingi, 2008).

2.5.5 Concern about a Support System
According to Shillingi (2008), during challenging times, employees who operate in a predictable environment know they have a support system to back them up. When changes are made in an organization, it may create doubt within the employees about the support system they are accustomed to within the organization. Employees may worry about a new supervisor that is unfamiliar with the staff and procedures. If the employee fails, that individual might believe there will be no one there to support them (Shillingi, 2008).

2.5.6 Closed Minded
In some cases, employees resisting the changes have already made up his or her mind, and their attitude will not change even if new facts are brought forward (Shillingi, 2008). Those employees who are resistant to the change are difficult to communicate with even if the positive outcomes of the changes are explained to them. These people have a close-minded approach and may be difficult to sway into thinking any other way (Shillingi, 2008).

2.5.7 Unwillingness to Learn
Individuals who are unwilling to learn have a very similar thinking to those who are closed minded (Shillingi, 2008). Some employees are hesitant to try new routines and will express an unwillingness to learn anything new. By those employees being reluctant to learn something new to encourage the change, this hinders his or her personal growth and development (Shillingi, 2008).

2.5.8 Fear of the Unknown
According to Shillingi (2008), although some employees may have a fear of the unknown, they may still acknowledge that a problem exists and that change is needed. However, those employees worry the changes could make the situation worse. The unfamiliar changes may cause the employees to imagine a worst case scenario if they do not know the specifics. Their fear is what causes the resistance to the implemented changes (Shillingi, 2008).

2.5.9 Fear of Personal Impact
When faced with a situation of change, employees might start by asking themselves how the changes will affect them directly (Shillingi, 2008). The changes could make their job harder, change their job security, and change the methods they use or even cause them to work with different people or different tasks completely. If employees do not believe the changes will benefit them, they are more likely to resist the changes (Shillingi, 2008).

2.6 Summary
Valence is defined as an individual personally benefitting from a change. Principal support is determining whether or not the key parties in upper management support the change efforts. Efficacy deals with the individual or group being able to accomplish the proposed changes. Appropriateness is establishing if a specific change is appropriate for the situation. The discrepancy is determining if a change is needed (Gresch, 2011). These constructs will provide a better understanding of how people and groups respond to change. We will apply this change readiness theory and instrument in the context of changes happening in the downtown of a booming Midwest city.

3. Research Methodology
Our research methodology is similar to Littrell & Bertsch (2013) as we, too, followed an exploratory design. Hence we are seeking to explore and define relationships rather than test hypotheses. Exploratory designs allow for convenience samples (Bertsch & Girard, 2011).

3.1 Instrumentation
The “Organizational Change Recipients’ Belief Scale” is borrowed from Armenakis, Bernserth, Pitts, and Walker (1940). It is a 24-item instrument that measures valence, principal support, efficacy, appropriateness, and discrepancy.

3.2 Sampling
A convenience sample will be selected from the business owners and employees in downtown. No one under 18 was included in our sample frame. Following the advice of Bertsch & Pham (2012), we targeted a minimum respondent-to-item ratio of 3:1. In this regard, our final sample size fell slightly short as we collected 71 completed surveys while our target was 72.

4. 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.

4.1 Demographic Profiles
The sample consisted of 23 males and 45 females (three did not identify). The age ranged from 18 to 60 and was divided into two groups 18 to 34 and 35 to 60 based on median age. The sample was also divided by level of education. One respondent completed some college but did not receive a diploma, 13 respondents completed high school, 21 respondents have completed some college but did not receive a degree, five respondents have completed an associate’s degree, and 28 respondents have a bachelor’s degree or higher. The last demographic division was the individual’s position at their place of employment. Eleven of the respondents are the business owners, 12 respondents are supervisors of others, and 45 respondents are employees.
4.2 Data Analysis
Results of the surveys were then typed into Microsoft Excel to further separate and analyze the results (Bertsch & Dahl, 2010).

4.2.1 Services vs. Restaurants
We found no significant differences across all five dimensions between those employed at services vs those employed at restaurants.

4.2.2 Sex
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 (Girard & Bertsch, 2011). Therefore, we employed a bootstrapping technique that others have used or suggested to add one more respondent to a group for analysis purposes only (Bertsch et al. 2017). 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 bootstrapping technique employed was to create one more male respondent in principle support construct by assuming this one additional male would respond similarly to the average of all the other male respondents. In other words, what would our analysis yield if we could find one more typical (e.g., average), male respondent? When employing this technique, the difference between female responses (m=3.64) and male responses (m3.28) was significant at p<0.05. (See Table 1: Sex)

Table 1: Sex

<table>
<thead>
<tr>
<th></th>
<th>Principal Support (original)</th>
<th>Principal Support (Bootstrapped)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Females</td>
<td>m=3.64</td>
<td>m=3.64</td>
</tr>
<tr>
<td>Males</td>
<td>m=3.64</td>
<td>m=3.28</td>
</tr>
<tr>
<td>n= 23</td>
<td>n= 24</td>
<td></td>
</tr>
<tr>
<td>Significant?</td>
<td>No</td>
<td>p&lt;0.05</td>
</tr>
</tbody>
</table>

4.2.3 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 run, 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 2: Age Groups)

Table 2: Age Groups

<table>
<thead>
<tr>
<th></th>
<th>Appropriateness</th>
<th>Efficacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-34 years of age</td>
<td>m=3.78</td>
<td>m=3.76</td>
</tr>
<tr>
<td>35-60 years of age</td>
<td>m=3.30</td>
<td>m=3.25</td>
</tr>
<tr>
<td>Significant?</td>
<td>p&lt;0.05</td>
<td>p&lt;0.01</td>
</tr>
</tbody>
</table>

4.2.4 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 3: Education Level).

Table 3: Education Level

<table>
<thead>
<tr>
<th></th>
<th>Efficacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below Bachelor’s Degree</td>
<td>m=3.67</td>
</tr>
<tr>
<td>Bachelor’s Degree or higher</td>
<td>m=3.36</td>
</tr>
<tr>
<td>Significant?</td>
<td>p&lt;0.05</td>
</tr>
</tbody>
</table>

4.2.5 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.

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

Sex
When comparing males and females, we found no significant differences in valence, appropriateness, efficacy, or discrepancy. This was supported by Cunningham et al. (2002) who suggest that there is no relationship between readiness for change and sex. 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 sexes 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. Jimmieson, Peach, and White (2008) also reported that females felt they received more communication about the change process compared to males.

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 can 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 in agreement with Czaja and Sharit (1998) who also found that older adults held more negative attitudes toward change than younger generations. Czaja and Sharit (1998) completed a study that examined age difference and attitudes towards computers and computer task characteristics. The results showed older generations reported less efficacy and control over computers than 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 and 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 in 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 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.

**Strategies for Minimizing Change Resistance**

Because individuals often oppose changes and will push harder to resist the change, the underlying restraining forces should be addressed first to provide an optimal outcome (McShane & Von Glinow, 2013). Byvelds and Newman (1997) believe there are four strategies to decrease the resisting forces to change. Those strategies include communication, participation, support, and negotiation.

**Communication**

According to Byvelds and Newman (1997), communication is one of the most important priorities for any organizational change. Providing the adequate information on the need for change is a great way to gain support. The purpose of the changes needs to be made clear to avoid any misunderstandings or confusion. If leaders can communicate the expectations of the changes effectively, the individuals completing the changes can understand their roles in the future (Byvelds and Newman 1997).

**Participation**

According to Byvelds and Newman (1997), involving individuals in the planning and implementing the process of the changes can help gain support from employees. Surveys or newsletters can be great tools to involve employees. Also, small committees to meet with groups of employees to discuss progress can keep the individuals updated with the changes (Byvelds and Newman 1997). One exception to less employee involvement would be if a change must occur immediately. But if employees are involved in the decisions of the changes, they are more likely to feel personally responsible if the changes are successful (McShane & Von Glinow, 2013).

**Support**

According to Byvelds and Newman (1997), after initiating change, the upper management should be prepared to spend extra time with members who have difficulty with the new changes or methods they bring. The initiator of the change needs to portray credibility and trustworthiness to others, so they feel comfortable asking for help (Byvelds and Newman 1997). The employees should also be provided with the proper training opportunities to understand their new roles or ways of performing tasks. If proper training is not available to the employees, the change is less likely to succeed (McShane & Von Glinow, 2013).

**Negotiation**

According to Byvelds and Newman (1997), the individuals initiating the changes should attempt to match the personal goals of the employees to the objectives of the changes. If the new changes or methods interfere with personal goals, the changes are more likely to be resisted. One issue with negotiation though is it may only affect the initial cooperation rather than providing long-term benefits (Byvelds and Newman 1997).

**Recommendations**

We recognize that exploratory research designs and convenience sampling have their limitations (Simonson et al. 2017). Future studies should be conclusive in design (e.g., descriptive and cross-sectional as described by Malhotra, 2007). Such designs include developing hypotheses and larger sample sizes. Larger sample sizes allow for more robust testing techniques (Bertsch & Pham, 2012; Simonson et al. 2017).

**References**

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