

A small, realistic-looking globe of the Earth is positioned on the left side of the slide. It is surrounded by numerous small, clear water droplets on a light-colored, textured surface. The globe shows blue oceans, green landmasses, and white clouds.

12

Organizational Change

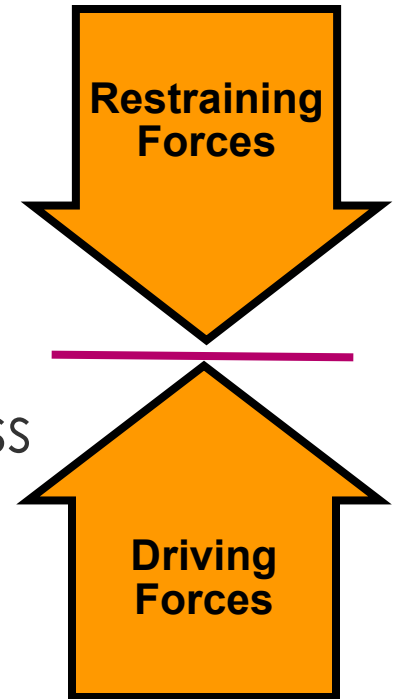
Organizational Change at LG Group

LG Group chairman Koo Bon-moo is creating an urgency to change Korea's second largest conglomerate into a more proactive, marketplace leader rather than a follower of Samsung

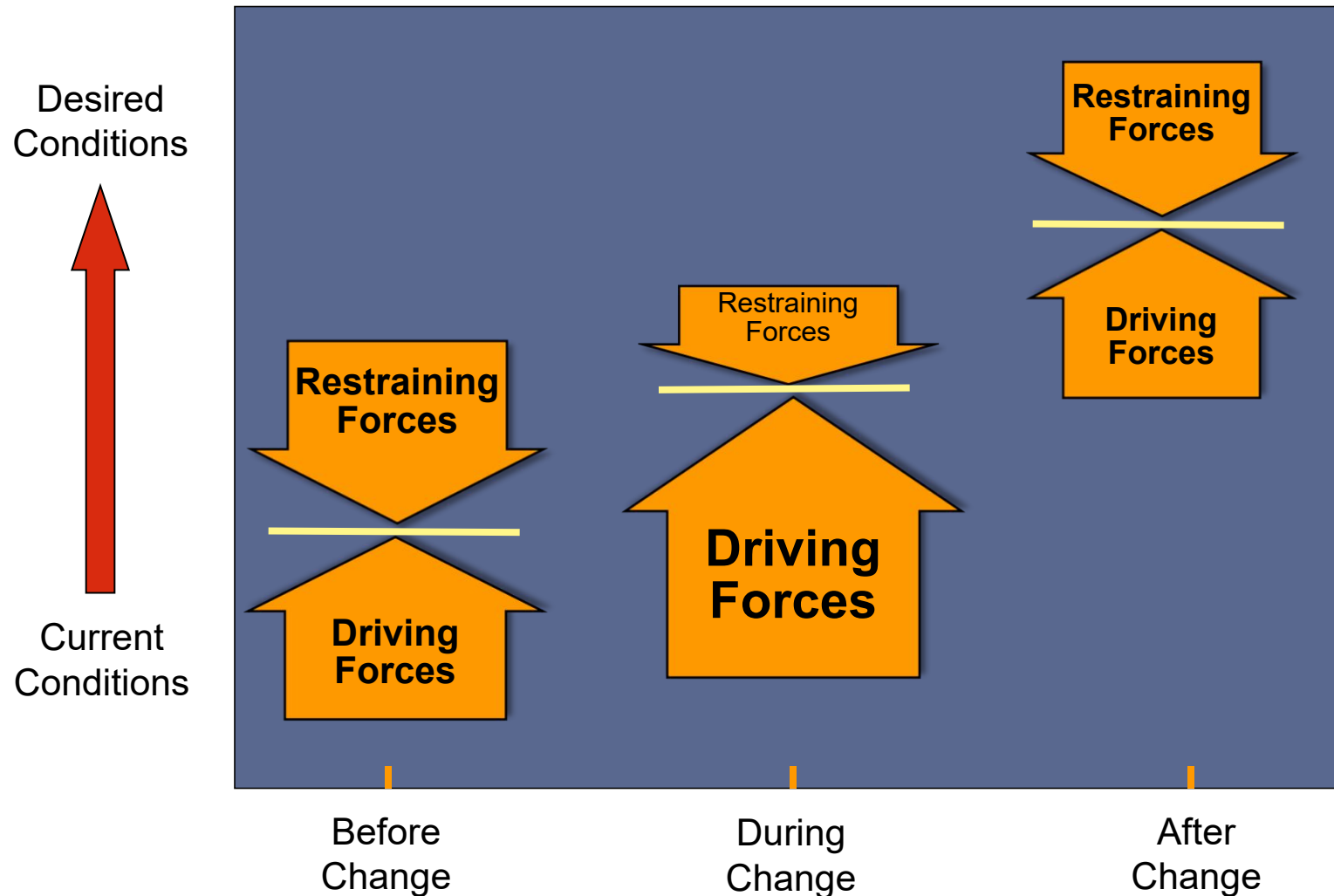


Force Field Analysis Model

- Driving forces
 - Push organizations toward change
 - External forces or leader's vision
- Restraining forces
 - Resistance to change – employee behaviors that block the change process



Force Field Analysis Model



Restraining Forces (Resistance to Change)



- Many forms of resistance
 - complaints, absenteeism, passive noncompliance
- View resistance as a resource
 1. Symptoms of deeper problems in the change process
 2. A form of task conflict – may improve change decisions
 3. Form of voice – procedural justice

Why People Resist Change



1. Negative valence of change
 - Negative cost-benefit analysis
2. Fear of the unknown
 - People assume worst when future unknown
 - Perceive lack of control
3. Not-invented-here-syndrome
 - Staff oppose the change to prove their ideas were better
 - successful change threatens self-esteem

Why People Resist Change



4. Breaking routines

- Cost of moving away from our “comfort zones”
- Time/effort to learn new routines

5. Incongruent team dynamics

- Norms contrary to desired change

6. Incongruent organizational systems

- Systems/structures reinforce status quo
- rewards, information systems, patterns of authority, career paths, selection criteria

Creating an Urgency for Change



- Inform employees about driving forces
- Most difficult when organization is doing well
- Customer-driven change
 - Human element energizes employees
 - Reveals problems and consequences of inaction
- Sometimes need to create urgency to change without external drivers
 - Requires persuasive influence
 - Use positive vision rather than threats

Reducing the Restraining Forces



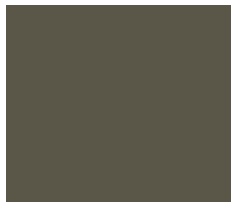
1. Communication

- Highest priority and first strategy for change
- Generates urgency to change
- Reduces uncertainty (fear of unknown)
- Problems: time consuming and costly

2. Learning

- Provides new knowledge/skills
- Includes coaching and other forms of learning
- Helps break old routines and adopt new roles
- Problems: potentially time consuming and costly

Reducing the Restraining Forces



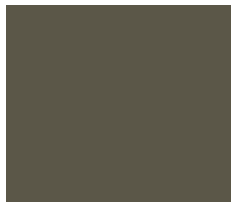
3. Involvement

- Employees participate in change process
- Helps saving face and reducing fear of unknown
- Includes task forces, future search events
- Problems: time-consuming, potential conflict

4. Stress management

- When previous strategies do not minimize stress enough
- Potential benefits
 - More motivation to change
 - Less fear of unknown
 - Fewer direct costs
- Problems: time-consuming, costly, doesn't help all

Reducing the Restraining Forces



5. Negotiation

- Influence by exchange – reduces direct costs
- May be necessary when people clearly lose something and won't otherwise support change
- Problems: expensive, gains compliance, not commitment

6. Coercion

- When all else fails
- Assertive influence
- Radical form of “unlearning”
- Problems
 - Reduces trust
 - May create more subtle resistance
 - Encourage politics to protect job

Alan Mulally: Change Agent



Alan Mulally's "One Ford" vision and his transformational leadership were key factors in the successful turnaround of Ford Motor Company.

Change Agents



- Change agent – possesses knowledge and power to guide and facilitate the change effort
- Involves transformational leadership
- Strategic visions and change
 - Provides a sense of direction
 - Identifies critical success factors to value change
 - Links employee values to the change
 - Minimizes employee fear of the unknown
 - Clarifies role perceptions

Coalitions, Social Networks and Viral Change

- Guiding coalition
 - Representative across the firm
 - Influence leaders – respected
- Viral change
 - Information seeded to a few people, then transmitted through social networks
 - Social networks influence others due to:
 - high trust
 - referent power
 - behavior observation



Diffusion of Change



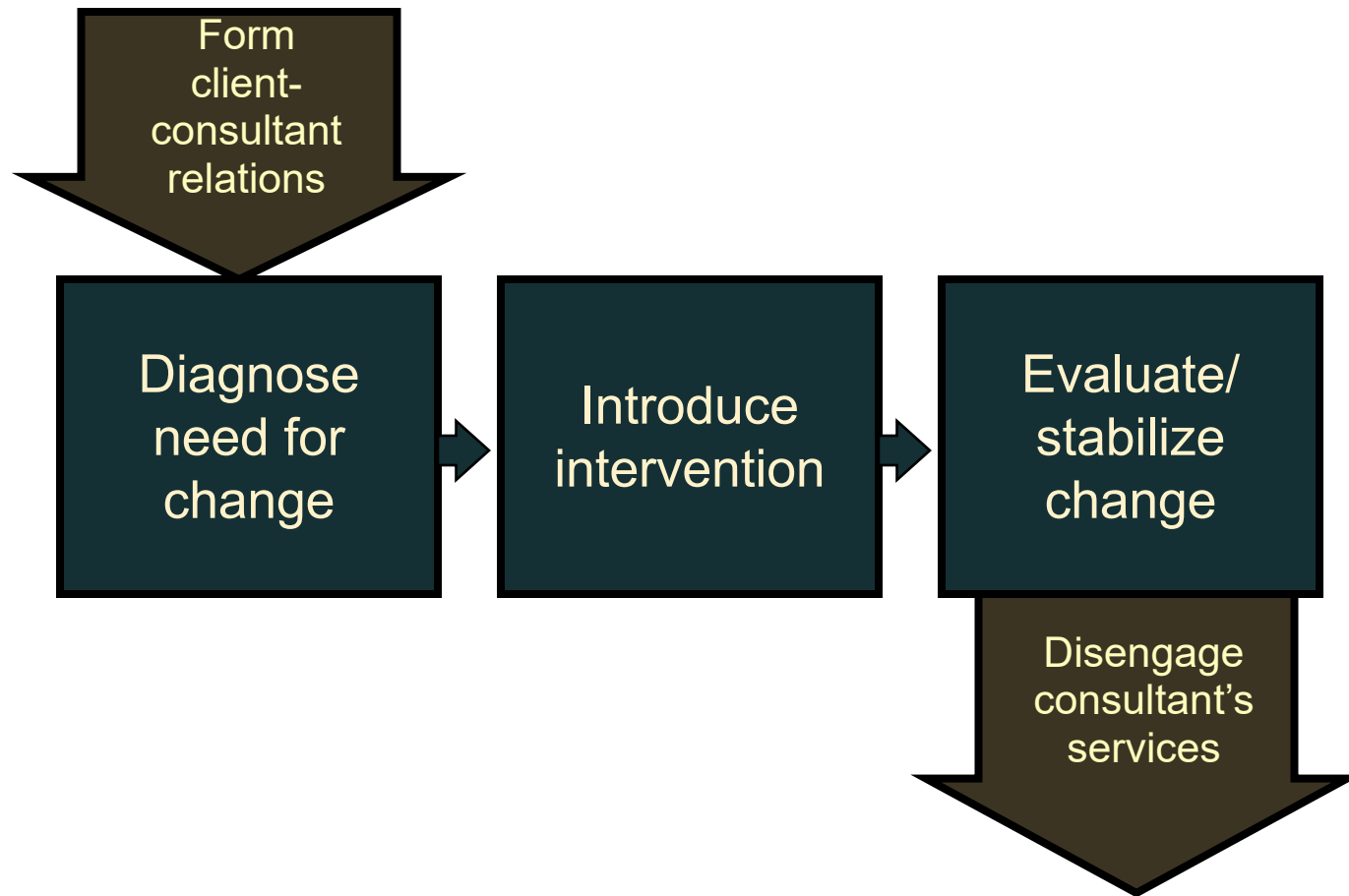
- Begin change as pilot projects
- Effective diffusion applies the MARS model
 - Motivation
 - Pilot project employees rewarded; motivate others to adopt pilot project
 - Ability
 - Train employees to adopt pilot project
 - Role perceptions
 - Translate pilot project to new situations
 - Situational factors
 - Provide resources to implement pilot project elsewhere

Action Research Approach



- Action orientation and research orientation
 - Action – to achieve the goal of change
 - Research – testing application of concepts
- Action research principles
 1. Open systems perspective
 2. Highly participative process
 3. Data-driven, problem-oriented process

Action Research Process



Cross-Cultural and Ethical Concerns with Managing Change



- Cross-Cultural Concerns
 - Linear and open conflict assumptions different from values in some cultures

- Ethical Concerns
 - Privacy rights of individuals
 - Management power
 - Individuals' self-esteem

Organizations are About People

“Take away my people, but leave my factories, and soon grass will grow on the factory floors. Take away my factories, but leave my people, and soon we will have a new and better factory.”

Andrew Carnegie (1835-1919)

