**YEAR 12 BUSINESS MANAGEMENT UNIT 4 AOS 2 STUDY NOTES**

**LEADERSHIP IN CHANGE MANAGEMENT**

**Leadership in change management**is the ability to positively influence and motivate employees towards achieving business objectives during a transformation.

When employees understand the reasons for change and feel motivated and guided towards a shared goal, they are more likely to support and implement new practices that allow the business to undergo its transition.

The actions taken by management are:

1. **building a shared vision** where they act to inspire employees and inform them of the reasons and benefits of change, as well as the consequences of not changing.
2. **providing ongoing communication** with clear instructions to employees and instilling them with trust and confidence as they move from current to new practices.
3. **providing ongoing support through counselling, training, and consultation** where they aim to coach and mentor employees through the change process.

**Management styles**: Participative, consultative, persuasive

**Force Field Analysis:** Amplifying driving forces; reducing restraining forces

**MANAGEMENT STRATEGIES TO RESPOND TO KPIs**

Change strategies are adopted by management in response to the analysis of the business’s KPIs. If the KPIs are not meeting management’s expectations, it means the business is not achieving the objectives it has set for itself in the business plan.

**Strategy # 1: Staff training** involves a business equiping employees with the knowledge and skills required to perform work tasks. This can be on-the-job or off-the-job training.

* **Advantages:** Employees who are appropriately trained can contribute to improvements in business productivity, safety, and the quality of goods and services provided.
* **Disadvantages:** The cost of training is expensive from two perspectives; the cost of trainers and external facilities; and the cost of lost productivity when employees are away from their workplace. However, these are short term costs which a will be offset when employees complete their training.

**The danger of not training employees:** Staff may lack the knowledge and skills required to perform their work tasks to a high standard, consequentially diminishing business performance (lost productivity, higher wastage, more workplace accidents).

Staff training is effective when the following KPIs have not been met:

1. **Staff absenteeism & Staff turnover**: Staff training will reduce staff absenteeism and staff turnover because employees will obtain the knowledge and skills required to complete their work tasks to a high standard. This gives them a sense of fulfillment. It also enhances safety.
2. **Workplace accidents**: Staff training will lower the number of workplace accidents because employees will obtain the knowledge and skills required to complete their work tasks to a high standard. This will enable them to operate equipment safely and understand safe work procedures.
3. **Rate of productivity growth**: Staff training will increase the rate of productivity growth because employees will obtain the knowledge and skills required to complete their work tasks to a high standard. This will enable them to perform tasks faster with fewer errors resulting in improvements in efficiency and therefore productivity.

**Strategy # 2: Motivation** is the willingness of an individual to expend energy and effort in completing a task.

**Staff motivation theories** are Maslow (Hierarchy of Needs), Locke & Latham (Goal Setting), Lawrence & Nohria (Four Drive Theory).

Improving staff motivation is effective when the following KPIs have not been met:

1. **Staff absenteeism & Staff turnover**: Improving staff motivation will reduce staff absenteeism and staff turnover because employees will feel a greater sense of achievement and increase their commitment to the business because managers recognise their efforts.
2. **Market share & Level of sales**: Improving staff motivation will increase market share and the level of sales because employees will deliver higher quality goods and services to customers and provide them with a unique customer experience that enhances the competitiveness of the business and allows a greater proportion of sales to be captured within its industry.
3. **Rate of productivity growth**: Improving staff motivation will increase the rate of productivity growth because employees will feel a greater sense of achievement and increase their commitment to the business because managers recognise their efforts.

**Strategy #3: A change in management style** involves a manager altering the way they direct and communicate with employees. When a manager alters their management style to respond to KPIs, they should consider the complexity of the task, the experience of employees, the time available, and their personal management preferences.

The **management styles are**: AUTOCRATIC; PERSUASIVE; CONSULTATIVE; PARTICIPATIVE; LAISSEZ-FAIRE

A change in management style is effective when the following KPIs have not been met:

1. **Staff absenteeism & Staff turnover**: Adopting a less restrictive management style (such as Autocratic or Persuasive) in favour of a more inclusive style (such as Consultative or Participative) will reduce staff absenteeism and staff turnover because employees will feel more valued and included in the decisions made in the business.
2. **Workplace accidents**: Adopting a less restrictive management style (such as Autocratic or Persuasive) in favour of a more inclusive style (such as Consultative or Participative) will reduce workplace accidents because by listening to the employees who are closest to the operations management of the business, managers will be aware of the potential workplace risk areas. This will enable employees to operate equipment safely and ensure safe work procedures.
3. **Rate of productivity growth**: Adopting a less restrictive management style (such as Autocratic or Persuasive) in favour of a more inclusive style (such as Consultative or Participative) will increase the rate of productivity growth because by listening to the employees who are closest to the operations management of the business managers will be aware of any efficiency and effectiveness improvements which will enable employees to perform tasks faster with fewer errors resulting in improvements in productivity.

**Strategy #4: A change in management skills** involves a manager altering the way they approach business tasks and collaborate with employees. When responding to KPIs, a manager’s use of skills directly relates to the management style that they have adopted.

The **management skills are**: COMMUNICATION; DELEGATION; PLANNING; LEADERSHIP; DECISION MAKING; INTERPERSONAL

A change in management skills is effective when the following KPIs have not been met:

1. **Staff absenteeism & Staff turnover**: A change in management skills will reduce staff absenteeism and staff turnover because employees will be more involved in planning and receive clear communication as what is expected of them which will make them feel more valued and connected to the business.
2. **Workplace accidents**: A change in management skills will lower the number of workplace accidents because managers will involve them in planning and decision making using clear communication in relation to workplace practices. This will enable employees to operate equipment more safely and understand safe work procedures.
3. **Rate of productivity growth**: A change in management skills will increase the rate of productivity growth because managers will involve them in planning and decision making using clear communication in relation to workplace practices This will enable them to perform tasks faster with fewer errors resulting in improvements in efficiency and therefore productivity.

**Strategy #5: Cost cutting** is the process of reducing business expenses.

Cost cutting is effective when the following KPIs have not been met:

1. **Net profit decreases**: Cost cutting will improve the net profit by eliminating unnecessary expenses across the business.
2. **Levels of wastage**: Cost cutting will improve the levels of wastage by eliminating unnecessary expenses across the business.
3. **Rate of productivity growth**: Cost cutting will improve the net productivity rate by eliminating unnecessary inputs of raw material and labour in the operations management process.

**Strategy # 6: Improving quality in production** involves a business implementing processes that increase the perceived value of its good or service.

A business can improve its quality in production by implementing quality strategies, such as quality control (QC), quality assurance (QA), and Total Quality Management (TQM).

Improving the quality of production is effective when the following KPIs have not been met:

1. **Number of sales**: Improving the quality of production will increase the level of sales because by improving the quality of finished products customers will be more satisfied and buy more.
2. **Net profit**: Improving the quality of production will increase net profit because it will increase sales by producing higher quality products and at the same time reduce wastage costs. Both will lead to higher profit.
3. **Rate of productivity growth**: Improving the quality of production will increase productivity growth because by reducing wastage (raw material and lower rework) costs.
4. **Percentage market share:** Improving the quality of production will increase market share because by increasing sales as a result of higher quality finished products the business’s market share will increase.
5. **Level of wastage:** Improving the quality of production will decrease wastage because there will be less wastage of raw materials and less rework required on faulty finished goods.

**Strategy #7: Introducing Lean Management techniques**

**Initiating lean production techniques** involves a business adopting lean management strategies to systematically reduce waste in all areas of production while also improving customer value.

A business can implement lean production techniques through the **lean management strategies of pull, one-piece flow, takt, and zero defects**

Introducing lean management techniques is effective when the following KPIs have not been met:

1. **Level of wastage**: Introducing lean management will decrease wastage by adopting the zero defects principle which will lower the number of faulty products that are discarded.
2. **Percentage market share**: Introducing lean management will increase market share adopting pull principle which accurately forecast the number of products required for production.
3. **Rate of productivity growth** Introducing lean management will decrease wastage by adopting the zero defects and one-piece flow principle which will lower the number of faulty products that are discarded. In addition, the takt principle will ensure that production reflects the level of demand thus reducing wastage and unsold products.
4. **Net profit** Introducing lean management will decrease wastage by adopting the zero defects principle which will lower the number of faulty products that are discarded.
5. **Customer complaints:** Introducing lean management will decrease wastage by adopting the pull and takt principles which will ensure that production matches the customer demand exactly.

**Strategy# 13: Redeployment of resources** involves reallocating natural, labour, and capital resources to different areas of the business to improve productivity and effectiveness.

A redeployment of resources is effective when the following KPIs have not been met:

1. **Net profit**: Redeploying resources will increase net profit reduces inefficiencies/ costs in operations management resulting in increased profit.
2. **Rate of productivity growth**: Redeploying resources will increase the rate of productivity growth by ensuring they are deployed to the most productive part of the operation away from one with lower productivity.
3. **Staff absenteeism:** Redeploying resources will decrease staff absenteeism by giving them more productive job roles with the potential for promotion and bonuses.
4. **Level of wastage:** Redeploying resources will decrease wastage by deploying resources into a part of the business that is more able to minimize wastage.

**Strategy #8: Innovation** is the process of altering and improving or creating new products or procedures. Innovation can be utilised as an opportunity to expand to new markets, meet new customer needs, and improve performance.

Innovation is effective when the following KPIs have not been met:

1. **Customer complaints**: Innovation will decrease the level of customer complaints because it will lower number of product defects through innovative production techniques as well as by introducing new innovative products that meet customer needs.
2. **Net profit** **& rate of productivity growth:** Innovation will increase the level of net profit because it will lower the production cost of finished goods, as well as increasing the quality of finished products introducing innovative production techniques not currently in use.

**Strategy #9: Global sourcing of inputs** involves a business acquiring raw materials and resources from overseas suppliers.

A business undertakes Global Sourcing to:

* Obtain inputs (raw materials, capital) of higher quality than in Australia
* To obtain inputs (raw materials, capital) which are cheaper than it can source them for in Australia

Global sourcing is effective when the following KPIs have not been met:

1. **Customer complaints**: Global sourcing will decrease the level of customer complaints because it will lower the production cost of finished goods allowing the business to lower its prices to customers, as well as increasing the quality of finished products by sourcing higher quality inputs than those available in Australia.
2. **Rate of productivity growth**: Global sourcing will increase the level of productivity growth because it will lower the production cost of finished goods.
3. **Net profit** Global sourcing will increase the level of net profit because it will lower the production cost of finished goods, as well as increasing the quality of finished products by sourcing higher quality inputs than those available in Australia thus increasing sales leading to higher profit.

Global sourcing of inputs involves a business acquiring raw materials and resources from overseas suppliers but **still making the goods and services in Australia.**

There are two reasons why businesses do this.

1. Many resources are only available in other countries or are of a higher quality from that country
2. To minimize its costs as overseas suppliers often offer their materials at a lower price than domestic suppliers because they take advantage of lower wage markets than Australia (Thailand, China, Vietnam)

**Strategy # 10: Overseas manufacture** involves a business producing goods or services outside of the country where its headquarters are located.

Businesses that move their manufacturing to an overseas location can take advantage of skilled labour resources and reduced operating costs, whilst potentially improving the quality of their final output.

Overseas manufacture is effective when the following KPIs have not been met:

1. **Customer complaints**: Overseas manufacture will decrease the level of customer complaints because it will lower the production cost of finished goods allowing the business to lower its prices to customers.
2. **Rate of productivity growth**: Overseas manufacture will decrease the level of customer complaints because it will lower the production cost of finished goods thus increasing productivity.
3. **Net profit**: Overseas manufacture will decrease the level of customer complaints because it will lower the production cost of finished goods and so increasing profits.

**Strategy # 11: Global outsourcing** involves transferring specific business activities to an external business in an overseas country.

The reasons it does this are; to improve the efficiency of its operations system by lowering the cost of inputs (compared to operating its own facilities); gain specific expertise not available in Australia (Taiwan microchip manufacture); it may not have the financial resources to establish its own facilities (either in Australia or overseas)

Global outsourcing is effective when the following KPIs have not been met:

1. **Customer complaints**: Global out-sourcing will decrease the level of customer complaints because it will lower the overall business costs on finished goods allowing the business to lower its prices to customers.
2. **Rate of productivity growth**: Global out-sourcing will increase the rate of productivity growth because it will lower the overall business costs allowing the business to lower its prices to customers.
3. **Net profit** Global out-sourcing will net profit because it will lower the overall business costs thus increasing profit.

**Strategy #12: Increased investment in technology** involves implementing automated and computerized processes into a business’s operations system.

A business can invest in technological developments such as automated production lines (APL), robotics, computer-aided design (CAD), computer-aided manufacturing (CAM) techniques, artificial intelligence (AI), and online services.

An increased investment in technology is effective when the following KPIs have not been met:

1. **Level of sales & market share**: An increased investment in technology will increase sales and market share because by using AI and CAD products can be brought quicker to market by reducing design time. In addition, using robots in production will increase product quality and so increase customer satisfaction.
2. **Workplace accidents**: An increased investment in technology will lower the number of workplace accidents because by using robots and fewer humans in production, there is less chance of a human error occurring.
3. **Rate of productivity growth**: An increased investment in technology will increase the rate of productivity growth because by using robots and fewer humans in production the production line can be operated 24/7 with no breaks as well as lower wastage.
4. **Level of wastage:** An increased investment in technology will reduce wastage by using robots and fewer humans in production, there is less chance of a human error occurring.

**CORPORATE CULTURE & STRATEGIES FOR ITS DEVELOPMENT**

“**Corporate culture** is the shared values, beliefs and behaviours of the people within a business”.

It is divided into official culture and real culture:

**“Official corporate culture** is the formal written expression of values and beliefs desired by management (Mission statement; vision statement; values statement; policies; procedures)”

**“Real corporate culture** involves the shared values and beliefs that develop organically within a business and are practised on a daily basis by its employees. It reflects how things actually operate”.

***Official corporate culture*** *is the formal written expression of values and beliefs desired by management (Mission statement; vision statement; values statement; policies; procedures)”*

Examples of strategies to enhance “official corporate culture”:

1. Publishing or updating a vision statement.
2. Publishing or updating a mission statement.
3. Establishing or amending policies and procedures in documented forms
4. Publishing an employee code of conduct.
5. Developing employee training programs.
6. Selecting business names, logos, and slogans to represent the business as an entity\
7. Implementing guidelines and regulations around employee attire

***“Real corporate culture*** *involves the shared values and beliefs that develop organically within a business and are practised on a daily basis by its employees. It reflects how things actually operate”*

Examples of strategies to enhance “real corporate culture”:

1. Tailoring employee hiring criteria to the specific needs of the business.
2. Hiring a range of staff from a variety of backgrounds.
3. Changing office layout to reflect the desired ways of working.
4. Organising regular celebrations of employee contributions to the business.
5. Discussing areas for improvement in employee performance by taking a de-personalised approach to failures.
6. Selecting a management style that reflects the business’s environment and aims.

**LEARNING ORGANIZATION (SENGE)**

A learning organization is one that:

1. Facilitates the growth of its members
2. Continuously transforms itself to adapt to changing environments

**Systems thinking** is a management approach that considers the interrelationship between the parts of a whole system.

Senge explains systems thinking as analyzing a business as a whole, rather than as separate parts.

Managers in a learning organization understand how a change in one area may affect other areas of the business.

*“Think beyond yourself”*

**Mental models** are existing assumptions and generalisations that must be challenged so that learning and transformation can occur in an organisation.

It is important for people to reflect on their own behaviour and beliefs and to challenge existing mindsets so that learning and change can occur within an organisation.

*“They must be introspective”*

**A shared vision** is an aspirational description of what an organisation and its members would like to achieve.

It will ensure that all stakeholders in the organization will be motivated.

This principle of Senge’s Learning Organisation is applied when a manager develops and promotes a goal that all employees can believe in.

*“All employees must appreciate the importance of a common goal and moving in the same direction”*

**Personal mastery** is the discipline of personal growth and learning, aligned with one’s values and purpose.

A business promoting personal mastery can improve its performance as its employees are committed to continuously developing and improving themselves.

*“If everyone works toward improving themselves, then collectively the whole organization will benefit from each person’s new skills”*

**Team learning** is the collective learning that occurs when teams share their experience, insights, knowledge, and skills to improve practices.

It encourages individuals to combine their strengths and abilities to continuously grow together.

*“With collaboration across the business there will be greater quality dialogue and more consensus – both of which will aid the change process”*

**LOW & HIGH-RISK STRATEGIES TO OVERCOME EMPLOYEE RESISTANCE**

**What happens if employees are a restraining factor against the proposed change?**

In order to persuade employees to accept the proposed changes, management can take two possible approaches or a combination of both.

* **Low risk strategies:** Low-risk strategies are measured management approaches that gradually encourage employees to accept and participate in a business change. They aim to reduce employee resistance to change by assisting employees to understand and accept the proposed change.
* **High risk strategies**: High-risk strategies are autocratic management approaches used to influence employees to quickly accept and follow a business change. These strategies are used to rapidly reduce employee resistance to change by influencing them to support a high-priority business transformation.

**Low Risk**

**Communication** as a low-risk strategy involves managers openly and honestly transferring information to employees, and listening to their feedback so that employees are fully aware of the reasons for and impacts of an upcoming change.

Management style: Participative

Management skills: Communication; interpersonal

**Empowerment** as a low-risk strategy involves managers providing employees with increased responsibility and authority during times of change. When employees are empowered during times of change, they feel directly involved within the process, leading to a greater willingness to contribute to the change process.

Management style: Participative; laissez faire

Management skills: Delegation; empowerment; communication

**Support** as a low-risk strategy involves managers providing employees with assistance as they move from current to new practices. Managers can provide assistance to employees using a variety of support strategies, including staff training or counselling.

Management style: Consultative; participative

Management skills: Communication; planning; leadership; interpersonal

**Incentives** as a low-risk strategy involves managers providing financial or non-financial rewards to encourage employees to support change. Financial rewards can include bonuses, pay rises, and commissions, whereas non-financial rewards can include positions of leadership or new responsibilities.

**High Risk**

**Manipulation** as a high-risk strategy involves influencing employees to support a proposed change by providing incomplete and deceptive information about the transformation.

The use of this high-risk strategy involves managers persuading employees to follow and implement a change by selectively presenting information and details to distort employees’ understanding of an upcoming transformation.

Management style: Persuasive

Management skills: Communication; leadership; interpersonal

**Threat** as a high-risk strategy involves forcing employees to follow a proposed change by stating that they may or will cause harm to them if they fail to do so. This strategy involves managers making statements that aim to intimidate employees.

Management styles: Autocratic; persuasive

Management skills: Leadership

**THREE STEP CHANGE MODEL (LEWIN)**

**Lewin’s Three-step Change Model** is a process that can be used by a business to implement change smoothly and successfully.

The three stages of this process include:

1. Unfreezing the business, so the need for change can be identified and communicated to relevant stakeholder.
2. Changing the relevant processes or practices
3. Refreezing the business, so the change is adopted and maintained in all areas of the business.

**Unfreeze**

The **unfreeze step** involves moving a business to a state where stakeholders are prepared to undergo change.

During the unfreeze step, a business will challenge the beliefs, behaviours, and values that currently exist within the business (Senge’s “Mental Models”)

This stage also involves a manager identifying what needs to be changed and why this is necessary (by analyzing KPIs) before delivering a compelling message to stakeholders highlighting the reasons for, and benefits of the change (Senge’s “Shared Vision”).

The driving and restraining forces would be identified at this stage.

**Change**

The **change step** involves moving a business towards its desired state. This step transforms the business’s practices to meet its new objectives (by implementing the management strategies to respond to the KPI analysis)

During this stage, employees will usually have high levels of fear and confusion as a result of the change.

This is where the high and low risk strategies would be used to ensure employees are supportive of the change.

**Refreeze**

The **refreeze step** involves ensuring a change is sustained within a business for the long term. This step prevents a business from reverting back to previous ways of operating.

A business can achieve this by embedding the change into its everyday practices. During this stage, managers could introduce new policies and job descriptions, or implement other strategies to establish a culture that aligns with the change.

High and low risk strategies used here.

**STAKEHOLDERS**

**Owners are a driving force** because owners have an interest in the financial performance of the business, given they receive income and dividends from its operations.

The positive effects of a change program on owners are:

1. The change has increased the business profit so they will receive larger dividends (a better return on their investment).
2. The change has made the business financially stronger and so employee jobs are potentially more secure. Employees may be more positive towards the owners because of this.

The negative effects of a change program on owners are:

1. The change has caused some employees to be made redundant. Employees remaining have had their roles changed which could be stressful for them (potentially leading to an increase in staff absenteeism). As a result, employees may be less positive toward the owners.

**Managers** are motivated when the business achieves its objectives (usually effectiveness and efficiency objectives) which makes their performance-based bonuses easier to achieve and improves their career development prospects.

The positive effects of a change program on management are:

1. The change has provided them with financial and non-financial rewards because they have been responsible for implementing the change program successfully.
2. The change has given the manager greater responsibility and in some cases a promotion thus enhancing their career prospects.

The negative effects of a change program on management are:

1. The change has caused some employees to be made redundant. Employees remaining have had their roles changed which could be stressful for them (potentially leading to an increase in staff absenteeism). As a result, employees may be less positive toward the managers moving forward.
2. If the change is not successful, the manager may lose their own jobs.

**Employees** focus on the working conditions, training, wages and benefits that the business can offer them.

The positive effects of a change program on employees are:

1. The change process has provided employees with greater responsibilities and skills which will enhance their prosects for future promotion and career advancement.
2. The change may provide the employee with some financial and non-financial incentives as a reward for their contribution to the success of the program.

The negative effects of a change program on employees are:

1. The change has caused some of their fellow employees to be made redundant. Employees remaining have had their roles changed which could be stressful for them (potentially leading to an increase in staff absenteeism). The process can often make some employees fearful of future change which could result in them losing their jobs also.

**Customers** want to pay low prices but receive good quality products & services. They may also want to “buy Australian” and buy from an ethical business with a social conscience.

The positive effects of a change program on customers are:

1. The change program improves the efficiency and effectiveness of the business resulting in lowering operational costs. By lowering costs, the business can offer customers lower prices whilst still maintaining its profit levels (Porter’s lower cost strategy).
2. The change program could be aimed at enhancing customer service levels in some way. This will lead to increased customer satisfaction and potentially an increase in the “level of sales”.

The negative effects of a change program on customers are:

1. The change program which is aimed at reducing costs could result in the quality of the products being reduced or the level of service being reduced. This would lead to a decrease in customer satisfaction and a reduction in the “level of sales”.

**Suppliers** want to be paid as much as possible for their goods/ services so they can maximise their own profits. They also want to establish a long-term relationship to ensure ongoing profits for themselves.

The positive effects of a change program on suppliers are:

1. The change may require the business to increase its purchases from certain suppliers.

The negative effects of a change program on suppliers are:

1. The change may require the business to decrease its purchases from certain suppliers. Usually this involves the business asking for a reduction in prices or an increase in the service levels from the supplier which will therefore increase the operating costs of the supplier and lower their profits.

**General community** wants businesses to provide employment (income for the local area). They want the business to support the local community and to have a social conscience.

The positive effects of a change program on the general community are:

1. The change program could increase the business’s financial ability to contribute to social causes or donate to local charities, in particular, environmental organizations.
2. The change program could decrease the amount of wastage which will reduce the business’s environmental impact and improve the living standards of the general community.
3. The change program may enable the business to expand its operations and as a result employ more local people for the community.
4. The change program could increase the business’s financial ability to broaden the diversity of its workforce, in particular people with physical and cognitive disabilities, and those from marginalized communities.

The negative effects of a change program on the general community are:

1. The change program could result in redundancies of employees from the local community which could result in a greater need for community financial support.
2. The change program may result in a move from local suppliers of raw materials to overseas suppliers and therefore negatively impact the financial position of other local businesses.

**CSR & CHANGE**

*“Corporate Social Responsibility (CSR) is the business going beyond just its legal and regulatory obligations when making business decisions. It is managing the business in such a way that the broader welfare of the community including employees, customers, suppliers and the environment is taken into consideration”.*

*CSR is measured by using “The* ***Triple Bottom Line*** *is the economic, environmental and social performance of the business”*

**Employees:** Management needs to be sensitive to the negative CSR effects of a change program on employees:

1. The change has caused some employees to be made redundant. They should receive support and information to assist them in finding new employment. These include resume writing training; networking assistance; time off to attend new job interviews; psychological counselling; provision of a reference.
2. Employees remaining have had their roles changed which could be stressful for them (potentially leading to an increase in staff absenteeism). The process can often make some employees fearful of future change which could result in them losing their jobs also.

**General community** wants businesses to provide employment (income for the local area). They want the business to support the local community and to have a social conscience.

The positive effects of a change program on the general community are:

1. The change program could increase the business’s financial ability to contribute to social causes or donate to local charities, in particular, environmental organizations.
2. The change program could decrease the amount of wastage which will reduce the business’s environmental impact and improve the living standards of the general community.
3. The change program may enable the business to expand its operations and as a result employ more local people for the community.
4. The change program could increase the business’s financial ability to broaden the diversity of its workforce, in particular people with physical and cognitive disabilities, and those from marginalized communities.

The negative effects of a change program on the general community are:

1. The change program could result in redundancies of employees from the local community which could result in a greater need for community financial support.
2. The change program may result in a move from local suppliers of raw materials to overseas suppliers and therefore negatively impact the financial position of other local businesses.

**Environment:** When a business undertakes a change program it is vital that it conducts this in an environmentally responsible manner that aims to preserve the environment.

Specifically, it needs to ensure that:

1. The change program should seek to minimize wastage through high quality operations management.
2. The change program should seek to engage local suppliers to minimize the level of carbon emissions resulting from transportation.

**REVIEWING & MEASURING THE EFFECTIVENESS OF CHANGE**

The use of KPIs is usually the reason why a business commences a change program in the first place.

By reviewing KPIs, a business can evaluate the effectiveness of its transformation by:

1. analysing the size and extent of its change.
2. identifying whether the change has successfully achieved its objectives.
3. identifying whether the change has negatively impacted another area of performance.
4. determining whether more effort and time are required for the change to achieve desired objectives.
5. considering alternative management strategies to achieve the desired result or improve areas that were negatively impacted by the change.