



Management of change

14

Learning objectives

In this chapter you will learn about:

- 1 Strategies for the management of change
- 2 Management and changes in technology

Changes in the world of business

- Changes in competitors
- Changes in consumers
- Changes in rules and regulations
- Changes in technology
- Changes in the workforce

Strategies for managing change

- Managers moving from being controller managers to facilitator managers
- Introduction of job rotation/job enlargement/job enrichment
- Employee empowerment
- Teamwork
- Total quality management (TQM)

Changing from controller manager to facilitator manager

A **controller manager** controls employees by laying down rigid rules and ensuring they are obeyed. This is not a good model for coping with change. It ensures that things are done the way the manager wants them to be done, but:

- It prevents employees from using their full talents to the firm's benefit.
- All of the responsibility for managing change falls on the manager.
- Managers may become overloaded if the business faces a lot of change.

A **facilitator** approach to management recognises that employees will contribute more of their talents and energy to the firm if they are given:

- **Encouragement** to take on extra responsibility
- Appropriate **training** to provide the extra skills they need
- **Advice and support** from management where necessary
- **Recognition and reward** for successes achieved
- The necessary **resources** to complete tasks.

Benefits of facilitator management

- Employees are better able to handle change.
- Employees get more job satisfaction.
- Managers are freed from a lot of routine decision-making.
- The business is able to respond more flexibly to changing circumstances.

Top Tip!

You should be able to discuss why a facilitator manager is better able to respond to change than a controller manager.

Job rotation/enlargement/enrichment

- **Job rotation** means moving employees regularly from one task to another. This builds up their range of skills, which increases their ability to respond to the firm's changing needs. It also increases motivation by reducing boredom.

- **Job enlargement** means giving people extra responsibilities to make their job more challenging and interesting. If employees are open to job enlargement, it is easier for the firm to adapt to change.
- **Job enrichment** means giving employees not only more responsibilities, but also the freedom to make their own decisions in carrying out their tasks. Employees get great job satisfaction and are often more motivated when they work more autonomously.

Employee empowerment

Empowerment means giving responsibility and authority to employees to complete tasks as well as the power to make the decisions necessary to complete those tasks. It allows employees to take ownership of their jobs so that they take a personal interest in improving the performance of the business.

Features of empowerment

- Facilitator-style management
- Support and encouragement for employees
- Extra rewards encourage employees to take on extra responsibilities

Benefits of empowerment

- Increases **innovation and intrapreneurship** among employees
- Enables the firm to not only respond to change, but also to **create change**
- Allows workers to get enhanced **job satisfaction**

- Results in higher **motivation** of staff to achieve objectives
- Increases **staff loyalty** to the firm with resultant improvements in product quality and productivity

Teamwork

Teamwork means a group of people working co-operatively to achieve shared objectives. Matrix organisation structures facilitate teamwork.

Features of teamwork

- **Clear targets and deadlines** for the team
- Appropriate **resources** provided, e.g. secretarial staff and training
- Team members with the range of **skills and qualifications** needed
- Team members with a **positive attitude** towards working in a team

Stages in the development of a team

- Forming
- Storming
- Norming
- Performing

Benefits of teamwork

- More creative solutions are found, as one person's suggestion often sparks off other ideas among team members.
- Solutions are better thought out when a team has discussed them.
- Employees' motivation is better, as they work for the success of their team.
- Team members can support each other when there are difficulties.

- Job satisfaction is increased because being a member of a successful team makes the team members feel good.

Total quality management (TQM)

TQM is a management approach that seeks to involve all of the employees in a continuous process of improving the firm's products and services in order to satisfy customers' needs more fully.

Aims of TQM

- **High-quality** products and services and satisfied customers
- **Zero defects** in products or services, including delivery commitments
- **Right first time** production and delivery, eliminating costly errors
- **Benchmarking**, i.e. quality standards that are equal to the best of the competitors
- **Continuous improvement** in products, processes and services throughout the business



TQM requires

- Constant focus on **customer satisfaction**
- **Shared responsibility** – quality must be everybody's business, all of the time
- Constant efforts to make **improvements**
- Recognition and **rewards for success** and initiative
- Stringent **quality control** at all stages of the process: purchasing, production and delivery
- Constant review of the TQM process



Changes in technology and the role of management

Technology is one of the main causes of change managers have to deal with. Two of the more important aspects of technology are information and communication technology (ICT) and production technology.

ICT

- ICT allows managers fast access to vast amounts of information.
- **Databases and spreadsheets** can be used to process huge amounts of data very quickly.
- **Desk research** is made much easier with internet access to thousands of websites.
- **The World Wide Web** can also be used to advertise and sell the firm's products.
- **Ecommerce** is used by businesses to sell their products or services to consumers on the internet.
- **Ebusiness** is used by businesses to sell to other businesses on the internet.

TQM incorporates

- **Benchmarking** (also referred to as **world-class manufacturing**)
- **Empowerment**
- **Quality assurance**
- **Quality certification**
- **Quality circles** (groups of employees who meet regularly to discuss ways to improve product or service quality within their own area of work)
- **Research and development**
- **Teamwork**

Benefits of TQM

- Customers are more satisfied, ensuring repeat orders.
- **Reputation** is enhanced, which makes it easier to get new customers.
- Top prices can be charged for **high-quality products**.
- **'Zero defects'** reduces costly waste of manpower and materials.

- **Mcommerce:** People use mobile phones to buy products and services.
- **Bar codes** have many applications within a firm, saving time and effort in areas from stock control to the tracking of customer spending habits.
- **Teleworking**, also called **ework**, allows managers to retain valuable staff who prefer to do their work at home and email it to the office.
- **ICT** has removed the need for managers to hire and supervise large numbers of employees who were previously involved in collecting, processing and storing data.
- **Computer-aided manufacturing (CAM)**, also known as robotics, is an automated manufacturing system that saves production managers from a lot of the problems associated with large numbers of assembly line employees doing repetitive tasks.
- **Computer-integrated manufacturing (CIM)** means that the entire manufacturing process is controlled by computer, with very little need for human work.

Top Tip!

An Applied Business Question (ABQ) is compulsory on the exam every year. Below is an ABQ based on Units 2, 3 and 4. This ABQ relates to exam years 2015, 2020 and 2025.

Production technology

- **Computer-aided design (CAD)** allows managers to examine the effect of any number of changes in the design of a product, at very little cost and within a short time.

Exam question

- 1 Read the information supplied and answer the question that follows.

Castlewest Hotel and Conference Centre was established by Mary Cullen in 1994. Having worked in senior management positions within the hospitality sector for many years, Mary identified a niche in the local market for a hotel providing a high standard of service and comfort, while offering customers value for money. Located in the west of the country, Castlewest Hotel and Conference Centre enjoys an excellent reputation for delivering a personal and professional service to holidaymakers, businesses and passing trade. Independent online reviews of the hotel continue to compliment the very helpful and friendly staff. The hotel was totally refurbished and extended to include a state-of-the art conference centre in 2005.

A significant investment in information and communications technology (ICT) has taken place within the hotel in recent years. Marketing Manager Pat Butler redesigned the website to include an online booking facility, which also provides a customer database. Complimentary WiFi (internet access) is available throughout the hotel, while the conference centre is equipped with the latest video and audio conferencing facilities. Technology is also used in the day-to-day operations of the hotel, from stock ordering to managing the hotel's accounts.

Mary Cullen adopts a hands-on approach in her role as General Manager and can be seen daily walking around the hotel, talking to staff and customers and getting feedback. Despite her long working hours, she is also president of the local Chamber of Commerce. Using the hotel intranet, Assistant Manager Judy O'Brien provides a weekly update to all staff on the hotel's performance. She has also developed a voluntary suggestion scheme where staff are encouraged to come up with innovative ideas for improvements, for which they are rewarded. Recently, Head Chef Dylan Jones was named 'Employee of the Month' for introducing a 'Lunch to Go' menu, which has increased weekday lunch sales.

Bookings and sales overall have fallen in the past 18 months, as individuals and businesses have cut spending. Hotel rates have been reduced in an effort to attract more business, and a range of cost-cutting measures were introduced, including closure of the hotel for the month of January. Further cuts will be necessary to ensure the continued viability and success of the business.

(a)

(i) Explain the term 'intrapreneur'.

(ii) Illustrate, using examples from the above text, how 'intrapreneurship' benefits Castlewest Hotel and Conference Centre. (20 marks)

(b)

Discuss the impact that investment in technology has had on Castlewest Hotel and Conference Centre. Refer to the above text in your answer. (30 marks)

(c)

Evaluate how Mary can use her management skills to ensure the continued success of her hotel. Refer to the above text in your answer. (30 marks)

(2010, 80 marks)

Sample answer

(a)

(i)

An **intrapreneur** engages in **entrepreneurial activity**/comes up with new ideas within the business in which s/he is employed. Intrapreneurs need the freedom and resources (human and capital) to pursue their ideas.

(ii)

Benefits of intrapreneurship to the Castlewest Hotel and Conference Centre include:

1

Recently, Head Chef Dylan Jones was named 'Employee of the Month' for introducing a very popular 'Lunch to go' menu, which has increased weekday lunch sales.

New products/markets identified

Intrapreneurship results in new products/services being developed. Intrapreneurs are champions of change, looking for ways to grow and expand the business constantly, to improve the business process or product for the business in which they are employed. New product and market development is very important to ensure the **continued viability** of any/all businesses.

2

She (Judy O'Brien) has also developed a voluntary suggestion scheme where staff are encouraged to come up with innovative ideas for improvements, for which they are rewarded.

Business growth/success/profitability

Staff, through their loyalty and hard work, contribute to the growth and success of the business over the years, resulting in many new procedures being introduced into the business.

3

Marketing Manager Pat Butler redesigned the website to include an online booking facility which also provides a customer database.

Various ideas introduced result in greater productivity in the business. Many new ideas and cost-cutting measures introduced result in greater profitability in the business.

An online booking system will result in lower administration costs, as customers complete their own bookings on line, and increase the profit margins for the firm (fewer personnel required etc.)

4

Using the hotel intranet, Assistant Manager Judy O'Brien provides a weekly update to all staff on the hotel's performance.

More enjoyable workplace/nurturing of in-house talent to promote innovation.

When staff are offered the opportunity to be intrapreneurial they are generally more productive, happier and more fulfilled in their work. They enjoy and are committed to what they do. There is greater motivation and improved industrial relations which saves time and money in the business.

(b)

Impact from investment in technology includes the following:

1

Marketing/market research/advertising

Many businesses now use the internet to market their goods and services. By creating a website, a large number of potential customers can be reached at minimal cost. It allows for global advertising and can reach a worldwide market.

Website can be used to **promote facilities**, services and special offers available to a **global** audience (home and abroad).

Online booking is easier and more convenient for customers.

Databases of customers can be used for market research purposes. The internet can be used for both primary and secondary market research.

Link to text

Marketing Manager Pat Butler redesigned the website to include an online booking facility, which also provides a customer database.

2

ICT

ICT provides opportunities for instant communication, both internally and externally. Staff can be equipped with laptops, mobile phones and email.

The internet/intranet can be used to communicate with customers, suppliers and staff.

Video-conferencing and audio conferencing may be used by corporate clients organising external business meetings.

Link to text

Complimentary wifi (internet access) is available throughout the hotel, while the conference centre is equipped with the latest video and audio conferencing facilities.

or

...weekly update to all staff on the hotel's performance, using the hotel intranet.

3

Ebusiness/operational efficiencies

Many business functions can be carried out using the internet, e.g. EDI where stocks can be ordered automatically from suppliers when supplies go below a certain level (i.e. online stock ordering). Stock outs are avoided, while stock ordering and holding costs are kept to a minimum.

Customers can book online (i.e. online payments) and credit card bookings can be taken over the phone.

Link to text

Technology is also used in the day-to-day operation of the hotel, from stock ordering to managing the hotel's accounts.

4

Competitive advantage

The existence of up-to-date technology in a business enables it to become more competitive than other similar businesses since clients may choose the more technologically advanced hotel.

Link to text

Complimentary wifi (internet access) is available throughout the hotel, while the conference centre is equipped with the latest video and audio conferencing facilities.

5

Training/staffing/industrial relations

Ongoing staff training is required to ensure employees and management obtain up-to-date skills and knowledge when new technology is introduced for daily tasks. Training could be provided both on and off the job. This involves ongoing costs for the business.

Link to text

Technology is also used in the day-to-day operation of the hotel, from stock ordering to managing the hotel's accounts.

6

Customer Service

Technology can result in better/more efficient services for customers. Websites allow bookings/hotel reservations from any part of the world at any time/greater flexibility for customers/quicker responses (email) better value for money. Online support service can be provided to customers, i.e. responding to various concerns or queries.

Link to text

...redesigned the website to include an online booking facility.

or

Complimentary WiFi (internet access) is available throughout the hotel.

(c)

Leadership

Leadership involves directing and assisting people in order to ensure work is done effectively so that objectives can be met. Leadership allows an individual to positively influence how others behave so that they contribute voluntarily to achieving group goals.

Mary is a **democratic leader**, adopting a **democratic and facilitative approach to managing**. She takes a **hands-on approach** to running the business and **delegates responsibility**, where appropriate. She takes decisions only after discussions with staff and customers. Shared solutions to problems are sought by democratic leaders.

Good leadership **encourages an enterprise culture** within business. Opportunities exist for staff to put forward **suggestions** for improvement. These suggestions are actively **encouraged, rewarded and acknowledged**.

Good leaders delegate. **Delegation** involves the **assignment of authority** and responsibility to another person, generally **from a leader to a subordinate**, to undertake a **specific work task or project**. Delegation leads to increased **employee motivation** and improved staff morale. It should **improve work-life balance** for the leader.

Link to text

*Despite her long working hours, she is also **president** of the local Chamber of Commerce.*

or

*Staff **encouraged** to come up with **innovative ideas** for improvements for which they are rewarded.*

or

Marketing Manager Pat Butler redesigned the website

or

Assistant Manager Judy O'Brien provides a weekly update to all staff on the hotel's performance.

Communication

Communication involves people exchanging information in order to better understand each other. New and changed work practices should be made in consultation with staff. Consultation implies that good two-way communication exists. Mary Cullen **communicates regularly with staff**, and actively encourages staff to put forward suggestions for improvements, for which they are rewarded.

She values her staff, and recognises the contributions that they have made to the business. She **encourages feedback** from staff and customers. This allows any confusion or misunderstandings to be resolved quickly. The **advanced ICT** allows communication to be efficient, speedy and accurate.

Link to text

*The Assistant Manager is responsible for providing a **weekly update** to all staff.*

*She can be seen daily walking around the hotel, talking to staff and customers and getting **feedback**.*

Motivation

Motivation involves putting factors in place that cause people to behave in certain ways. People's behaviour can be influenced by motivating them to meet their unsatisfied needs. Employee motivation is the key to achieving extraordinary results.

Maslow's Theory of Motivation/McGregor's Theory X and Theory Y

The staff at Castlewest Hotel are **motivated**, very helpful and friendly. They have seen the business expand and experienced change over the past 16 years. The hotel enjoys an excellent reputation. They are **keen to work hard** and have high levels of commitment. They get great satisfaction from their work. **A positive work atmosphere exists**.

Employees are **empowered** and afforded a greater sense of satisfaction, through the active encouragement, recognition and **reward** for staff creativity and initiative. As a result a number of staff initiatives have been introduced which have benefited the business.

Link to text

Independent online reviews of the hotel continue to compliment the very helpful and friendly staff.

or

Staff are encouraged to put forward suggestions for improvements for which they are rewarded.

or

The Head Chef was named 'Employee of the Month' for introducing a very popular 'Lunch to Go' menu, which has increased weekday lunch sales.

Evaluation

Communication

The hotel has invested heavily in its ICT infrastructure, which provides and supports many opportunities for change. Mary and her team are well positioned to design and implement the changes necessary to secure the viability and continued success of the Castlewest Hotel and Conference Centre. An effective system of communication exists between management, staff, customers and suppliers.

Leadership

Mary is an effective and successful leader, who has used her leadership skills to foster a business climate that supports intrapreneurship. The Head Chef, Marketing Manager and Assistant Manager used their own initiative to introduce improvements in the business. Staff creativity is actively encouraged and rewarded, with the necessary freedom and resources (human and capital) provided to pursue their ideas.

Motivation

The enterprise culture within the Castlewest Hotel and Conference Centre has engendered loyalty among the staff. Staff members are hardworking and committed to providing a professional and personal service to all clients. They are noted for their friendly and helpful nature, and they have introduced various changes and initiatives that have benefited the business.

Marking scheme

(a)

(i)

- Explanation: 5 marks ($5 = 3 + 2$)
 - 3 marks for definition
 - 2 marks for example/illustration/development

(ii)

- Two benefits: 1 x 8 marks ($8 = 4 + 4$); 1 x 7 marks ($7 = 4 + 3$)
 - 4 marks for identifying benefit
 - 4/3 marks for link to text

(b)

- Three points: 3 x 10 marks ($10 = 4 + 4 + 2$)
 - 4 marks for naming technology
 - 4 marks for explaining impact
 - 2 marks for link to text

(c)

- Three skills: 3 x 8 marks ($8 = 2 + 2 + 2 + 2$)
 - 2 marks for naming skill
 - 2 marks for explaining skill
 - 2 marks for further explanation/development
 - 2 marks for link to text

Evaluation

- Evaluation: 6 marks ($6 = 2 + 2 + 2$)
 - How satisfactory, how effective, your opinion

Questions

Higher Level long questions

- 1 Discuss the benefits and risks of empowering employees within a business. (2012, 20 marks)
- 2 Explain the term TQM and describe how it can be of benefit to an organisation. (2007, 20 marks)
- 3 Describe two strategies that a business organisation can use to manage change. Use examples to support your answer. (2008, 20 marks)

Key-points!

- Differences between controller managers and facilitator managers
- Empowerment
- Elements of teamwork
- Elements of total quality management (TQM)
- Effects of ICT on business

Key-definitions!

computer-aided design (CAD): The use of computers and computer software to design products and processes and to produce detailed drawings.

computer-aided manufacturing (CAM): A production system that employs robots to complete repetitive tasks instead of employees.

computer-integrated manufacture (CIM): A manufacturing process that is automated and controlled by computer systems.

controller manager: A controller manager runs the business by

imposing rules that other staff must follow.

employee empowerment: Means encouraging employees to make the decisions necessary to carry out the tasks delegated to them as a way of making them take ownership of the tasks to be completed.

facilitator manager: A manager who encourages staff to take on additional responsibilities and who supports them in doing this with the necessary resources and training.

quality circles: Groups of employees from different parts of the business who are brought together to come up with ways of improving the quality of the products produced by the firm.

remuneration: The various forms of payments used to reward employees for the work that they do.

teamwork: Means people working together on a co-operative basis to achieve a shared objective; teamwork skills are very desirable in an employee.

total quality management (TQM): A constant system of improvement of quality in all aspects of the operation of a business to ensure customers' needs are fully met.