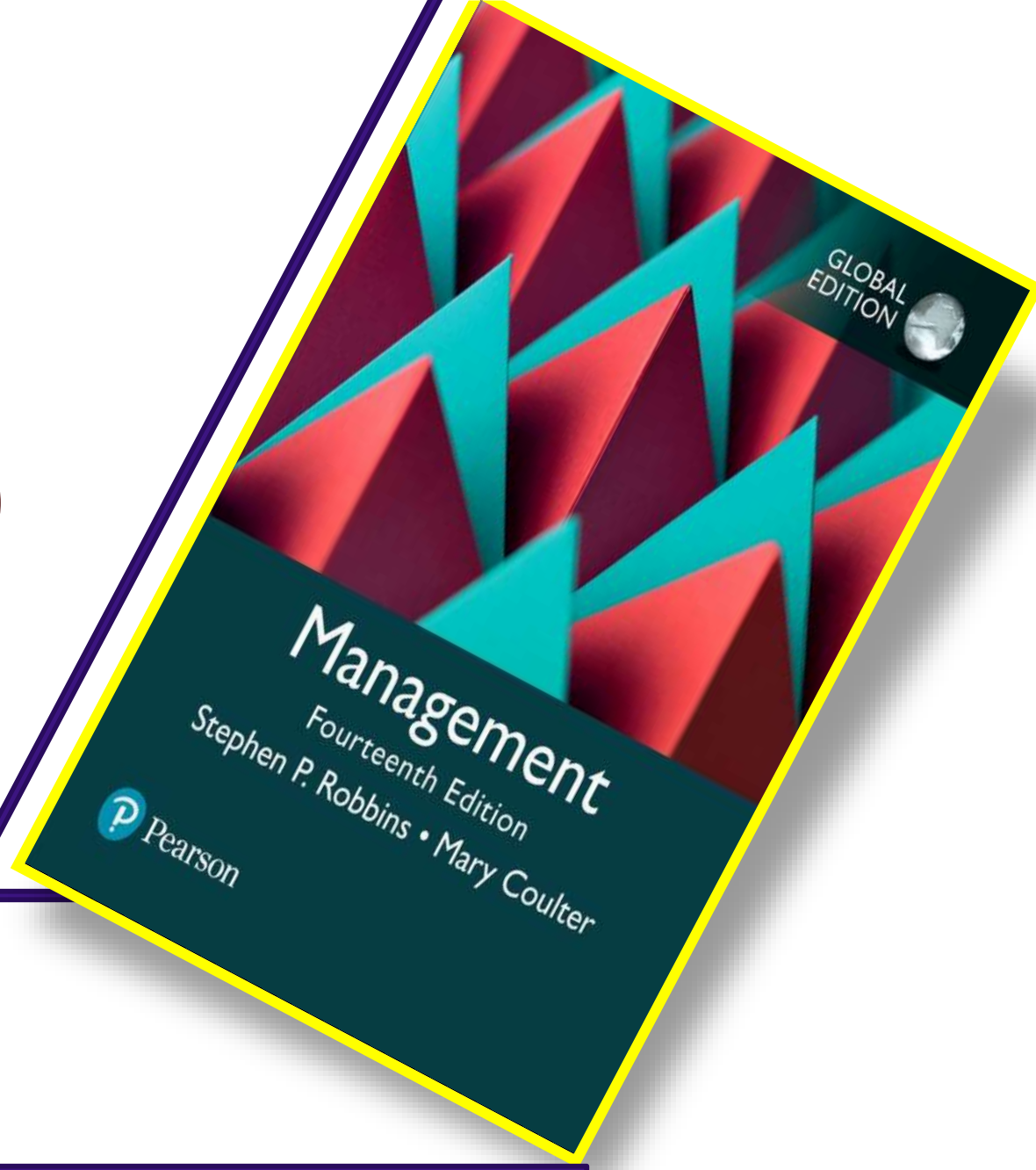


Chapter 6

# Managing Change



# Learning Objectives

**Change Defined, and need for managing that.**

**Describe** making the case for change.

**Compare** and contrast views on the change process.

**Classify** areas of organizational change.

**Explain** how to manage change.

Know how to be change ready by overcoming your resistance to change.

**Discuss** contemporary issues in managing change.

Develop your skill in change management so you can serve as a catalyst for change.

**Describe** techniques for stimulating innovation.

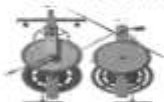
**Explain** why managing disruptive innovation is important.

# TIMELINE OF TIME KEEPERS



## 16th Century BC WATER CLOCK

Time measured by the regulated flow of liquid into or out from a vessel where the amount is then measured



## 725 AD EARLY MECHANICAL

Water powered cogwheel



## 15th Century SPRING DRIVEN

Earliest existing spring driven clock is the chamber clock given to Phillip the Good, Duke of Burgundy



## 1675 AD HAIRSPRING

Huygens and Robert Hooke invented the spiral balance, or the hairspring, designed to control the oscillating speed of the balance wheel



## 1815 AD EARLY ELECTRIC

Francis Ronalds published the first electric clock powered by dry pile batteries



## 1955 AD ATOMIC

First accurate atomic clock, based on a certain transition of the caesium-133 atom, was built by Louis Essen at the National Physical Laboratory in the UK

**Clocks and Watches** are wonderful inventions that help us keep track of Time Here's a brief history of the these Time Keepers



## Ancient Times SUNDIALS

Shows the time by displaying the position of a shadow on a flat surface, which has markings that correspond to the hours



## 150 BC HOURGLASS

Fine Sand pouring through a tiny hole at a constant rate indicates an arbitrary predetermined passage of Time



## 1336 AD ASTRONOMICAL

Large astrolabe-type dial, showing the sun, the moon's age, phase, and node, a star map, and possibly the planets



## 1656 AD PENDULUM

Christiaan Huygens determined the mathematical formula that related pendulum length to Time

## 1735 AD MARINE CHRONOMETER

John Harrison built first chronometer which used bearings to reduce friction, weighted balances to compensate for the ship's pitch and roll in the sea and two different metals to reduce the problem of expansion from heat



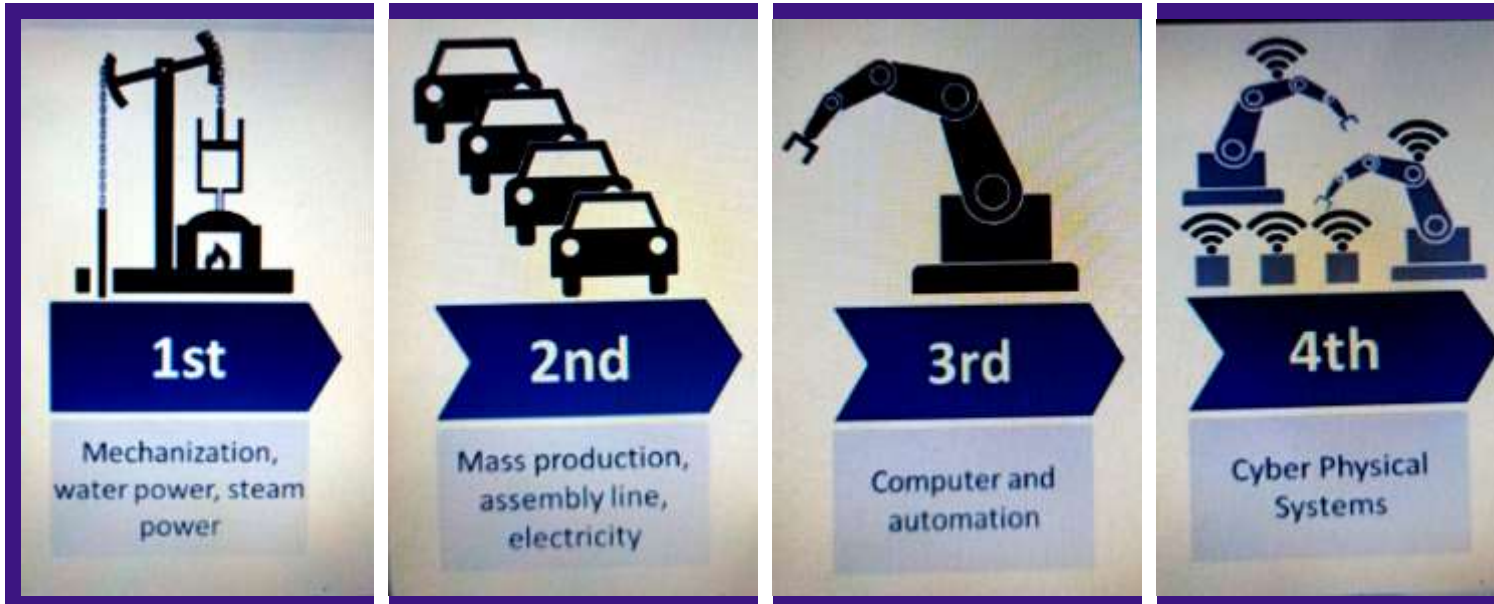
## 1927 AD QUARTZ

First quartz clock was built by Warren Marrison and J. W. Horton at Bell Laboratories Canada



# Change?

## Industrial Revolution



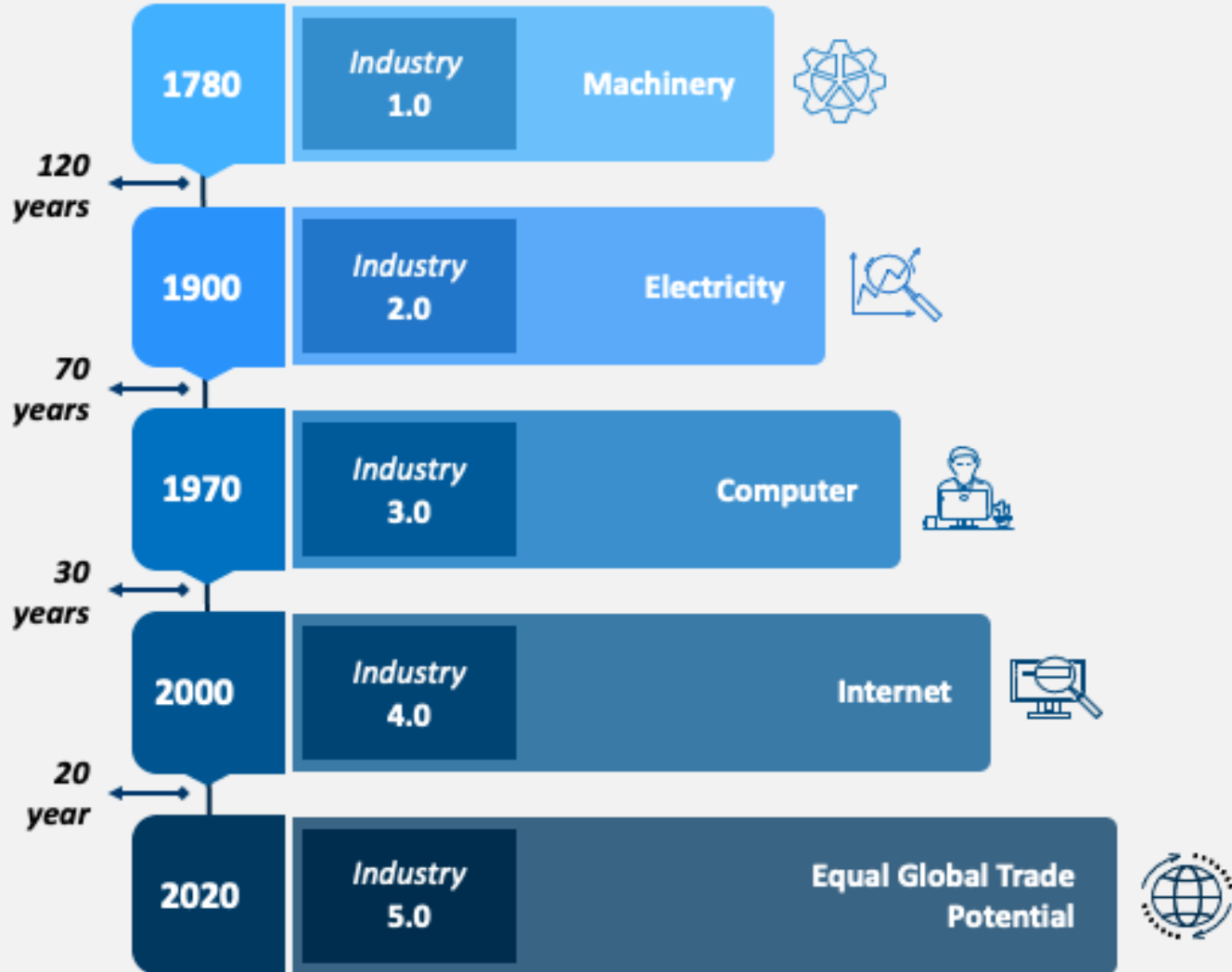
**BIG DATA**

INTER-CONNECTED SUPPLY CHAINS

**ARTIFICIAL INTELLIGENCE**

# INDUSTRY 5.0

## Phases of Industrialization



# Industry 5.0 – The Personalizable (HMI) Revolution

Factfile

## History of industrial revolution

**1.0**

- ◆ **1780 – Mechanisation**  
Industrial production based on machines powered by water and steam

**2.0**

- ◆ **1870 – Electrification**  
Mass-production using assembly lines

**3.0**

- ◆ **1970 – Automation**  
Automation using electronics and computers

**3.5**

- ◆ **1980 – Globalisation**  
Offshoring of production to low-cost economies

**4.0**

- ◆ **Today – Digitalisation**  
Introduction of connected devices, data analytics and artificial intelligence technologies to automate processes further

**5.0**

- ◆ **Future – Personalisation**  
The fifth industrial revolution, or Industry 5.0, will be focused on the co-operation between man and machine, as human intelligence works in harmony with cognitive computing. By putting humans back into industrial production with collaborative robots, workers will be upskilled to provide value-added tasks in production, leading to mass customisation and personalisation for customers

# Change?



Why change? – The ones that failed to understand





In 1959, **Xerox** launched the 914 photocopier and revolutionized the document-copying industry. Xerox also had a fantastic research centre. Invented: The mouse, laser printer, and windows icon based user interface

**Failure:** For years Xerox management did absolutely nothing with their cutting-edge inventions and continued to profit from the 914 photocopier. Meanwhile, Apple, Microsoft and HP "borrowed" their technology and made billions.

In 2007 **Nokia** had 50% market share, most valuable brand of 2008. Other businesses include: paper, electricity, rubber shoes etc. Nokia came up with the first Smartphone back in 1996 (11 years before the Iphone)

**Failure:** Focused only on hardware and decided to ignore software.

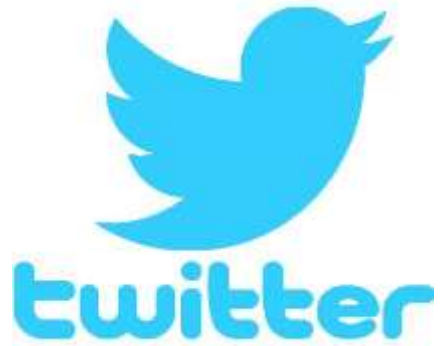
During the 1960s & '70s, **Polaroid** "Instant photography at the push of a button!" was maybe the coolest technology company on earth. Polaroid grew from being a garage start-up in 1937 into a billion-dollar company

**Failure: Didn't realize that digital cameras were going to be the way of the future and once they did it, it was too late. Polaroid filed for bankruptcy in 2001.**

In 2005, **Yahoo** owned 21% of the online advertising market, It was no #1 among all players. Yet today, they are struggling to maintain their #4 position behind Google, Facebook and Microsoft.

**Failure: Yahoo decided not to be a dominant search player and outsourced their search engine to Microsoft Bing.**

## Why change? – The ones that went for it



One of the most legendary shifts in social media history is the transformation of Odeo into **Twitter**. Odeo started as a network where people could find and subscribe to podcasts, but the founders feared to continue when iTunes began taking over the podcast niche.

After giving the employees two weeks to come up with new ideas, the company decided to make a drastic change and run with the idea of a status-updating micro-blogging platform.

**Starbucks** started off in 1971 selling espresso makers and coffee beans. After Howard Schultz (current chairman, president and CEO) visited Italy in 1983, he decided to actually brew and sell Starbucks coffee in a European-style coffeehouse and transformed Starbucks into the worldwide sensation it has become today.

**Suzuki** is the high-performance motorcycles and vehicles automotive company. But from 1910 to 1935 Michio Suzuki was best known as the inventor and seller of machines that powered Japan's silk industry.

**HP** started as an engineering company in 1947. It began by creating electrical testing products, including audio and signal generators. In 1968 they introduced the first large-scale personal computer but it was only in the 90's when this idea started to pay off. Since then, HP focused mainly on home computers and printing-scanning accessories.

So companies need to adapt in order to survive or thrive from opportunity. Because, what seems today just another opportunity can actually lead tomorrow to a fight for survival.

So....

**“The only constant  
in life is change”**

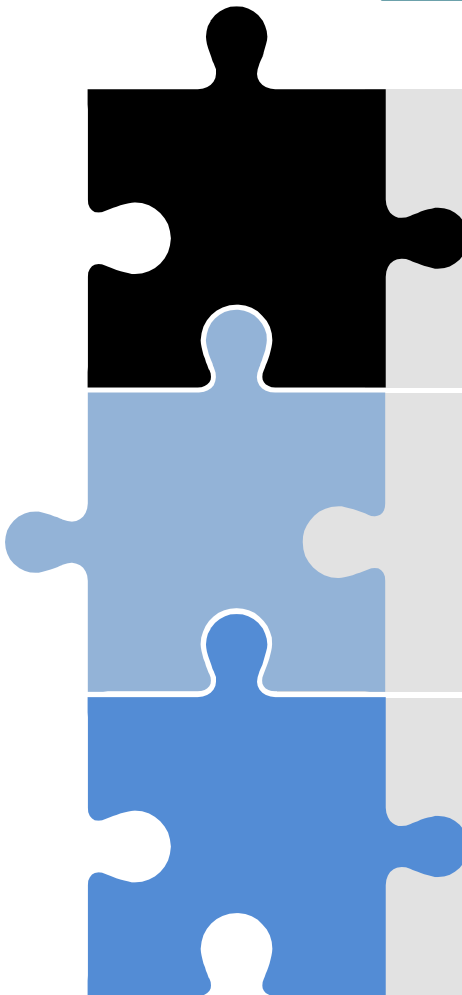


**HERACLITUS**

**Change Management ?**

**Leading Change ?**

## Change Management definition



**Change management** is the discipline that guides how we:

**prepare, equip and support individuals**

to successfully **adopt change** in order to **drive organizational success and outcomes.**



# Change Management

A systematic approach to dealing with the transition or transformation of an organization's goals, processes or technologies.

## Leading Change

Creating a system a manager manages and changes then in a fundamental way to adopt the changes outside the organization, grasp opportunities and duck hazards. *“Kotter”*

# The Case for Change

- **Organizational change:** any alteration of people, structure, or technology in an organization
- **Change agent:** someone who acts as a catalyst and assumes the responsibility for managing the change process

# Exhibit 6-1

## External and Internal Forces for Change

---

<b>External</b>	<b>Internal</b>
Changing consumer needs and wants	New organizational strategy
New governmental laws	Change in composition of workforce
Changing technology	New equipment
Economic changes	Changing employee attitudes

---

# External Factors

- Changing consumer needs and wants
- New governmental laws
- Changing technology
- Economic changes

# Internal Factors

- New organizational strategy
- Change in composition of workforce
- New equipment
- Changing employee attitudes

# Calm Waters Versus White-Water Rapids Metaphors

- **Calm waters metaphor:**
  - Unfreezing the status quo
  - Changing to a new state
  - Refreezing to make the change permanent

# Exhibit 6-2

## The Three-Step Change Process

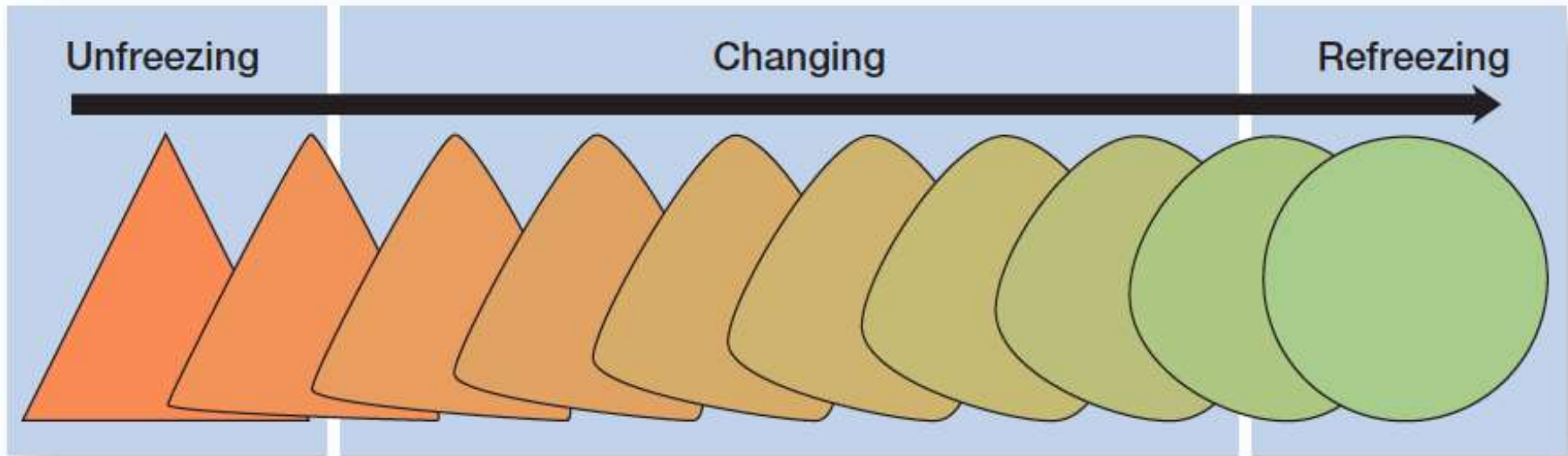


Exhibit 6-2 illustrates Kurt Lewin's three-step change process.

# White-Water Rapids Metaphor

- **White-water rapids metaphor:** the lack of environmental stability and predictability requires that managers and organizations continually adapt and manage change actively to survive



# Reactive Versus Proactive Change Processes

- **Reactive:** reacting to a situation that has occurred
- **Proactive:** acting in advance of a situation

# Exhibit 6-3

## Four Types of Change

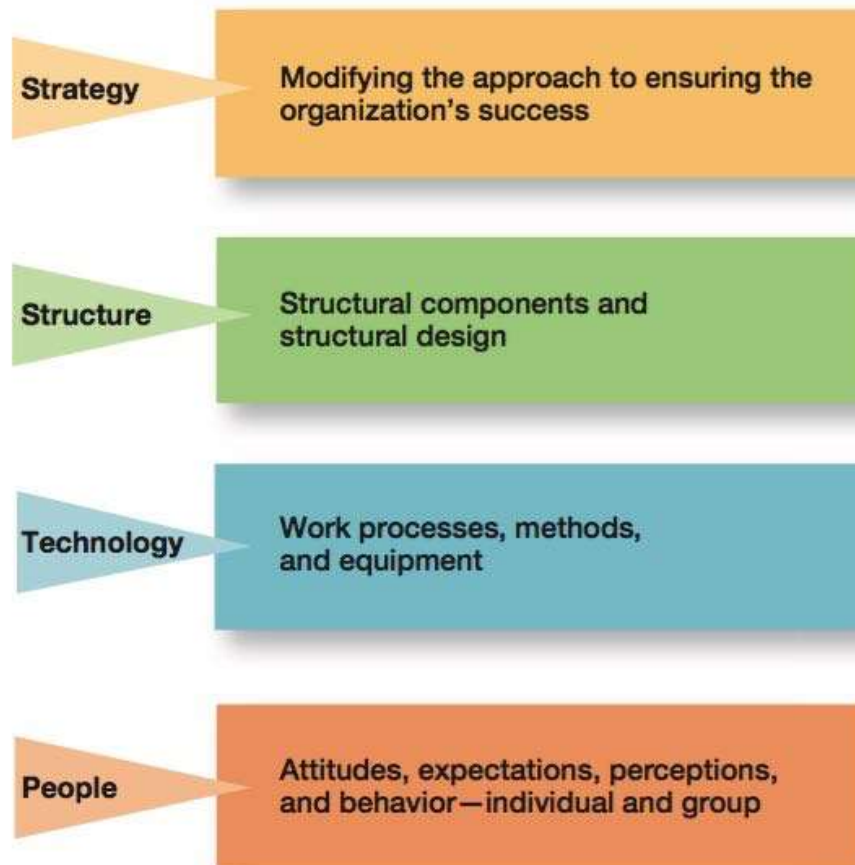


Exhibit 6-3 shows the four main areas of change managers face.

# Types of Change: Strategy

Failure to change strategy when circumstances dictate could undermine a company's success.

# Types of Change: Structure

- Changing structural components
- Changing structural design

# Types of Change: Technology

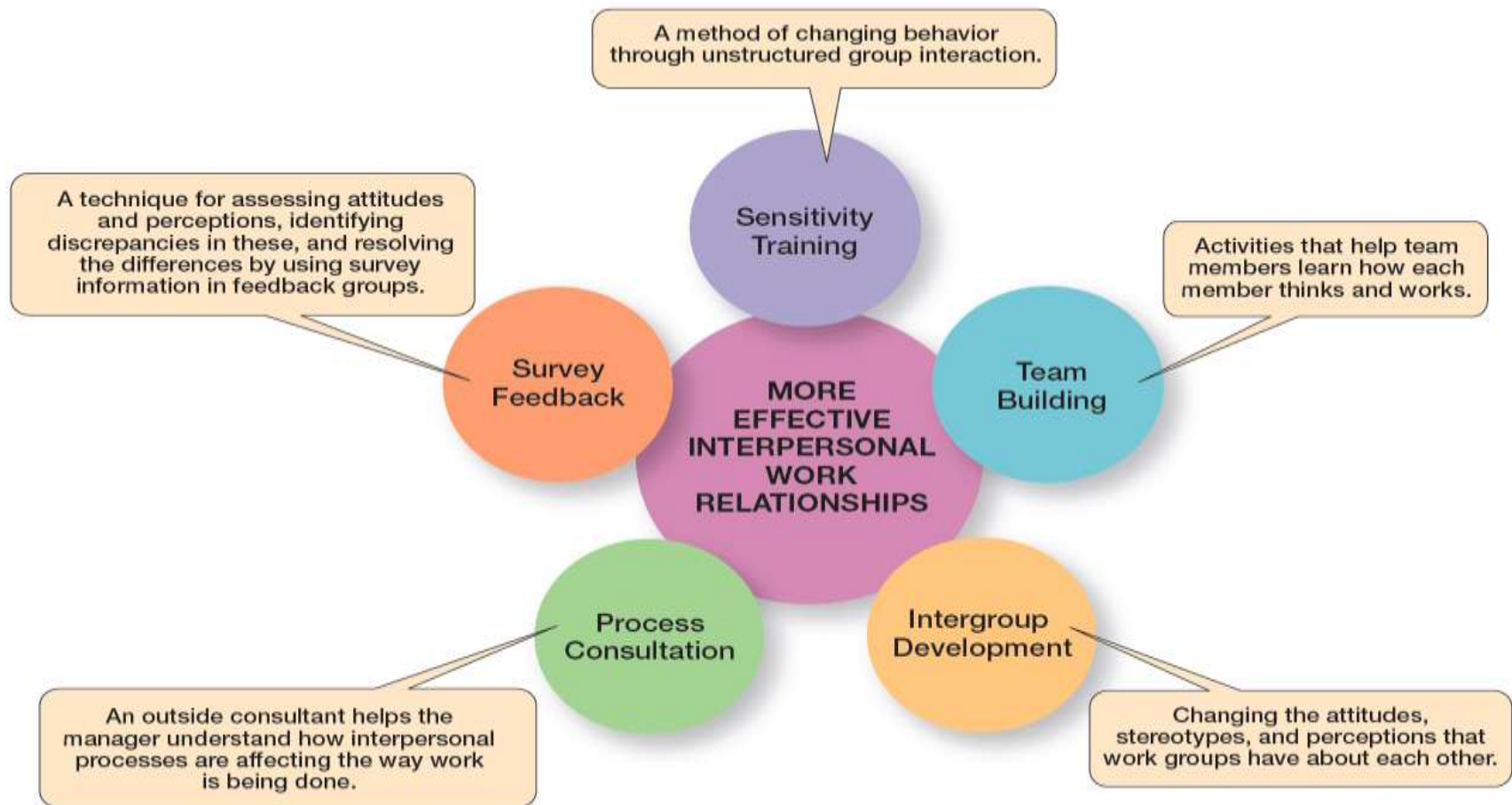
- New equipment, tools, or methods
- Automation
- Computerization

# Types of Change: People

- **Organizational development:** change methods that focus on people and the nature and quality of interpersonal work relationships

# Figure 6-4

## Popular OD Techniques



The most popular OD techniques are described in Exhibit 6-4

# THE "BOILING FROG" SYNDROME





# Why Do People Resist Change?

- Uncertainty
- Habit
- Fear of loss
- Belief change is inconsistent with goals of organization

Needs of the personality

**CERTAINTY (SECURITY)**

**UNCERTAINTY (DIVERSITY)**

**SIGNIFICANCE**

**CONNECTION AND LOVE**



Needs of the spirit

**GROWTH**

**CONTRIBUTION**





# Implementing change is difficult ...

**30% Transformation programs succeed**

John Kotter 1996, “Leading Change”

**Failure rate**

**Only one transformation in three succeed**

McKinsey 2008, Executives survey

**Only 12% companies remained in**

**Fortune 500 firms 1955 vs. 2016:**

1955 – 1994, 30.6% surviving firms (39 years)

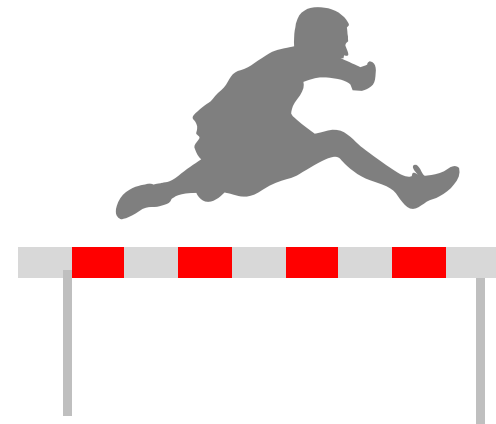
1995 – 2016, 37.6% surviving firms (21 years)

# Kotter's 8 step Change Management Model



- 1 Create urgency
- 2 Form a powerful coalition
- 3 Create a vision for change
- 4 Communicate the vision

- 5 Remove obstacles
- 6 Create short term wins
- 7 Build on the change
- 8 Anchor the change



# Kotter's Change Management Model ingredients



- Reality awareness



- Solution

- Leadership
- Goals and plan to get there
- Incentives
- Communication strategy
- Flexibility
- Preventive systems in place

## Change is about people

**“In a change process  
you have to win the  
hearts and the minds  
of the people”**



John Kotter

# Techniques for Reducing Resistance to Change?

- Education and communication
- Participation
- Facilitation and support
- Negotiation
- Manipulation and co-optation
- Coercion



# Exhibit 6-5

## Techniques for Reducing Resistance to Change

Technique	When Used	Advantage	Disadvantage
Education and communication	When resistance is due to misinformation	Clear up misunderstandings	May not work when mutual trust and credibility are lacking
Participation	When resisters have the expertise to make a contribution	Increase involvement and acceptance	Time-consuming; has potential for a poor solution
Facilitation and support	When resisters are fearful and anxiety ridden	Can facilitate needed adjustments	Expensive; no guarantee of success
Negotiation	When resistance comes from a powerful group	Can “buy” commitment	Potentially high cost; opens doors for others to apply pressure too
Manipulation and co-optation	When a powerful group’s endorsement is needed	Inexpensive, easy way to gain support	Can back re, causing change agent to lose credibility
Coercion	When a powerful group’s endorsement is needed	Inexpensive, easy way to gain support	May be illegal; may undermine change agent’s credibility

# Leading Change

- Managers can make change happen successfully by:
  - making organization change capable
  - understanding their own role in process
  - giving employees a role in the change

# Exhibit 6-6

## Change-Capable Organizations

---

### Characteristics

**Link the present and the future.** Think of work as more than an extension of the past; think about future opportunities and issues and factor them into today's decisions.

**Make learning a way of life.** Change-friendly organizations excel at knowledge sharing and management.

**Actively support and encourage day-to-day improvements and changes.** Successful change can come from the small changes as well as the big ones.

**Ensure diverse teams.** Diversity ensures that things won't be done like they've always been done.

**Encourage mavericks.** Because their ideas and approaches are outside the mainstream, mavericks can help bring about radical change.

**Shelter breakthroughs.** Change-friendly organizations have found ways to protect those breakthrough ideas.

**Integrate technology.** Use technology to implement changes.

**Build and deepen trust.** People are more likely to support changes when the organization's culture is trusting and managers have credibility and integrity.

**Couple permanence with perpetual change.** Because change is the only constant, companies need to figure out how to protect their core strengths during times of change.

**Support an entrepreneurial mindset.** Many younger employees bring a more entrepreneurial mindset to organizations and can serve as catalysts for radical change.

---

# Creating a Culture for Change

- The fact that an organization's culture is made up of relatively stable and permanent characteristics tends to make it very resistant to change.

# Understanding the Situational Factors

- Conditions that facilitate change:
  - dramatic crisis occurs
  - leadership changes hands
  - culture is weak

# Exhibit 6-7

## Changing Culture

---

### Strategies for Managing Cultural Change

**Set the tone through management behavior;** top managers, particularly, need to be positive role models.

Create **new stories, symbols, and rituals** to replace those currently in use.

Select, promote, and support employees who **adopt** the new values.

**Redesign socialization processes** to align with the new values.

To encourage acceptance of the new values, **change the reward system.**

Replace unwritten norms with **clearly specified expectations.**

**Shake up current subcultures** through job transfers, job rotation, and/or terminations.

Work to get consensus through **employee participation** and creating a **climate with a high level of trust.**

---

# Employee Stress

- **Stress:** the adverse reaction people have to excessive pressure placed on them from extraordinary demands, constraints, or opportunities
- **Stressors:** factors that cause stress

# What Causes Stress?

- Task demands
- Role demands
  - Role conflicts
  - Role overload
  - Role ambiguity
- Interpersonal demands
- Organization structure
- Organizational leadership

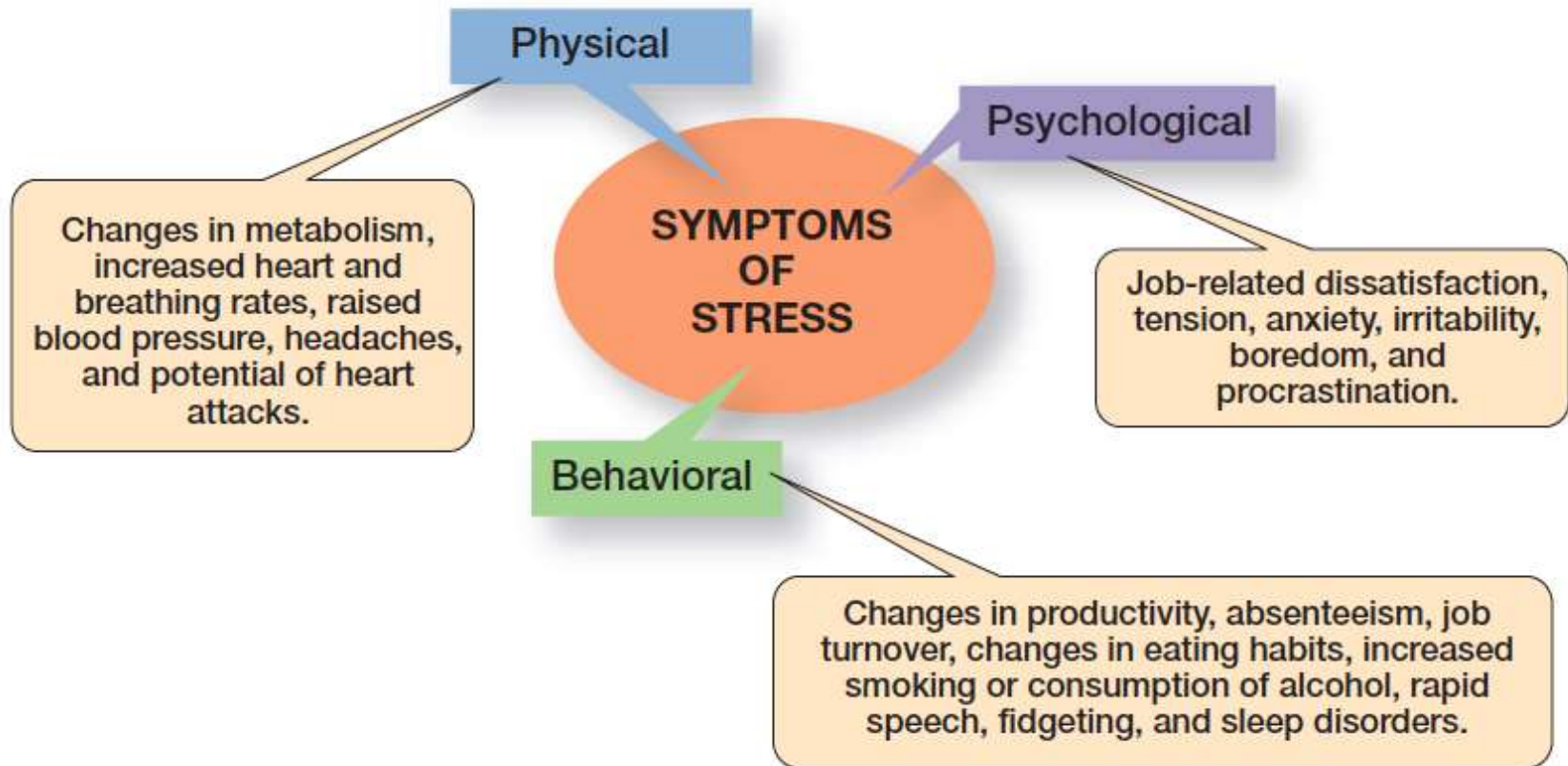


# Personal Factors

- **Type A personality:** people who have a chronic sense of urgency and an excessive competitive drive
- **Type B personality:** people who are relaxed and easygoing and accept change easily

# Figure 6-8

## Symptoms of Stress



As Exhibit 6-8 shows, stress symptoms can be grouped under three general categories: physical, psychological, and behavioral.

# How Can Stress Be Reduced?

- Realistic job preview during selection process
- Performance planning program, e.g. MBO
- Job redesign
- Addressing personal stress
  - counseling
  - time management programs
  - wellness programs

# Creativity Versus Innovation

- **Creativity:** the ability to combine ideas in a unique way or to make unusual associations between ideas
- **Innovation:** taking creative ideas and turning them into useful products or work methods

# Stimulating and Nurturing Innovation

- An environment that stimulates innovation includes three variables: the organization's structure, culture, and human resource practices.

# Figure 6-9

## Innovation Variables



Exhibit 6-9 shows the three variables in an environment that stimulates innovation.

# Structural Variables

- Organic structures
- Abundant resources
- High interunit communication
- Minimal time pressure
- Work and nonwork support

# Cultural Variables

- Acceptance of ambiguity
- Tolerance of the impractical
- Low external controls
- Tolerance of risks
- Tolerance of conflict
- Focus on ends
- Open-system focus
- Positive feedback



# Human Resource Variables

- **Idea champion:** individual who actively and enthusiastically supports new ideas, builds support, overcomes resistance, and ensures that innovations are implemented

# Innovation and Design Thinking

- When a business approaches innovation with a design-thinking mentality, the emphasis is on getting a deeper understanding of what customers need and want.

# Disruptive Innovation Definition

- **Disruptive innovation:** innovations in products, services, or processes that radically change an industry's rules of the game
- **Sustaining innovation:** small and incremental changes in established products rather than dramatic breakthroughs

# Exhibit 6-10

## Examples of Past Disruptive Innovators

<b>Established Business</b>	<b>Disruptor</b>	<b>Established Business</b>	<b>Disruptor</b>
Compact disc	Apple iTunes	Traveler's checks	ATMs and Visa
Carbon paper	Xerox copy machine	Encyclopedias	Wikipedia
Canvas tennis shoes	Nike athletic shoes	Newspaper classified ads	Craig's List
Portable radio	Sony Walkman	AM/FM radio stations	Sirius XM
Sony Walkman	Apple iPod	Tax preparation services	Intuit's Turbo Tax
Typewriters	IBM PC	Yellow Pages	Google
Weekly news magazines	CNN	Paper maps	Garmin's GPS
TV networks	Cable and Netflix	Paperback books	Kindle
Local travel agencies	Expedia	Lawyers	Legal Zoom
Stockbrokers	eTrade	Taxis	Uber

# Why Disruptive Innovation Is Important

- Disruptive innovations are a threat to many established businesses, and responding with sustaining innovations isn't enough.

# Who's Vulnerable?

- Large, established, and highly profitable organizations are most vulnerable to disruptive innovations because they have the most to lose and are most vested in their current markets and technologies.



## **Journal of Management Development**

Managing change, growth and transformation: Case studies of organizations in an emerging economy

Paul C. Hong, Tomy K. Kallarakal, Mariam Moina, Margaret Hopkins,

### **Article information:**

To cite this document:

Paul C. Hong, Tomy K. Kallarakal, Mariam Moina, Margaret Hopkins, (2019) "Managing change, growth and transformation: Case studies of organizations in an emerging economy", Journal of Management Development, Vol. 38 Issue: 4, pp.298-311, <https://doi.org/10.1108/JMD-01-2018-0011>

Permanent link to this document:

<https://doi.org/10.1108/JMD-01-2018-0011>

# Managing change, growth and transformation

## Case studies of organizations in an emerging economy

Paul C. Hong

*Department of Information Operations and Technology Management,  
The University of Toledo, Toledo, Ohio, USA*

Tomy K. Kallarakal

*Deanery of Commerce, Christ University, Bangalore, India*

Mariam Moina

*Christ University, Bangalore, India, and*

Margaret Hopkins

*Department of Management, The University of Toledo,  
Toledo, Ohio, USA*



# Abstract:

In view of dynamic and widespread economic transformation in emerging economies, managing organizational change and growth in this context deserves more research attention. The purpose of this paper was to examine how these organizations in different industries manage change, growth and transformation in their organizational ecosystem.

# Case study findings Findings:

➤ Like individuals, organizations also go through ups-downs in each stage. However, change processes also suggest certain patterns of growth from birth to competition for survival, growth, distinction and prominence. Lessons and implications from the the case studies suggest the following key elements of effective organizational change mechanisms in an emerging economy displaying its own change driver : **visionary entrepreneurial leadership** for start-up stage, **program quality excellence** for competition stage, **scale growth and scope expansion** for growth stage, **network capabilities** for distinction stage **and sustainable stakeholders' engagement** for prominence stage.

➤ At the same time, **this study also shows how these organizations manage change, growth and transformation in the context of a society with strong traditions and cultural norms.**

# Case study findings Findings:

➤ Both organizations have not experienced all these steps. Realistically, Vindhya is going through the third stage of growth, whereas CHRIST is passing through the fourth stage respectively, for excellence and distinction. CHRIST (Deemed to be University) has demonstrated instructional excellence at national accreditation by National Assessment and Accreditation Council with the highest grade of A and is in the course of developing excellent research capabilities. These organizations are common in that their organizations successfully implemented change management with proper steps of transition and transformation.

## **Practical implications:**

The proposed model of organizational change in an emerging economy may assist organizational leadership in designing and sustaining their change efforts.

## **Social implications:**

This study highlights the role of visionary entrepreneurial leadership and the impact of organizational growth mechanisms on organizational value delivery capabilities and organizational reputation.

## **Originality/Value:**

Lessons and implications of five growth steps of outstanding organizations in an emerging economy context provide valuable insight for organizational change, growth and transformation in other emerging contexts.

---

# THANKYOU!

