

MANAGING CHANGE AND INNOVATION

By
Srinath Dissanayake

BCOM 11114
Principles of Management

Email: neelacksha911@gmail.com
Web: http://srilankataalkforum.weebly.com/index.html

WHAT IS CHANGE

- Organizational Change ☺
 - Any alterations in the **people**, **structure**, or **technology** of an organization.
- Characteristics of Change
 - Produces uncertainty yet is not completely unpredictable ★
 - Creates both **threats** and **opportunities**.

Managing change is an integral part of every manager's job.

FORCES FOR CHANGE

- **External Forces**
 - Marketplace ★
 - Governmental laws and regulations ★
 - Technology ★
 - Economic changes
- **Internal Forces**
 - Changes in organizational strategy ★
 - Workforce changes
 - New equipment
 - Employee attitudes

CHANGE PROCESS VIEWPOINTS

- The Calm Waters Metaphor ★
 - Lewin's description of the change process as a break in the organization's equilibrium state
 - **Unfreezing** the status quo
 - **Changing** to a new state
 - **Refreezing** to make the change permanent
- White-Water Rapids Metaphor
 - The lack of environmental stability and predictability requires that managers and organizations continually adapt (manage change actively) to survive. ★

CHANGE PROCESS VIEWPOINTS *Cont'd*

- Lewin's force field analysis

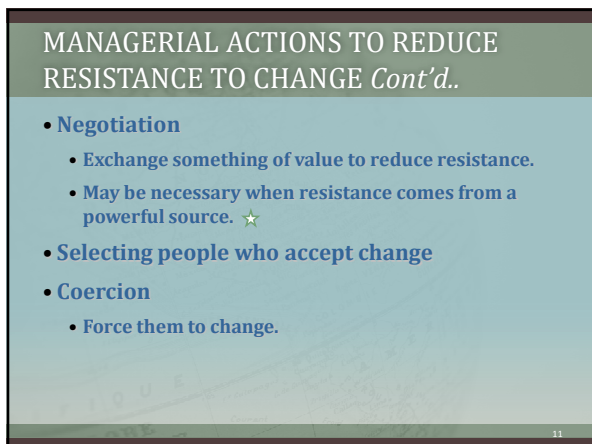
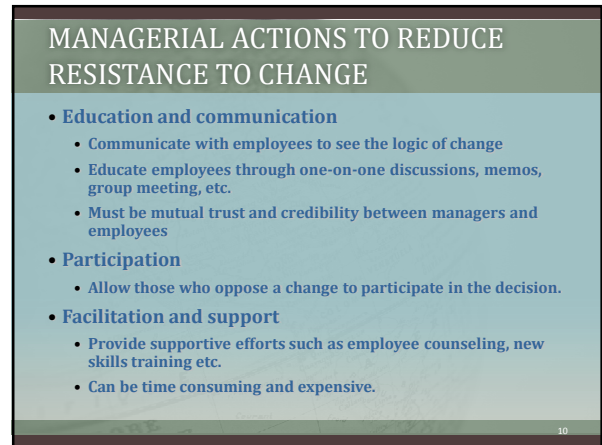
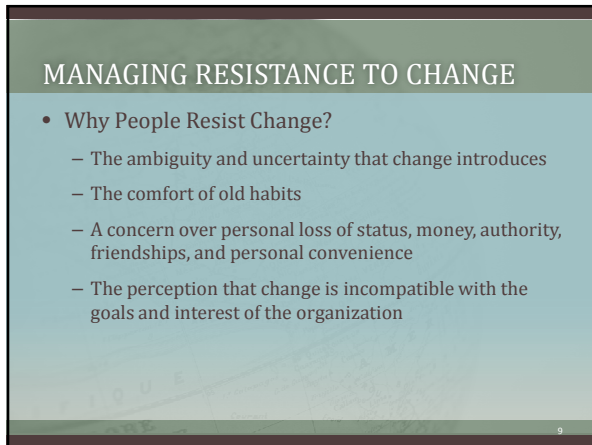
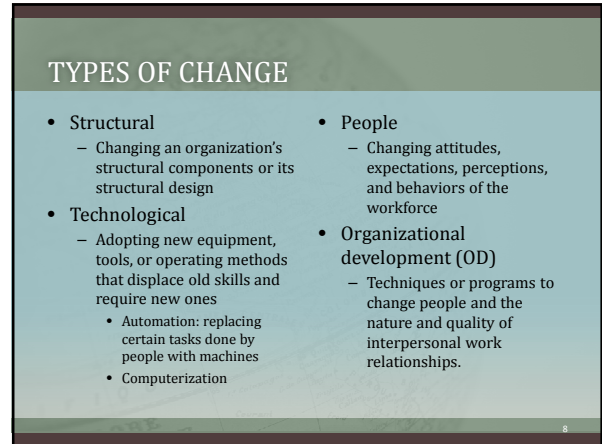
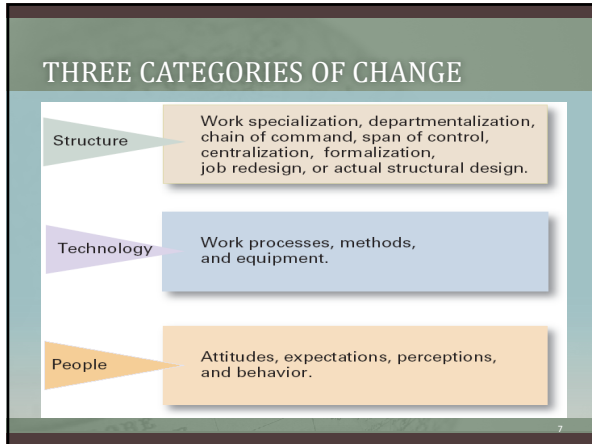
Status Quo

Obstacles to change

- Organizational Inertia
- Culture as a constraint
- Vested interests in the status quo
- Fears of individuals


CHANGE AGENTS

- Change Agents
 - Persons who act as catalysts and assume the responsibility for managing the change process. ★
- Types of Change Agents
 - Managers: internal entrepreneurs
 - Nonmanagers: change specialists ★
 - Outside consultants: change implementation experts ★



CONTEMPORARY ISSUES IN MANAGING CHANGE

- Handling Employee Stress
 - Stress
 - The adverse reaction people have to excessive pressure placed on them from extraordinary demands, constraints, or opportunities.



STIMULATING INNOVATION

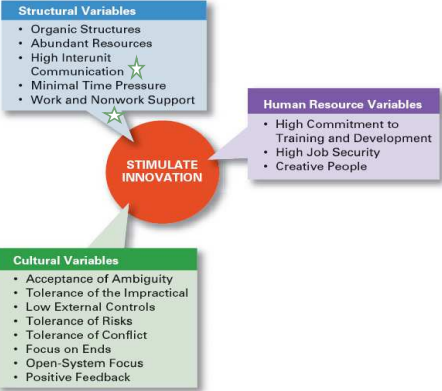
- Creativity ☺☺☺
 - The ability to combine ideas in a unique way or to make an unusual association.
- Innovation ☺
 - Turning the outcomes of the creative process into useful products, services, or work methods.
- Idea Champion ☺
 - Dynamic self-confident leaders who actively and enthusiastically inspire support for new ideas, build support, overcome resistance, and ensure that innovations are implemented.

STIMULATING AND NURTURING INNOVATION

- Systems View of Innovation ☺

Inputs	Transformation	Outputs
Creative individuals, groups, organizations	Creative environments, process, situation	Innovative product(s), work methods

Innovation Variables



- Structural Variables**
 - Organic Structures
 - Abundant Resources
 - High Interunit Communication ☆
 - Minimal Time Pressure
 - Work and Nonwork Support
- Human Resource Variables**
 - High Commitment to Training and Development
 - High Job Security
 - Creative People
- 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

SOCIAL RESPONSIBILITY AND MANAGERIAL ETHICS

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Srinath Dissanayake

Email: neelacksha911@gmail.com
Web: http://srilankataforum.weebly.com/index.html

WHAT IS SOCIAL RESPONSIBILITY?

- The Classical View ☺
 - Management’s only social responsibility is to maximize profits (create a financial return) by operating the business in the best interests of the stockholders (owners of the corporation). ☆
 - Expending the firm’s resources on doing “social good” unjustifiably increases costs that lower profits to the owners and raises prices to consumers.

WHAT IS SOCIAL RESPONSIBILITY? (Cont'd)

- The Socioeconomic View ☆ ☆
 - Management’s social responsibility goes beyond making profits to include protecting and improving society’s welfare. 😊
 - Corporations are not independent entities responsible only to stockholders. 😊
 - Firms have a moral responsibility to larger society to become involved in social, legal, and political issues.
 - “To do the right thing” 😊

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COMPARING THE TWO VIEWS

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ARGUMENTS FOR AND AGAINST SOCIAL RESPONSIBILITY

<ul style="list-style-type: none"> • For <ul style="list-style-type: none"> ➢ Public expectations ➢ Long-run profits ➢ Ethical obligation ➢ Public image ➢ Better environment ➢ Discouragement of further governmental regulation ➢ Stockholder interests 	<ul style="list-style-type: none"> • Against <ul style="list-style-type: none"> ➢ Violation of profit maximization ➢ Dilution of purpose ➢ Costs ➢ Too much power ➢ Lack of skills
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FROM OBLIGATION TO RESPONSIVENESS TO RESPONSIBILITY ☆

- Social Obligation ☆
 - The obligation of a business to meet its economic and legal responsibilities and nothing more.
- Social Responsiveness ☆
 - When a firm engages in social actions in response to some **popular social need**.
- Social Responsibility ☆
 - A business’s intention, beyond its legal and economic obligations, **to do the right things** and act in ways that are good for society.

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THE GREENING OF MANAGEMENT

- The recognition of the close link between an organization’s decision and activities and its impact on the natural environment.
 - Global environmental problems facing managers:
 - Air, water, and soil pollution from toxic wastes
 - Global warming from greenhouse gas emissions
 - Natural resource depletion
- Watch :

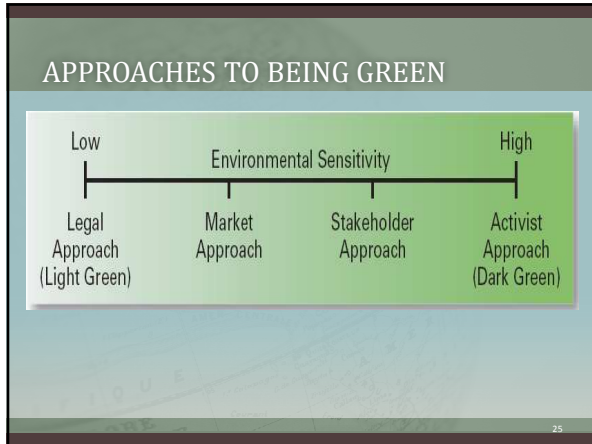
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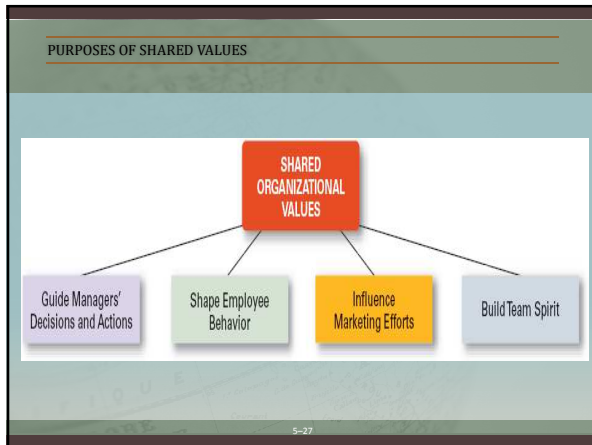
HOW ORGANIZATIONS GO GREEN

- Legal (or Light Green) Approach
 - Firms simply do what is **legally required** by obeying laws, rules, and regulations willingly and without legal challenge.
- Market Approach
 - Firms respond to the preferences of their **customers for environmentally friendly products**.
- Stakeholder Approach
 - Firms work to meet the environmental demands of **multiple stakeholders**—employees, suppliers, and the community.
- Activist Approach
 - Firms look for ways to **respect and preserve environment** and be actively socially responsible.

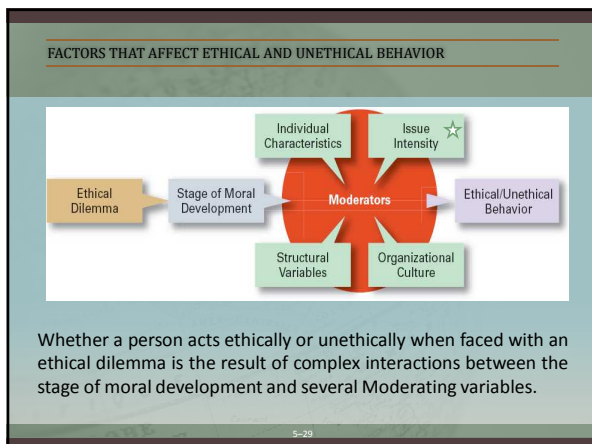
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- ### VALUES-BASED MANAGEMENT
- Values-Based Management ☆
 - An approach to managing in which managers establish and uphold an organization's *shared values*.
 - The Purposes of Shared Values
 - Guiding managerial decisions
 - Shaping employee behavior
 - Influencing the direction of marketing efforts
 - Building team spirit
 - The Bottom Line on Shared Corporate Values
 - An organization's values are reflected in the decisions and actions of its employees.
- 5-26



- ### MANAGERIAL ETHICS
- Ethics Defined ☺ ☹
 - Principles, values, and beliefs that define what is right and wrong behavior.
 - To whom are organizations accountable
 - Managers have to reconcile their sometimes-conflicting responsibilities to a number of different *stakeholders*.
 - Shareholders
 - Employees
 - Suppliers
 - Customers
 - Society
- 5-28



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HOW MANAGERS CAN IMPROVE ETHICAL BEHAVIOR IN AN ORGANIZATION

1. Hire individuals with high ethical standards.
2. Establish codes of ethics and decision rules.
3. Lead by example.
4. Set realistic job goals and include ethics in performance appraisals.
5. Provide ethics training.
6. Conduct independent social audits.

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REFERENCES

- Robbins, S. P. and Coulter, *Management*. 9th ed. Prentice Hall.

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