

Understanding Organizational Change

Change is constant in business. Managers must adapt to external shifts (technology, competitors) and internal pressures (culture, structure).

- **Reactive Change** – in response to unexpected problems or opportunities
- **Proactive Change** – planned effort to anticipate and shape future outcomes

Key External Forces: market shifts, tech advances, social/political trends, demographics

Key Internal Forces: employee problems, manager behavior, internal processes, decisions

Forms & Models of Change

Three Forms of Change (by threat level):

- **Adaptive Change** – familiar and low risk (e.g., updating a process)
- **Innovative Change** – somewhat new to the organization (e.g., new scheduling system)
- **Radically Innovative Change** – entirely new for the industry or firm (e.g., AI-driven decision-making)

Lewin's Change Model:

1. **Unfreezing** – motivate people to let go of old behaviors
2. **Changing** – implement new methods or ideas
3. **Refreezing** – reinforce and institutionalize new practices

Systems Approach to Change:

1. **Inputs** – why change? Do we have the capacity?
 2. **Target Elements** – people, structure, culture, processes
 3. **Outputs** – desired results of the change
 4. **Feedback** – what's working, what's not
 5. **Force-Field Analysis** – assess driving vs. restraining forces
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Organizational Development (OD)

OD is a planned, organization-wide process using behavioral science to improve effectiveness.

What OD Can Help With:

- Improving individual and team performance
- Revitalizing outdated systems
- Merging organizational cultures

OD Process:

1. **Diagnosis** – identify problems
2. **Intervention** – introduce changes
3. **Evaluation** – assess results
4. **Feedback** – refine approach as needed

OD Success Factors:

- Use of multiple strategies
 - Management support
 - Mix of short- and long-term goals
 - Consideration of cultural context
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Organizational Innovation

Types of Innovation:

- **Product/Service Innovation** – new offerings
- **Process Innovation** – improved workflows
- Innovation can be **incremental** or **radical**

Innovation System Components:

- **Innovation Strategy** – roadmap and goals
- **Senior Leadership Commitment** – top-down support
- **Culture & Climate** – encourage experimentation and risk-taking

- **Structure & Processes** – flexible systems that support change
 - **Human Capital** – skilled, creative employees
 - **HR Practices** – hiring, rewards, learning tied to innovation
 - **Resources** – time, budget, tools for experimenting
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Managing Resistance to Change

Causes of Resistance:

- **Employee Characteristics** – personality, past experience
- **Change Agent Traits** – trustworthiness, communication skills
- **Relationship Dynamics** – quality of agent-employee connection

Top 10 Reasons for Resistance:

1. Fear of the unknown
2. Mistrust
3. Habitual comfort
4. Job insecurity
5. Peer pressure
6. Bad timing
7. Poor communication
8. Cultural disruption
9. Personality clashes
10. Inadequate rewards

Overcoming Resistance:

- Communicate clearly
- Involve employees in decisions
- Provide support and training
- Reinforce positive outcomes