

**Principles of Management**  
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**Lecture - 62**  
**Change Management - VII**

Today we will be discussing about change and learning; how to stimulate a culture of innovation and learning. What we have discussed so far is when there is a change; so, change will disrupt organization status quo and which would not make the organization as effective as it was earlier.

So, the organization has to adapt various type of developmental measures, so that the employees who are working in the organization, as an individual or as in the group or in the organization. So, the all the entire organization need to develop their capacity, so that they can remain as effective as ever and they will also continue to be more innovative.

So, therefore, the development of learning culture is very important. And for innovation and creativity accepting new knowledge and organizational innovation strategy is important. So, the focus here is on what is learning organization; is that an organization learns the same way as individuals learn?

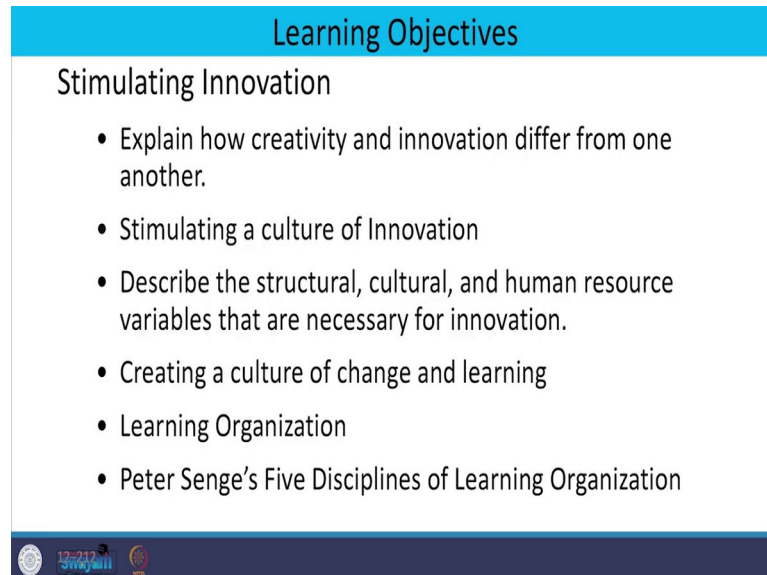
So, we will be learning in more details; if an organization learns, what is its benefit, how does it help organization to maintain its continuity and order? So, stimulating innovation, we will be discussing about how to stimulate innovation in the organization. The organizations like Apple and several other like innovating organizations Google, they have been highly creative.

So, what are the reason behind their being sustaining, having a sustainable competitive advantage? The very old organizations or the say organizations having more than hundred years of existence; are they really learning or developing? So, what is there, how they are maintaining the creativity and innovation?

Let us discuss in more details, explain how creativity and innovation differs from one another. How to stimulate a culture of innovation? Describe the structural, cultural and human resource variables, which are important for innovation; creating a culture of change and learning.

What is learning organization? Who has given this concept of learning organization?  
What are the five disciplines of learning organization?

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**Learning Objectives**


**Stimulating Innovation**

- Explain how creativity and innovation differ from one another.
- Stimulating a culture of Innovation
- Describe the structural, cultural, and human resource variables that are necessary for innovation.
- Creating a culture of change and learning
- Learning Organization
- Peter Senge's Five Disciplines of Learning Organization

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We will be discussing in more details regarding creating a culture of change and learning, change innovation.

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**Creating a Culture for Change:  
Innovation**

1. Stimulating a Culture of Innovation
  - Innovation: a new idea applied to initiating or improving a product, process, or service
  - Sources of Innovation:
    - Structural variables: organic structures
    - Long-tenured management
    - Slack resources
    - Interunit communication
  - **Idea Champions:** Individuals who actively promote the innovation

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Stimulating a culture of innovation. As we know that, an organization can have a sustainable competitive advantage, if it has been incorporating innovation. If it is innovative organization, every day it comes up with some newness, which will definitely be liked by the customers. So, what stimulates a culture of continuous innovation?

What is innovation? Innovation is a new idea applied to initiating or improving a product a process or a service. A product you can say, a product like Dettol which was in the market for a long time, Dettol came up with some innovation; we discussed in the various life cycle stages, introductory stage, the growth, the maturity and the decline stage.

So, if an organization is taking corrective actions in each of these stages; so, they can be more innovative, they will not be meeting the decline stage, they will remain evergreen, they will remain a sustainable organization.

So, innovation is important. And what is the backbone of innovation? How does an organization stimulate innovation? Innovation is a new idea that is applied to initiating or improving a product. Improvisation of the product as I was giving an example of Dettol.

Dettol was offering a same product for a long time, then Dettol started innovating by having offering a new product, that is Dettol soap. Further when Dettol came up with a concept called hand sanitizer, when there was no demand in the market for hand sanitizer.

They created demand and thus they are sustainable organizations. We discussed something about the Bisleri. Bisleri came to Indian market when there was no demand; when people were not even aware about the bottled water concept. So, the product was launched in the market and it created demand in the market.

So, innovation is something which is about brining a new idea or improving a new product, a process or a service. A service innovation, a process innovation all these are various forms of innovation.

What is the source of innovation? Structural variables like organic structures, the flexible structure; let us talk about each of them in details. The long tenured management, the

slack resources and the slack resources, inter unit communication all these facilitate innovation in the organization.

The first point is organic structure; as we all know there are broadly two types of organizational structure, one is mechanistic structure, and organic structure. Mechanistic structure follows the hierarchy of command.

The chain of command and communication is top down; whereas in organic structure, there is less of rigidity or more flexibility in the chain of command, there are a smaller number of hierarchical levels, there is open and openness of communication, there is less rules and regulations to be followed.

Or you can say that there is little or less of formality, which makes the organization fast and progressive. So, if an organization is adopting an organic structure, it would be more innovative.

Organic structure has various forms like cross functional teams, project type of structures, which facilitate quick communication and the it is more responsive to the market needs, it will be more favourable to the customer demands. So, they take responses, they provide feedback.

So, these are various means through which we support innovation. The second one being long tenured management; the tenure of management is long tenured or it is long, that is also supporting that supports innovation.

Slack resources and inter unit communication; so, if the resources are slacked or if there is inter unit a propagation of communication, so that would also be supporting innovation.

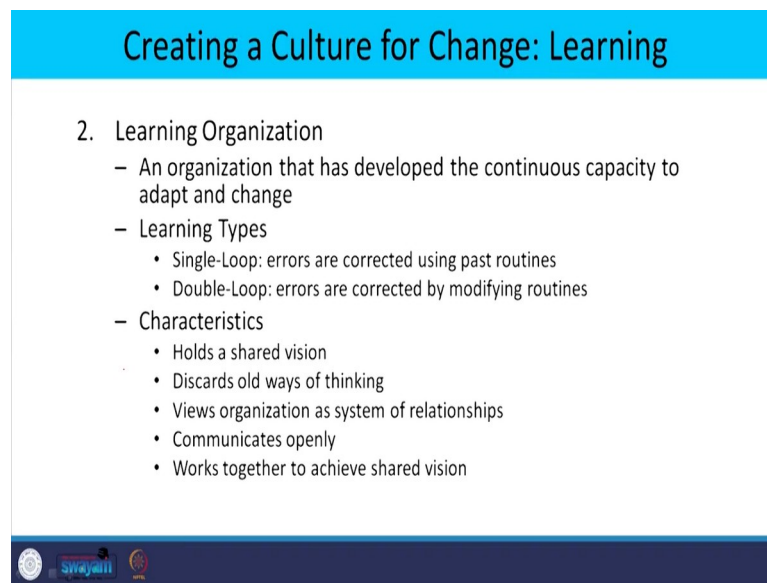
Next point is idea champion, individuals who actively promote innovation they are called idea champion; in organizations the ideas need to be propagated, idea need to be presented before others. So, there are some people who are known as idea champions. So, they also help in supporting innovation.

Some managers like an Apple Steve jobs was an idea champion and in innovative organizations, leader helps in facilitating change and innovation. Creating a culture for

innovation or culture of change or learning; as we will come to the next point of discussion that is learning organization.

What is a learning organization? An organization that is progressive that has developed the capacity to adapt and change is called a learning organization. What are different learning types? Learning can happen through single loop learning, and double loop learning.

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**Creating a Culture for Change: Learning**

2. Learning Organization

- An organization that has developed the continuous capacity to adapt and change
- Learning Types
  - Single-Loop: errors are corrected using past routines
  - Double-Loop: errors are corrected by modifying routines
- Characteristics
  - Holds a shared vision
  - Discards old ways of thinking
  - Views organization as system of relationships
  - Communicates openly
  - Works together to achieve shared vision

In a single loop learning, errors are corrected using past routines or past methods. Double loop learning errors are corrected by modifying the routines, they are just modified. And what are the characteristics? It holds a shared vision, discards old ways of thinking. So, people just give up their old methods of planning, old methods of thinking, and views organization as a system of relationships.

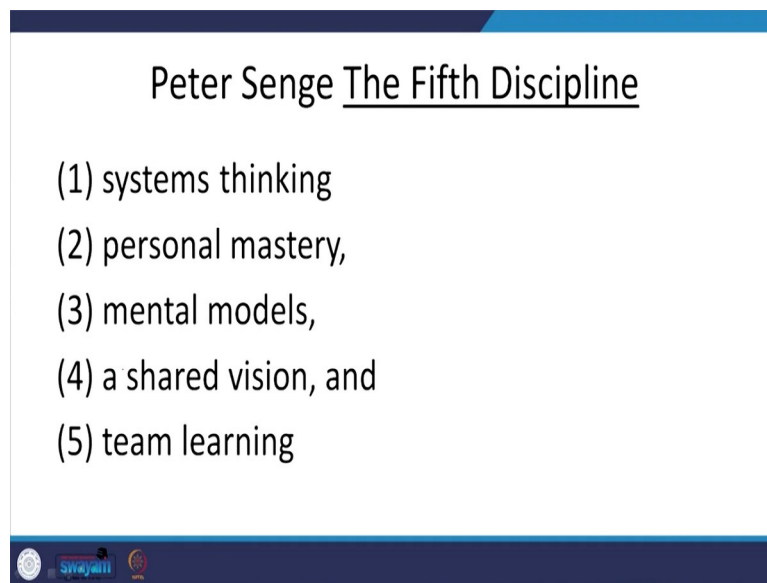
The system of relationship, communication happens very freely and openly, working together to achieve shared vision. So, there is more of collaboration, trust amongst employees, communication is free; there is lack of conflict and there is also a system of interdependence and relationship.

Interdependence relationship which lies on better interpersonal relationship, which only happens when people overcome the biases; there is no stereotype, there is no bias and

people respect for each other. A sense of community a sense of interpersonal relationship builds on.

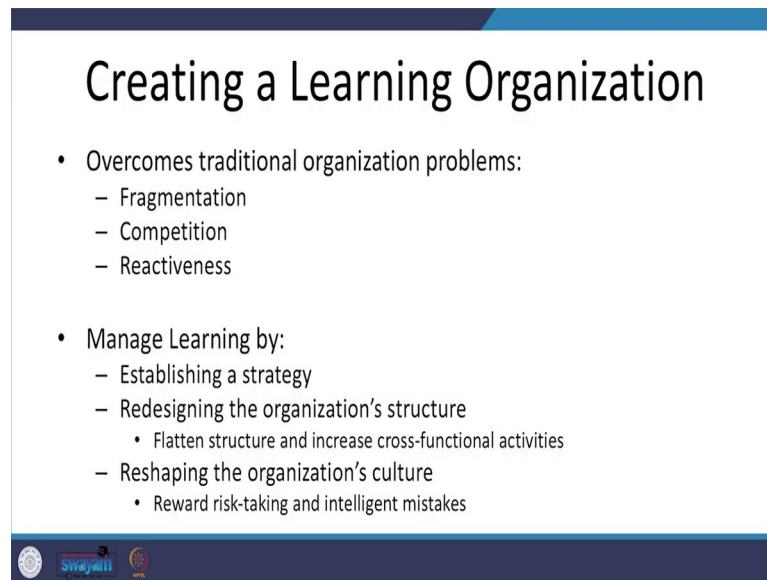
So, these are all factors which help in developing a learning organization, which is basically the primary focus is on building team dynamics or team building measures. Learning organization is one that can adapt to change in the external environment through continuous renewal of its structures and various management practices.

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So, Peter Senge has proposed, he is the proponent of the learning organization. And he is proposed five disciplines; that means the systems thinking, then personal mastery, mental model, shared vision, and team learning.

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## Creating a Learning Organization

- Overcomes traditional organization problems:
  - Fragmentation
  - Competition
  - Reactiveness
- Manage Learning by:
  - Establishing a strategy
  - Redesigning the organization's structure
    - Flatten structure and increase cross-functional activities
  - Reshaping the organization's culture
    - Reward risk-taking and intelligent mistakes

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Let us discuss about what is systems thinking. As I discussed sometimes earlier, like a systems view of management, where the inputs are drawn from external environment and processed through various management practices. In organization, the finished goods are again meant for external, consumption by external organization.

So, in the entire process; the organization is working in open systems, where it is drawing inputs from external environment and every process is interdependent on each other. The process means the planning, organizing, directing and controlling; every step is interdependent on each other.

So, there is a holistic view or systems view of management; if the organization has a system view, where there is interdependence on inter functional interdependence among different processes of the organization, so it would be more effectively, working for organization would be more efficient and effective.

Personal mastery, the individuals who are working in the organization; if they develop their competency, they develop their expertise, so, they would help in or they can perform efficiently and effectively. Mental models, mental models are the models which individuals hold about a particular object; the viewpoint of individuals or managers.

Shared vision, managers have a collective vision; when the managers have a collective vision for development, so they can also help the organization develop. Team learning,

people learn together, learn and develop. So, systems thinking, personal mastery, mental models, a shared vision, and team learning are five important points for a learning organization.

Next comes how to develop, how to create a learning organization? So, what are the traditional problems of organization generally? Fragmentation, competition, reactivity these are the problems which an organization faces. How an organization can manage to learn; by establishing a strategy; redesigning the structure of the organization.

As we discussed earlier, the mechanistic organization would not allow the organization to learn or we would not allow organization to perform. So, therefore, to discard the mechanistic methods and adopt organic structure is wise in a learning organization.

And the flatter structure and increase cross functional activities. The flat structures have less number of managerial hierarchies; they are more flexible, they are more adaptable, they keep on learning about new thing in a very faster way, because of lack of hierarchies, because of lack of chain of command.

And reshaping the organizations culture, so learning will only happen when there is a reshaping of culture. The culture consists of shared values, beliefs, norms, practices. And so, reward; when the organization rewards risk taking and intelligent mistakes, does not punish for any kind of mistake which has happened because of say.

Because of taking new steps or some mistake which has occurred when the person has been taking risk. So, an organization which promotes risk taking, which also acknowledges intelligent efforts is a learning organization.

Next, we will focus on what are the ways through which a manager can lead and manage change. So, the focus is more on the change management strategy. The learning objectives is to understand different elements of a successful change program. We have been discussing about the change, the various types of change, and the forces in change; what happens in when there is a change that is resistance to change.

And then we also discuss that change disrupts the structure of organizations, it disrupts the status quo, the strategy, and the technology, and the people at on large. So, as a

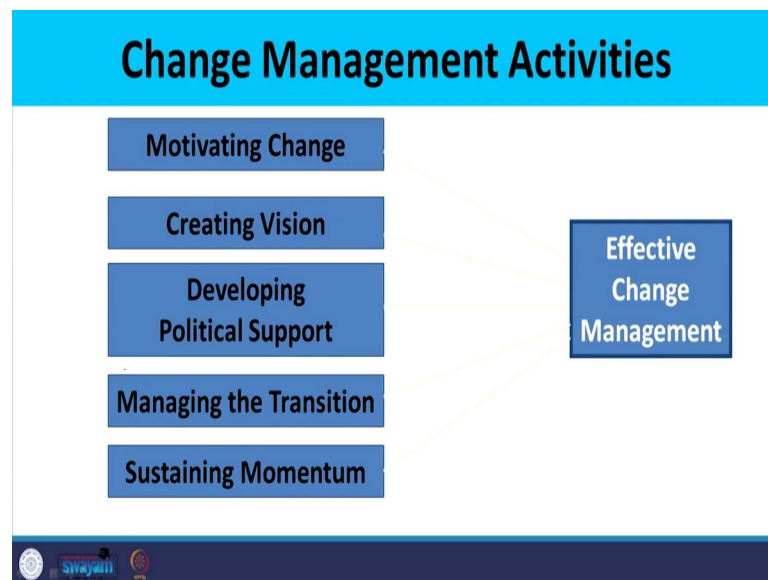


response, people develop the themselves or organization they adopt various interventions to develop employee potentials by imparting training or developing the organization.

Then we also discussed about how an organization can be more innovative, so that they can be acceptable in the market, they can be more progressive. So, then we discussed about innovation and learning. And then coming back to how the managers can lead change or change management strategy.

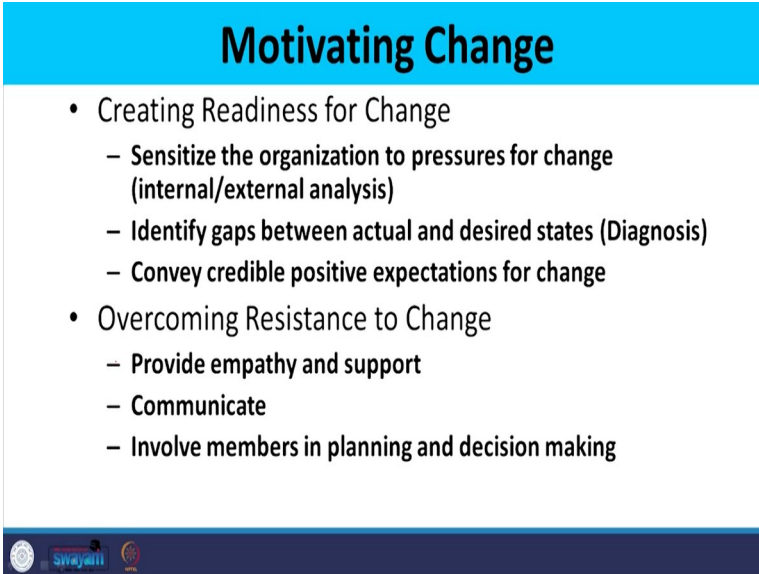
So, here in the change management strategy, we will understand different elements of successful change program; understand what is the role of a leader in change initiatives, and then we will discuss about effective change program.

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So, it builds on some important steps that is motivating change, creative vision for change, developing political support, or gaining political momentum for change, managing the transition, and sustaining momentum.

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## Motivating Change

- Creating Readiness for Change
  - Sensitize the organization to pressures for change (internal/external analysis)
  - Identify gaps between actual and desired states (Diagnosis)
  - Convey credible positive expectations for change
- Overcoming Resistance to Change
  - Provide empathy and support
  - Communicate
  - Involve members in planning and decision making

What is motivating change? Creating readiness for change; sensitize organizations to pressure, to the various pressures of change that is internal, external pressures. Sensitization, how is sensitization created?

The employees can be exposed, employees can be encouraged to know what is happening in the external world? Where the other competitors are? What is the environment, the competitors are facing, what is the real challenge by calling some meeting.

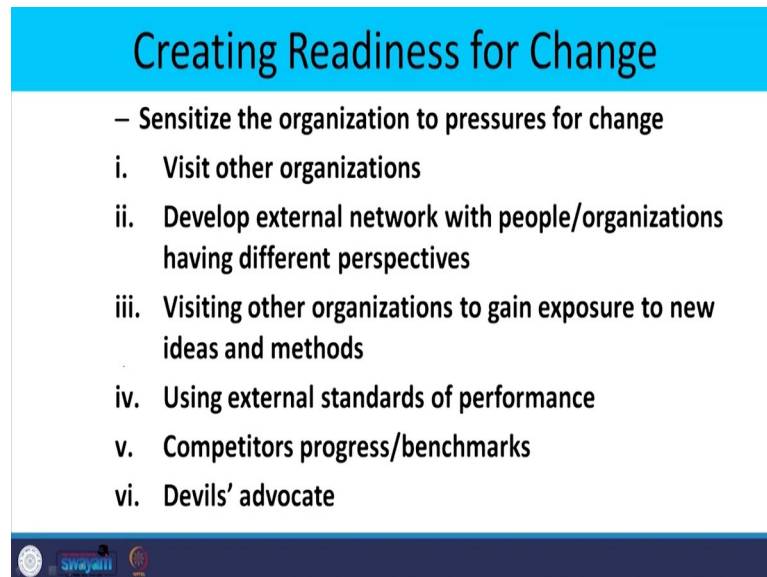
Town hall meeting, exposing them, interacting with them on a larger platform. And also having some kind of benchmark organizations, comparing them with their own organizations, and sending them for conferences, and some workshops, so they can know that there is a need, real need for change.

Identify gaps between actual and desired state of affairs through organizational diagnosis. Yes, when we know that there is an organization merges and becomes a larger entity and employees are not capable enough to carry out larger task, so there is a need between the present competency and the desired competency.

So, gap identification between the actual and the desired state is very important and it will be identified in the organizational diagnosis or diagnosis models conveys credible positive expectations for change.

What are the possible expectations which can help an organization, positive expectations of change which an organization intends to have? Overcoming resistance to change various measures, like providing empathy and support, communication, involve members in planning and decision making.

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**Creating Readiness for Change**

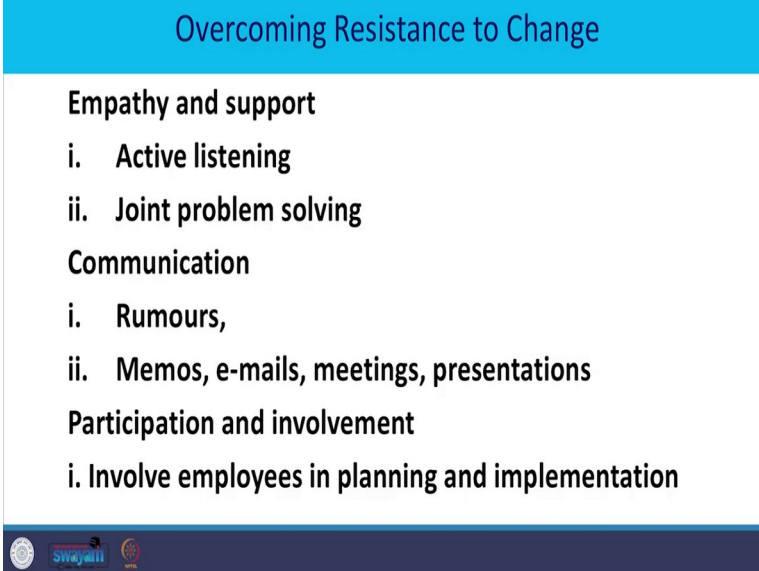
- Sensitize the organization to pressures for change
  - i. Visit other organizations
  - ii. Develop external network with people/organizations having different perspectives
  - iii. Visiting other organizations to gain exposure to new ideas and methods
  - iv. Using external standards of performance
  - v. Competitors progress/benchmarks
  - vi. Devils' advocate

The slide features a blue header with the title 'Creating Readiness for Change'. Below the header, a list of strategies is presented, starting with a dash and followed by a numbered list from i to vi. The bottom of the slide contains a dark blue footer with three small logos.

As we already discuss, sensitizing the organizations to pressures for change. Visit other organizations, develop external network with people organizations have different perspectives, visit other organizations to gain exposure to new ideas and methods.

Use external standards of performance, competitors progress or benchmarks, and devil's advocate.

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**Overcoming Resistance to Change**

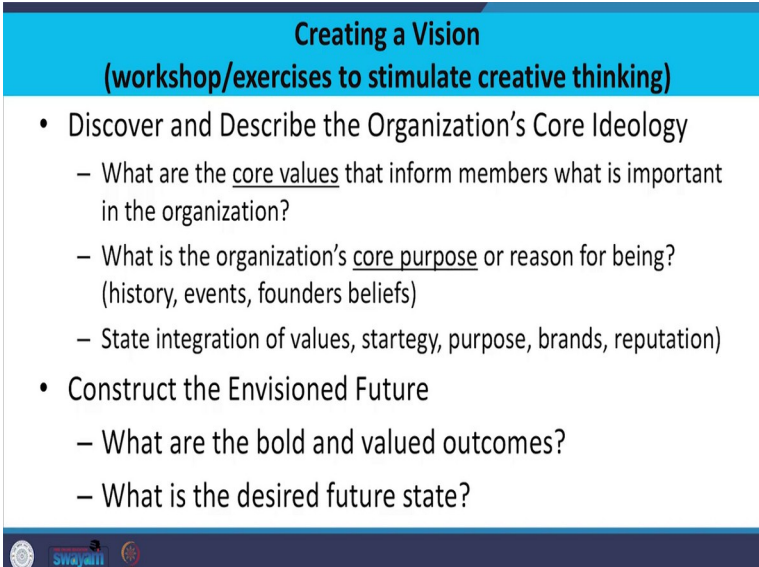
- Empathy and support**
  - i. Active listening
  - ii. Joint problem solving
- Communication**
  - i. Rumours,
  - ii. Memos, e-mails, meetings, presentations
- Participation and involvement**
  - i. Involve employees in planning and implementation

The slide features a blue header with the title 'Overcoming Resistance to Change'. The content is organized into three main categories, each with a sub-list of specific actions. The footer includes logos for Swajanti and other institutional affiliations.

Then overcoming resistance to change, empathy and support. What is empathy and support? Active listening, joint problem solving or collectively resolving an issue; communication through rumours, memos, emails these are various measures of communication.

Which is through various methods of written text, memos, emails, meetings, presentations, participation and involvement, and involve employees in planning and implementation.

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**Creating a Vision**  
**(workshop/exercises to stimulate creative thinking)**

- Discover and Describe the Organization's Core Ideology
  - What are the core values that inform members what is important in the organization?
  - What is the organization's core purpose or reason for being? (history, events, founders beliefs)
  - State integration of values, strategy, purpose, brands, reputation)
- Construct the Envisioned Future
  - What are the bold and valued outcomes?
  - What is the desired future state?

The slide has a blue header with the title 'Creating a Vision (workshop/exercises to stimulate creative thinking)'. It contains two main bullet points, each with a list of guiding questions. The footer includes logos for Swajanti and other institutional affiliations.

Then I will discuss about creating, how to create a vision for change? The workshops exercise to stimulate creative thinking.

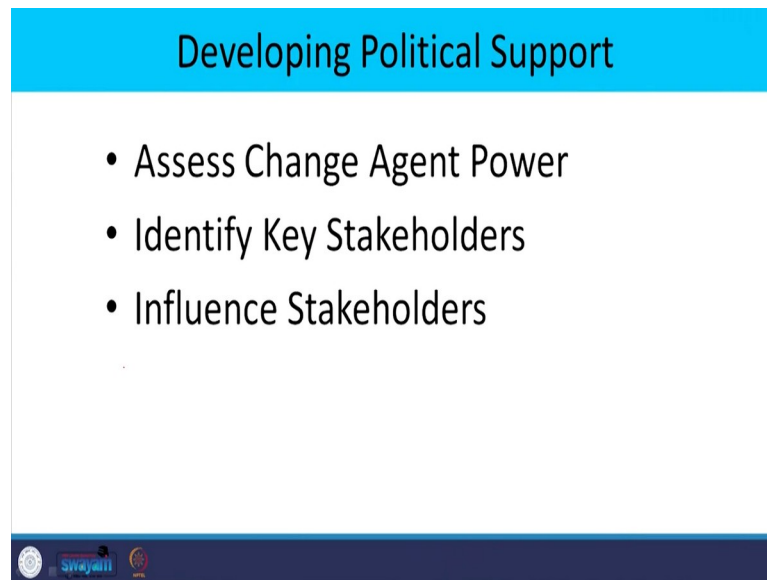
Discover and describe the organization's core ideology. What is the core ideology, what are the core values that inform members what is important in the organization? I will give you one example. So, the core values of Johnson and Johnson is ethics and what similarly Tata's core values are trust.

So, these are the core values which describe core ideology of an organization and then inform members what is important in the organization. If the employees of Tata know that trust is being valued, so they will also develop their behavior accordingly. If ethics is followed in Johnson and Johnson, the employee behavior would be more ethical in future.

So, what is the organizations core purpose or reason of being their history, events, founders' beliefs? Like in Apple, the organizations core purpose is innovation; the founders and the founding principles, the belief of the founders is mostly on how to develop a culture of innovation, how to develop a culture of knowledge sharing and creativity.

And then state integration of these values, strategy, purpose, brand, reputation. Construct the envisioned future. As all of us know that, once the idea is being communicated to employees about what the company gives value or what is the emphasis, what is the goal of the company. So, what are the bold and valued outcomes? What are the desired future states?

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So, next point is developing political support for it or mobilizing support, access change agents power, identify the key stakeholders, and influence stakeholders.

Like I gave you one example of when the VRS scheme was first launched, it was not acceptable by a large group of employees.

Because the concept VRS that is voluntary retirement, the retirement concept was something which was not acceptable by individuals or employees. So, the mostly the people in the age group of 45 to 50, they rejected because of the perceived bias about the term retirement.

So, then the management had to force; because management strategy was to reduce the staff strength or you can say the right size the manpower. So, they offered a scheme which was not led to massive resistance. So, they had to develop a kind of political support, so that their strategies accepted.

So, this is something access change agents' power. So, through the power, they identified the key stakeholders who would accept this idea and through the identification of the stakeholders, they influenced those stakeholders, so that they can be messengers of change.

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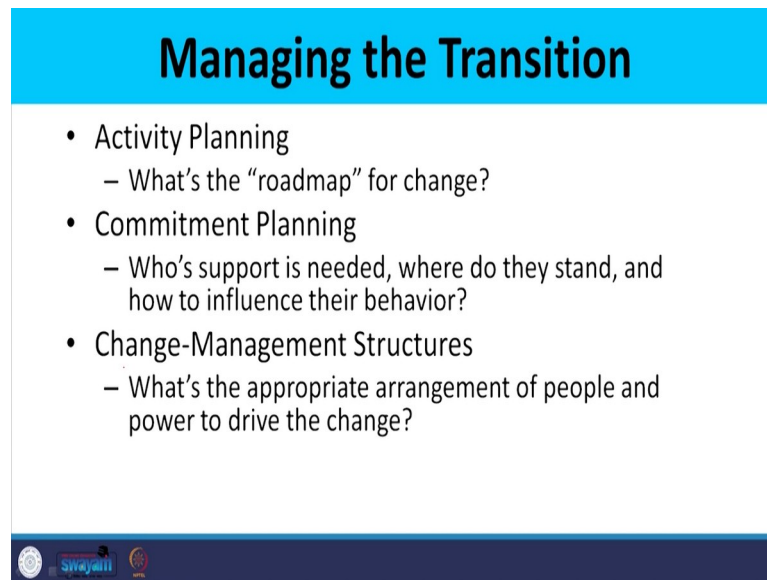


And then sources of power and power strategies due to change agents, which they can exercise during the change process. There are some individual sources of power or basis of power and then we will also discuss about the power strategies.

So, if knowledge is the individual source of power, then this can be played straight; the power strategy is other support. When you want to gain support of others; so, there is a strategy, the power strategy is using network structures, social support is required.

If personality is the base of power going around the formal system would be the strategy or the change strategy or the power strategy. Now, next point we will discuss about how to manage transition.

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## Managing the Transition

- Activity Planning
  - What’s the “roadmap” for change?
- Commitment Planning
  - Who’s support is needed, where do they stand, and how to influence their behavior?
- Change-Management Structures
  - What’s the appropriate arrangement of people and power to drive the change?

Transition can be managed through activity planning, commitment planning, change management structures.

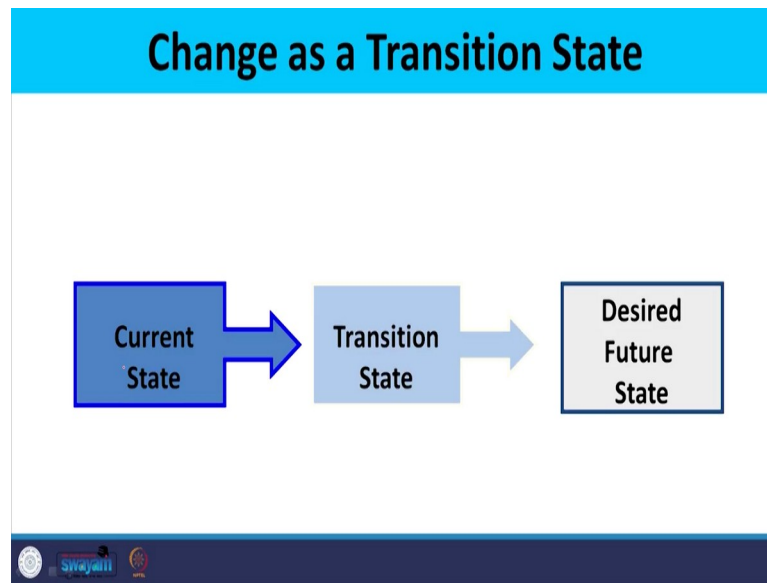
What is activity planning? The road map for change; what is the road map, how it is designed? Commitment planning is who will support when whose support is needed, when do they stand.

And how to influence their behavior? What is the appropriate arrangement of people and power to drive the change that is change management structures? So, we will discuss about the activity plan, what is the road map? How to design a road map to change?

Whose support is required and how to gain commitment? Where do they stand? And how to influence the people’s behaviour in the commitment planning? And change how to develop change management structure; that is appropriate arrangement of people and power required to drive change process.

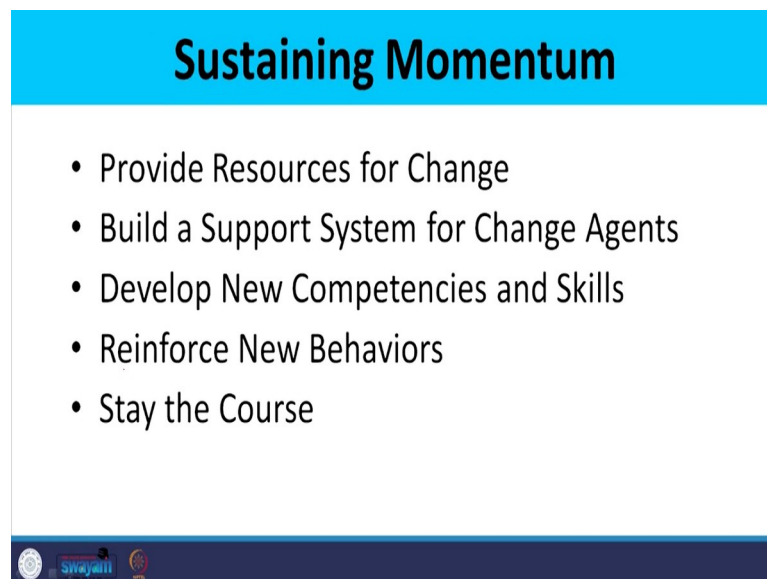


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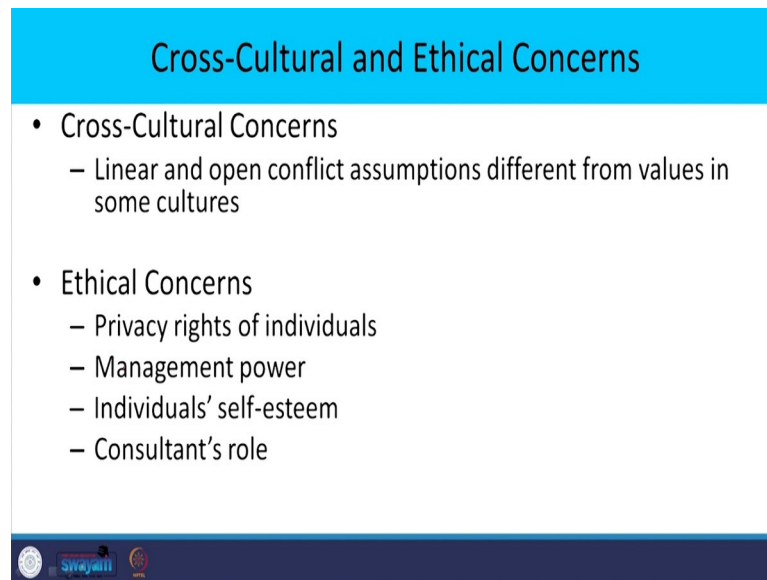
Change in a transition; the current to desired future state through a transition state.

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Sustaining momentum of change provide resources for change. The management should provide resources or support mechanism to the change processes and build a support system for change agents, and develop new competencies; that is what are the skills and competencies required, reinforce new behavior, and stay the course.

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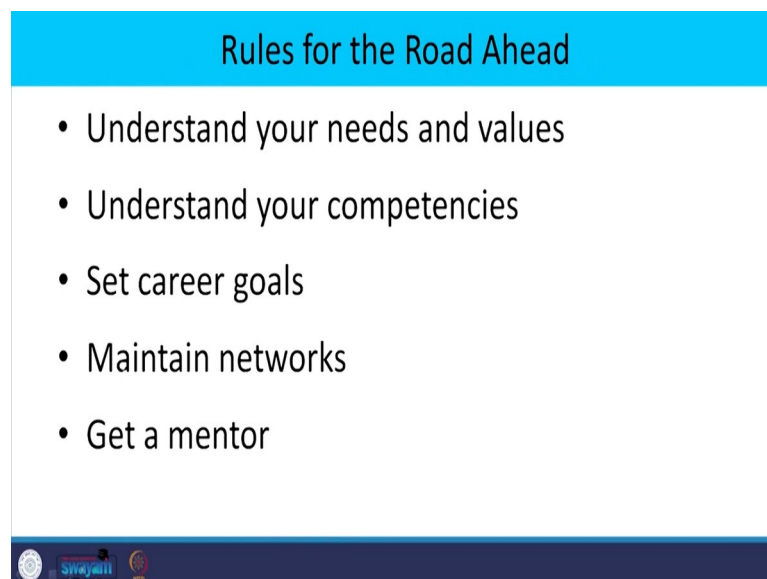
**Cross-Cultural and Ethical Concerns**

- Cross-Cultural Concerns
  - Linear and open conflict assumptions different from values in some cultures
- Ethical Concerns
  - Privacy rights of individuals
  - Management power
  - Individuals' self-esteem
  - Consultant's role

The slide features a blue header with the title 'Cross-Cultural and Ethical Concerns'. Below the header, there is a white area containing a bulleted list. The first bullet is 'Cross-Cultural Concerns' with a sub-bullet 'Linear and open conflict assumptions different from values in some cultures'. The second bullet is 'Ethical Concerns' with four sub-bullets: 'Privacy rights of individuals', 'Management power', 'Individuals' self-esteem', and 'Consultant's role'. At the bottom of the slide, there is a dark blue footer containing three small logos: a circular logo on the left, a logo with the word 'Swayam' in the center, and a circular logo on the right.

Next, we will be focusing on cross cultural concerns; linear and open conflict assumptions different from values in some cultures. Ethical concerns privacy rights of individuals, management power, individual's self-esteem, and consultant's role.

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**Rules for the Road Ahead**

- Understand your needs and values
- Understand your competencies
- Set career goals
- Maintain networks
- Get a mentor

The slide features a blue header with the title 'Rules for the Road Ahead'. Below the header, there is a white area containing a bulleted list of five items: 'Understand your needs and values', 'Understand your competencies', 'Set career goals', 'Maintain networks', and 'Get a mentor'. At the bottom of the slide, there is a dark blue footer containing three small logos: a circular logo on the left, a logo with the word 'Swayam' in the center, and a circular logo on the right.


Rules for road ahead; understand your needs, what are the needs and values; understand the competencies which you have; set career goals; maintain networks; and get a mentor.

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## Organizations are About People

“Take away my people, but leave my factories,  
and soon grass will grow on the factory floors.  
Take away my factories, but leave my people,  
and soon we will have a new and better factory.”

Andrew Carnegie (1835-1919)




Organizations are about people; take away my people, but leave my factories and soon grass will grow on the factory floors. Take away my factories, but leave my people, and soon we will have a new factory and have a new and better factory.


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### Scenario #1: “Greener Telco”

- Scenario #1 refers to Bell Canada’s Zero Waste program, which successfully changed wasteful employee behaviors by altering the causes of those behaviors.



Courtesy of Bell Canada



So, there are various change initiatives, which we have been discussing so far. And several organizations have incorporated, several organizations have adopted change at different points of time.

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## Bell Canada's Change Strategy

Relied on the MARS model to alter behavior:

- Motivation** -- employee involvement, respected steering committee
- Ability** -- taught paper reduction, email, food disposal
- Role perc.** -- communicated importance of reducing waste
- Situation** -- Created barriers to wasteful behavior, eg. removed trash cans



Courtesy of Bell Canada



And they have successfully implemented change by accepting learning or by developing employees. And they have also created readiness for change by sensitizing the employees towards the various change initiatives.

And they helped people to overcome resistance of change through empathy and support, through active listening, joint problem solving. Then communication also was one of the measures through which the change resist, resistance to change could overcome.

Participation involvement of employees is required and then we also discussed about the change management strategy. Leading, how to lead and manage change effectively by creating a vision for change, construct an envisioned future. So, what are the core values, core purposes and state integration of value, strategy, purpose, brand and reputation?

And developing political support for change and then we also discussed about the sources of power and power strategies for change, and how to manage transition and sustain momentum for change. With this I would like to conclude the lecture here.

Thank you.