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**Leading and Implementing Workplace
Change**

Assignment 1

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Changes and how it can affect organisations – aims of the report

As has been observed over many centuries in human history, the only real constant is change itself. In this report I will look at how changes in our society, technology, environment, etc. are affecting businesses in the present.

For the purposes of this report, to be able to better draw comparisons with theory and provide concrete examples I have chosen to use Google as it has a very publicised history and an organisation that has a very large influence on our daily lives.

Impact of external and internal environmental effects

What sectors that affect the business environment?

It should be obvious to any observer that businesses do not work in an empty field with no one else around, but instead they work in a very dynamic environment where there are lots of things happening and very importantly, lots of other businesses and people competing against them. According to Kennerley (Kennerley & Neely, 2003) these forces can very briefly be summarised into a few distinct sectors: political and/or legal, demographic, social, competitive, global, technological and economic.

Some of these sectors are predominantly external, eg: political or legal. While other sectors are predominantly internal, eg: demographic or social.

The principal sectors of environmental factors can be summarised in the following diagram.

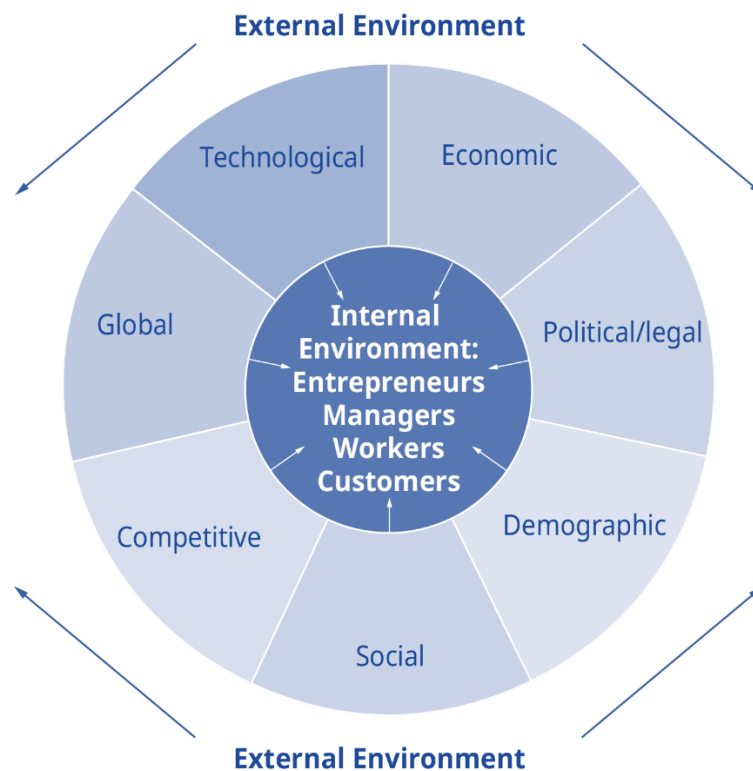


Figure 1 – Environmental factors summarised – adapted Tjoa (Tjoa, et al., 2013)

The business managers will have near full control over the factors that affect the day to day running of the business, for example who to hire or what supplier of stationeries to choose. Ultimately, they use their skills and best knowledge to make the decisions that in their view will lead to the greatest prosperity for their business. However, unless the business is large enough to actually affect the world outside the organisations boundaries, the managers are likely to have very little impact over the

external sectors that affect the business. Therefore, to achieve the best possible result for their business the managers need to be able to observe the changes both in external and internal sectors and make informed decisions that balance out everything.

There can be sometimes extraordinary external forces can also affect a business, but as the name suggests these are very rare events. One example of this could be a devastating earthquake or hurricane that completely cripples a nation for a the time it takes for normal society to recover from the disaster. These events can have massive impacts on the productivity of a business, but generally are very difficult to effectively plan for, as stated by (Quarantelli, 2000) due to the rarity and severity of such events.

As mentioned before, it generally considered that external influences such as political, global or technological influences can be considered outside of the influence of the organisation. This means that the managers within the organisations are mainly required to adapt to external change rather than influence it. However, in some cases when a company becomes large enough they can have some influence in this process. For example, google used its vast resources to pay politicians to pass laws that would benefit it monetarily. Not just google, but other tech giants also participate in this process, specially in America according to this article from Bloomberg (Brody, 2018).

What does each sector of influence mean for the business?

Given the diagram above and the general introduction of the concept of sectors, lets now explore some of them in a bit more detail.

I chose the sectors that to me seemed the most important for my chosen company Google, as otherwise a full analysis of the all the sectors would be tiresome.

Economic influences

This is perhaps the most important of all external influences that affect a business as it is directly to the likelihood of sales being good. According to Farmer (E.A.Farmer, 20012), in the economic system that most countries use there are economic cycles of prosperity and bust which greatly affect the outlook any businesses – a very good example of such incontrollable external influence would be the 2008 recession that forced many businesses to go out of business and many other had to lay off people to allow the business to survive in some small capacity.

By in large, economic changes are governed by the large scale interaction of supply and demand forces that an economy produces, and at the national or international level these interactions becomes very difficult to predict and require governmental level authority to control them.

Political and legal sector

The general political environment within a country can also have big influences on a business. Lately there has been a lot of debate over the changes that businesses would face in the event of a bad Brexit, this is something that any business that trades outside of their local market in the UK will have to seriously consider. The changes that political forces like Brexit can bring are changes to the taxation laws, the amount of import tariffs to pay when buying or selling their goods and in some cases the quantity of goods the business will actually be allowed to sell to other markets due to government imposed quotas or other restrictions.

Other political forces can have influences within the business it self in terms of how much a business has to pay as a minimum to their employees or the maximum number of hours the employees are allowed to work.

There can also be laws regulating how a business has to present and introduce a product into market to avoid unfair competition against other businesses.

According to Chari et al (Raj Chari, 2019) some of the larger businesses, such as the technology giants Google, Facebook, Uber, etc have the legal resources necessary to influence the legislative process directly or indirectly to have laws passed that benefit the companies involved. He also describes this lobbying as akin to bureaucratic bribery.

Demographic factors

Demographic factors are things such as the age of the businesses target customer, gender, political views, religion, location, etc. These are factors that will have a great influence on how the customers interact with certain products. Other than to help better target their customers, these statistical data from demographics can also help a business better understand the type and quality of workforce available to them.

As demonstrated by Fry (Fry, 2018), there are generational changes that occur over the time scale of decades and although slow and largely predictable, these changes have major implications for businesses as the new generations interests and needs change many old established businesses become obsolete and go out of business.

Social influences

These are the attitudes, ethics, values, lifestyles, habits, hobbies, etc that people have. All of these interests combined can create a powerful motivation to buy or not buy certain products. For example, according to Hopewell (Jefferson Hopewell, 2009) there is a trend amongst younger customers to prefer products that are environmentally friendly even at a higher cost to them – this reflects the more eco friendly attitudes that are found within the newer generation of consumers.

The important thing to keep in mind regarding social factors, is that these change with time. A customer who for example bought a computer “A” because of a certain set of features, may not want the newer version of computer “A” in three years time and instead opt for computer “B” which better suits / fits in with his new interests.

Because of how intimate social factors can be, marketing managers often have to rely of sophisticated data analysis methods to predict how trends will be set in the future and orient their businesses accordingly.

It also goes without saying, it is practically impossible to in any way control social influences. With enough resources some of the larger businesses can get influence on the legislative sector but that control cannot be bought for the demographic or social sector.

Technological influences

This is perhaps one of the most relevant factors in the success of a business in modern times. The appropriate use of technology, eg: using the best software to manage inventory to make sure nothing goes to waste or using the faster internet and computers to get decisions made faster, can have a significant impact on how business is conducted. This is a realisation that some of the older businesses are coming to grips everyday as they are forced to innovate due to the success of smaller start ups.

According to Wu (Xiaobo Wu, 2010) for a business to succeed in this sector the managers need to stay on top of new developments in areas that may affect their business and when needed employ the help of professional advisors in the field to reduce the time spent training employees on new technologies.

How does Google relate to all this?

So how do the said external factors affect a company such as Google? Let's have a look at them one by one.

Economic influences on Google

As we discussed economic influences are external to a business and can hamper growth of a business significantly if not appropriate decisions are made at the managerial level to keep up with economic changes.

However, Google is a strange exemption to this trend. While retailers such as Sears (in America) saw a massive decrease in their profits and went out of business shortly after the recession of 2008, Google simply kept on growing.

According to an article from The Guardian newspaper from July 2009 (Johnson, 2009), despite everything else being on the downturn, people being laid off and businesses all over the world slowing down or closing, Google kept on increasing the profits it made.

This is in part explained by the global, rather than local or national, reach of the company. While the 2008 recession was largely a global phenomenon, Asian giants such as India and China suffered a lot less from the slowdown as did Western countries. Given Google's global footprint they can leverage losses in one part of the economy to be balanced out by the productive parts.

In my opinion, when many of the economic influence theories were being written, the academics who researched them did not think that such globally versatile companies could arise – and going into the future no one can really tell if legislative influences will pull back some of this global reach.

Political and legislative influences on Google

As we discussed earlier, most companies are not large enough or are rich enough to be able to affect the law of the land where they conduct their business. However, with today's very particular speed up in technology and lag time of legislature, it is becoming possible for some larger companies to influence the law. Google is one of the main culprits in this respect.

I will discuss Google's actions in America as it seemed to be the most well documented. According to Time magazine (Abramson, 2018), Google spent nearly twenty million dollars to lobby politicians to pass laws that would favour Google – by all accounts, this is legalized bribery.

According to Teece (Teece, 2018) the business for Google is to provide free services to entice people to join in and offer their personal data in the form of search habits, interests, personal details such as name, address, credit information, etc and then use this wealth of information to provide targeted advertisement services to other companies who pay Google for indirect access to the users data.

According to Delichatsios (Delichatsios, 2015) to where Google starts to lose favour with the law, and an increasingly more privacy conscious public, is there is little control over how this private data is managed and what purposes it is used for. According to The Guardian news paper (Sabbagh, 2019), increasingly Google and other technology companies have been accused of using their monopoly in the private data market to help sway the direction of elections.

Demographic influences on Google

As discussed demographic factors can influence the kind of customers a business has the type of workforce they have access to.

With regards to the type of customers Google, it is a meaningless question as Google, according to Rosenberg (Rosenberg, 2015) serves the whole world – having over two billions daily users all over the globe! Instead let's talk about the type of workforce it has and their qualities.

Being a technology company they need to hire highly qualified engineers and the largest concentration of these are found in technology hotbeds such as California's Silicone Valley or other locations where there is already a large concentration of well educated potential employees such as London or Singapore. According to an article from Forbes magazine (Gassam, 2019) due to the narrow range of background that the majority of Google's employees share, they have been accused of being unable to properly approach the challenges faced by the population at large that they serve. Examples of this include unfairly highlighting certain ethnic peoples as a higher potential risk for employment than others – this however, is a common issue not limited only to Google.

Ultimately, this demographic and diversity issue that Google and many other technology companies such as Google need to address for a successful future.

Social influences on Google

Social influences are inherently linked to a degree to the demographics that makes a business's customer base and its staff. Google is no exception to this, as mentioned in the last section Google has a very particular kind of workforce – well educated and mostly originating from large cities – and this leads to some distinct trends to be seen in Google's employees.

One such influence that Google and other technology companies observe is that their employees are often very socially and environmentally aware. This could be a good thing for an organisation if they wanted to be a positive side of history but with Google there have been cases of employees being dismissed from their job because of organising protests against Google providing services to military and infringing on the public's privacy, as listed in this article from Bloomberg (Gerrit De Vynck, 2019).

Technological influences on Google

For most businesses trends in technology forces them to set out how the business is to adapt. However, for Google it's quite easily the other way around. Given their position of market domination they are the ones who set the trends in technology.

In this way Google is one of the unique businesses that do not need to worry too much about having their managers take extra care to be on top of new trends.

Changes Google can make to improve itself for the future

Change within an organisation should follow a model, a path of some kind, or it may lead to completely dysfunctional management of the changes needed and end up with a worst system within the organisation. One of the popular models for change within organisations is the Lewin's Change Management Model and I will be using it to propose changes to be made to Google.

Background on Lewin's Change Management Model

According to Lewin (Lewin, 1947), this model proposes that change in management is done in three stages: unfreezing, change and refreezing.

The rationale behind this three stage model is that if changes to management and or any strategic changes to the structure within the organisation are done too quickly – this would be going from one fixed set of rules to another strictly fixed set of rules without testing the new rules in between – could lead to the staff or customers being unprepared or unaware of many of the smaller details of the new system and this could cause many issues for the business.

Unfreezing

Lewin suggests that motivation for change must be found or generated first, before any change can be discussed. Once this motivation has been identified, the management of the said organisation can relax their rules and allow some experimentation with new rules. This part is usually one of the most difficult ones as existing staff may prefer the status quo and may be hostile to the idea of having to change years old habits.

Change

Once the unfreezing stage has been initiated people will start to experiment with the new proposed management processes.

During this phase Lewin suggests that to make the process more efficient, people should be helped to see the benefits that the new management processes will bring to them in particular.

Communication and time also become very important during this stage as people will sometimes require a lot of time and patience to fully understand and embrace the new ideas. One method recommended to help the process is to reward quick adoption of new ideas.

Refreeze

When people within the business have become comfortable with the new processes and their job descriptions are back to being stable the business will be ready for a refreeze.

This is when the new processes are anchored into the business culture and perhaps written down in the official employee handbook.

Once the changes are internalized and institutionalized, this is making sure that everyone is following the new processes, it can be said that changes have been implemented.

One way of thinking about this is to think of a cube of ice that is melted, then moulded and reformed into another cube or any other shape as shown in the following diagram.



Figure 2 – Lewin's Model for Change – adapted (MindTools, 2019)

Applying Lewin's Model for Change to Google

Lets have a look at some of the primary issues that we found to be affecting Google and how changes in management process could help to solve them.

Political and legislative changes

Google's management team could start to slow down the amount of money then spend on lobbying and instead use the millions spend on lobbying to hire new talented recruits who would help them find innovative solutions where issues arise with the legislation – this is, instead of trying to affect the political and legislative sectors they would instead flow with the current.

The main benefit of this would be that they have more resources dedicated to innovation which is much more in line with how Google rose to dominance in the first place, through technological innovation.

It is likely that if a large department worth a sum of millions of dollars were removed very quickly it may leave lots of people unhappy so the unfreeze and change process would have to slow in order to let the employees in the lobbying department find other positions within Google or other jobs.

Social changes, in particular regarding their employees

The treatment of employees who protest the business direction of Google has caused much controversy as discussed. And given that all of this is in the public forum it is also tarnishing the reputation of the company.

The company adopted a strict policy on how its employees can demonstrate their political views but it has caused enough backfire to be deserving of a review. If I were responsible for implementing changes in this regard, I would start the unfreeze process by allowing employees a private space, within the company boundaries, to vent their displeasure. Initially keep it restricted to senior employees and slowly extend it out to the whole company.

During the change phase I would observe and request more active participation in the process and try to make these open discussions part of the culture at Google.

Organisational culture and how it affects change management

According to Bantz et al (Bantz & Pepper, 1993) organisational culture can be thought of as a combination of values and attitudes that an organisation has. This culture may not be explicitly written down in an employee handbook but it will be largely known and followed by the majority of the employees at that organisation.

In its simplest terms it can be said to be the way an organisation gets things done. It is something that develops over a long period, usually from the founders of the organisation.

Some common characteristics that can be used to tell apart organisational culture are things such as the organisation's approach to innovation. This is, some organisations are more inclined to taking risks and invest in possible innovation while others may prefer to play safe and continue improving on their existing products.

We can also use the amount of resources invested in supporting an organisation's employees with work-life balance or continued professional development to differentiate between different organisational cultures.

Aggressiveness with which an organisation pursues economic growth in contrast with how much they value maintaining stability and market position is also another characteristic that can be used to determine the organisational culture.

How can organisation culture affect change?

According to Ghoshal (Ghoshal, 2016) organisational culture can become deeply ingrained in the employees, in particular the senior staff including the managers who are likely to have been doing things the same way for a very long time.

This backs up the idea from Lewin's theory that during the unfreeze and change phase a lot of special attention needs to be given to the employees to make sure they are adhering to the new processes.

For example with Google, there is currently an issue with hiring ethnic minorities at large throughout the company. This is one of the areas where change may be affected by its existing status quo of a culture that has seen the company thrive by hiring from select group of people.

This leads us on to the most difficult issue that change may face when put against a successful culture. If something that has been done in one way for a long time and it works well enough for the purposes of the company. Change may present a new better way but to actually prove that point to those managers who are hard wired in the existing culture, it may be very difficult for the leadership to persuade these stubborn employees.

To make a full proper assessment of Googles culture would affect the recommended changes, one would need more information about the organisation that is freely available online and such there isn't much in the way of specific issues that can be discussed in this report.

Concluding remarks

We analysed and discussed what where the most prevalent external and internal environment factors affecting and organisation, we also looked at how they could be particularly applied to the specific example of Google.

It should be added that these are simple examples that were used to demonstrate application of the theory that we learned in class. An actual analysis of environmental influences and their effect on changes to management policies and to organisation culture would require a much deeper analysis and information about the company and its staff that isn't available freely in public literature.

Despite those limitation I did learn a lot about how to plan for a structured and strategic change in an organisation and I believe that going forward if given a chance I will be able to apply these in a smaller organisation with successes.

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