

Module: Change and Stability Management

Handout Six (2023)

Dr. LEUNG, Wing Chung Joe PhD(Warwick)

Dr. LEUNG, Wing Chung Joe PhD(Warwick)

M: (852) 9103 3586

E: drjoeleung@gmail.com

Dr. Joe Leung is the Sustainable Strategy Adviser of Organisational Learning Consultancy Limited. Dr. Leung's work begins with examining the company as a "Resilient Organization", in which case its survival relies on the management team's response to external opportunities/threats, that is its ability to adapt to change. Dr. Joe Leung has promoted corporate governance training and consulting services in Hong Kong, and participated in the government project: "Corporate Governance Toolkit-From Guidelines to Implementation". With the Corporate Governance Framework, Dr. Leung helps 50 clients overcome the growth and sustainability challenges and embark on the journey of corporate change. Dr. Leung works with his clients in four main areas:

- ❑ Corporate Leadership
- ❑ Corporate Sustainability
- ❑ Corporate Governance System
- ❑ Corporate Change

Under his coaching and consultancy practice, his clients won "The Directors of the Year Awards: ESG and Corporate Governance" in 2019, 2020 and 2022 organized by the Hong Kong Institute of Directors. In addition, Dr. Leung has also assisted his client to win the ESG Achievement Gold Award 2022 from The Institute of ESG & Benchmark.

In the past 19 years, more than 9,800 directors, executives and managers attended Dr. Leung's executive workshops that helped them broaden their strategic horizons and led them to the path of business growth and sustainability in the turbulent world.

6.1 How changing environments affect organizations

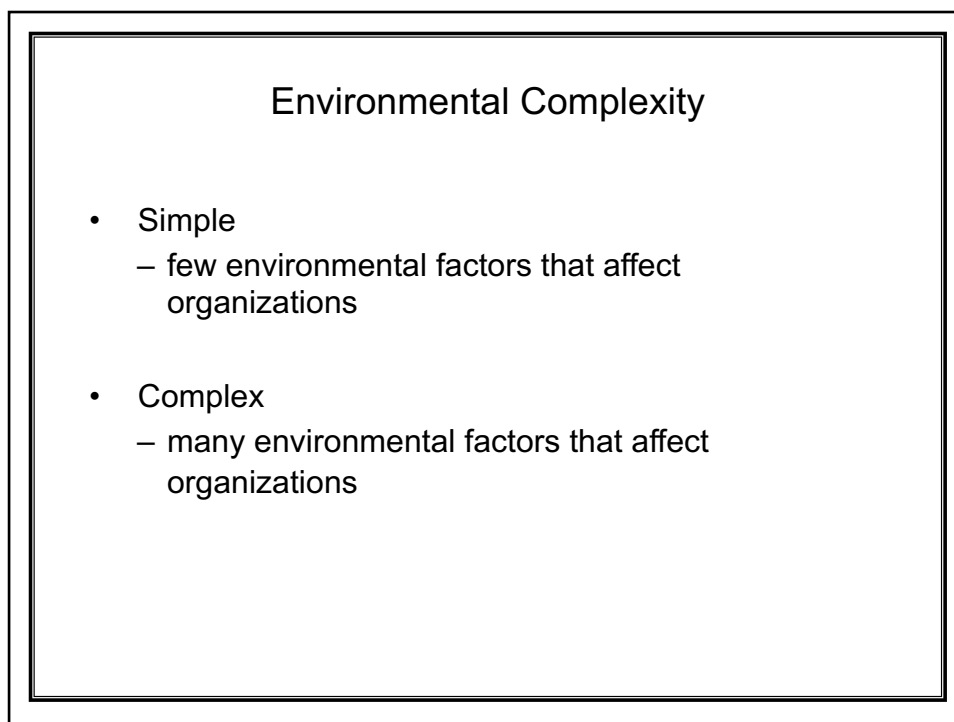
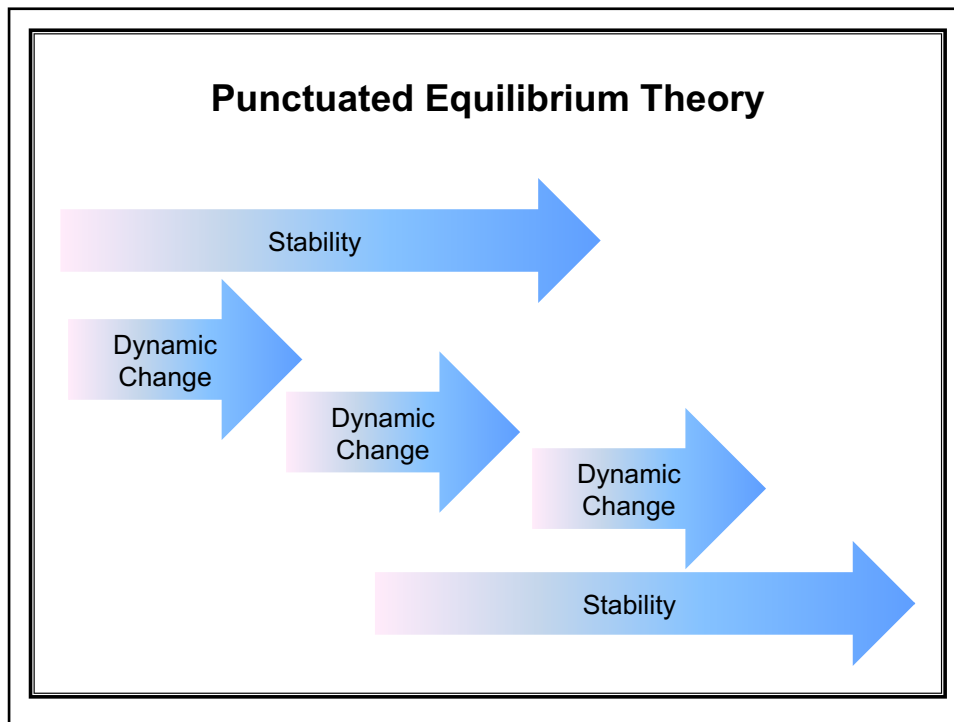
Characteristics of External Environments

- Environmental change
- Environmental complexity
- Resource scarcity
- Uncertainty

Environmental Change

The rate at which a company's general and specific environments change.

- Stable
 - slow rate of change
- Dynamic
 - fast rate of change

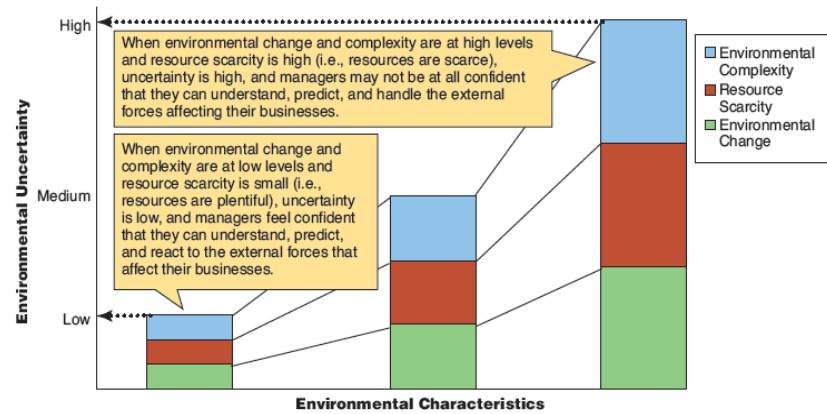
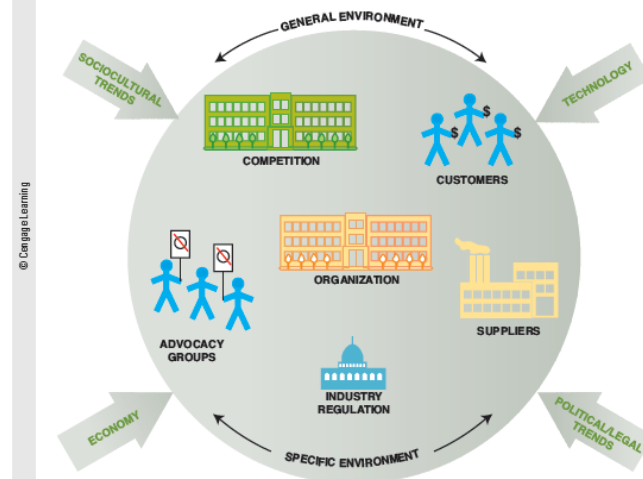


Resource Scarcity

The abundance or shortage of critical resources in an organization's external environment.

Uncertainty

The extent to which managers can understand or predict the external changes and trends affecting their business.

EXHIBIT 3.1**Environmental Change, Environmental Complexity, and Resource Scarcity****EXHIBIT 3.2****General and Specific Environments**

Economy

- A growing economy provides a favorable environment for business growth.
- Business confidence indices show how confident managers are about future business growth.

6.2 Four components of the general environment

Technological Component

- Technology
 - an umbrella term for the knowledge, tools, and techniques used to transform inputs into outputs

Changes in technology can help companies provide better products or produce their products more efficiently.

Sociocultural Component

- Demographic characteristics, general behavior, attitudes, and beliefs of people in a particular society

Political/Legal Component

- The legislation, regulations, and court decisions that govern and regulate business behavior
- Many managers are unaware of the potential legal risks associated with traditional managerial decisions like recruiting, hiring, and firing employees.

6.3 Five components of the specific environment

Specific Environment

- Customers
- Competitors
- Suppliers
- Industry regulations
- Advocacy groups

Customer Component

- Reactive customer monitoring
 - Identifying and addressing customer trends and problems after they occur
- Proactive customer monitoring
 - Identifying and addressing customer needs, trends, and issues before they occur

Competitor Component

- Competitors
 - companies in the same industry that sell similar products or services
- Competitive analysis
 - a process of monitoring the competition that involves identifying competition, anticipating their moves, and determining their strengths and weaknesses

Supplier Component

- Suppliers
 - companies that provide material, human, financial, and informational resources to other companies

Supplier dependence
vs.
Buyer dependence

Behaviors

- Opportunistic behavior
 - when one party benefits at the expense of another
- Relationship behavior
 - focuses on establishing a mutually beneficial, long-term relationship between buyers and sellers

Industry Regulation Component

Regulations and rules that govern the practices and procedures of specific industries, businesses, and professions

Advocacy Groups

Concerned citizens who band together to try to influence the business practices of specific industries, businesses, and professions

- Public communication
- Media advocacy
- Product boycott

6.4 Making Sense of Changing Environments

- Environmental scanning
- Interpreting environmental factors
- Acting on threats and opportunities

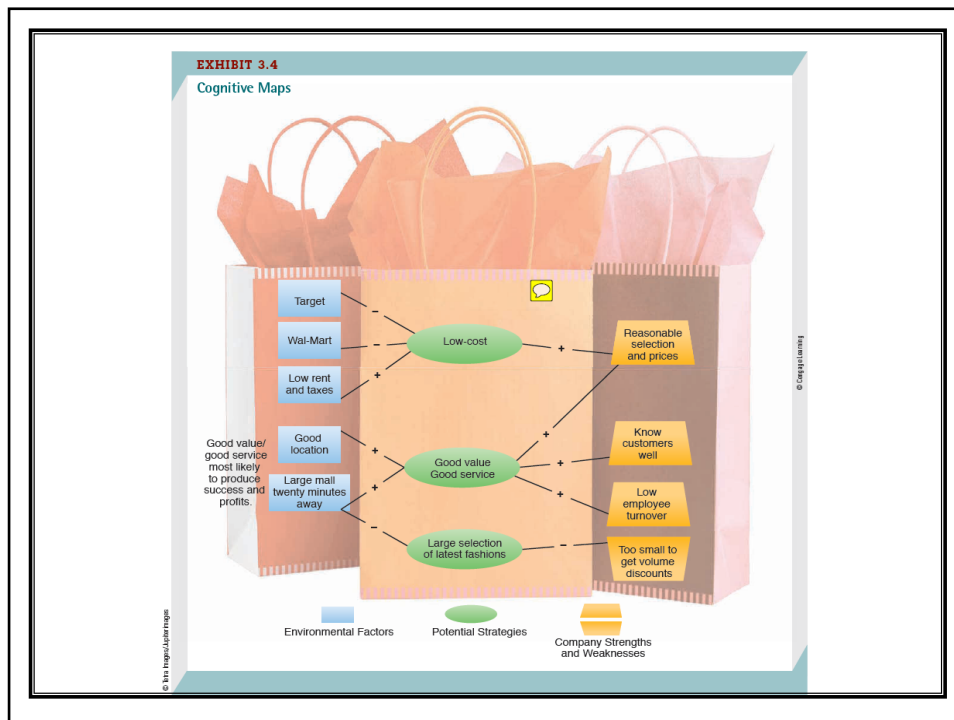
Environmental Scanning

Searching the environment for important events or issues that might affect an organization.

- Managers scan the environment to reduce uncertainty.
- Organizational strategies affect environmental scanning.
- Environmental scanning contributes to organizational performance.

Interpreting Environmental Factors

- Threat or opportunity?
- Threat
 - managers typically take steps to protect the company from further harm
- Opportunity
 - managers consider strategic alternatives for taking advantage of those events to improve performance



6.5 Creation and Maintenance of Organizational Cultures

- Primary source of organizational culture is the company founder.
- Organizational culture is sustained by...
 - organizational stories
 - organizational heroes

EXHIBIT 3.5**Keys to an Organizational Culture That Fosters Success****EXHIBIT 3.6****Three Levels of Organizational Culture**

Changing Organizational Cultures

- Behavioral addition
- Behavioral substitution
- Change visible artifacts
- Hiring people with values and beliefs consistent with desired culture

Question and Answer

