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Bachelor of Commerce (B2001) | Year 1 • Part A Core | Monash University

Introduction to management

Course Code: MGC1010 • Module 2 Notes

Module 2: Planning, Strategic Decision-Making, Organisational Structure & Innovation

1. Foundations of Planning and Goal Setting

Planning is the primary management function that establishes direction, reduces uncertainty, minimises redundant effort, and provides measurable benchmarks for subsequent control. Without deliberate planning, managers react passively to daily operational crises rather than allocating scarce capital and talent toward coherent long-term value creation. Yet planning is not without hazards: Henry Mintzberg warned that overly rigid, bureaucratic planning can lock firms into obsolete forecasts, stifle frontline initiative, and create an illusion of certainty in turbulent markets. Effective managers therefore combine clear directional goals with adaptive learning.

1.1 Hierarchy of Organisational Plans

Plans differ across organisational tiers in time horizon, scope, specificity, and frequency of use. Senior executives formulate **strategic plans** spanning three to five or more years that define corporate mission, competitive positioning, capital structure, and major market entry or exit choices. Middle managers translate those mandates into **tactical plans** covering one to three years across divisions or functional units (such as regional store rollouts, enterprise cloud migrations, or workforce capability programs). First-line supervisors execute **operational plans** spanning weeks or quarters—scheduling rosters, procurement batches, and preventive maintenance.

Within operational planning, managers distinguish between **standing plans** (ongoing policies, standard operating procedures, and compliance rules governing recurring situations, such as an Australian retailer's WHS forklift safety protocol) and **single-use plans** (one-off programs and project budgets tailored to unique initiatives, such as launching a Melbourne fulfilment hub or managing a Commonwealth Games venue contract).

1.2 Goal Setting, SMART Criteria, and Management by Objectives

Goals serve as the foundation of planning by specifying desired future outcomes. High-performing organisations articulate objectives using the **SMART** standard: **Specific** (unambiguous target domain), **Measurable** (quantifiable indicator), **Achievable** (challenging yet realistic given resources), **Relevant** (aligned with higher-level strategy), and **Time-bound** (explicit deadline). A vague aspiration such as "improve customer service" lacks operational accountability, whereas "reduce Sydney call-centre average complaint resolution time from 48 hours to under 18 hours by Q4 FY2027 while maintaining CSAT above 88%" enables systematic resource allocation and control.

To align goals across hierarchical layers, Peter Drucker popularised **Management by Objectives (MBO)**. Under MBO, managers and subordinates collaboratively establish mutually agreed performance goals rather than relying purely on top-down command. The MBO cycle consists of four stages: (1) cascading overarching corporate objectives into divisional and individual targets; (2) participatively negotiating realistic individual goals and resource commitments; (3) formulating concrete action plans and monitoring progress intermittently; and (4) conducting periodic performance

reviews tied to coaching and rewards. While MBO sharpens accountability and clarifies expectations, it can encourage short-termism or excessive paperwork if quantitative metrics crowd out unmeasured collaborative behaviours.

1.3 Scenario Planning and Contingency Planning

Because Australian enterprises face volatile commodity prices, geopolitical trade disruptions, interest-rate shifts, and extreme climate events, single-point forecasts frequently fail. **Contingency planning** identifies high-impact adverse events ("trigger points") in advance and pre-authorises fallback responses—for instance, backup cold-chain freight corridors when flooding cuts highway access between Melbourne and Adelaide. **Scenario planning** goes further by constructing three or four plausible, internally consistent narratives of how external structural forces (such as carbon pricing, artificial intelligence regulation, or Asia-Pacific trade tariffs) might evolve over five to ten years, allowing executive teams to stress-test capital investments before committing irreversible funds.

2. Managerial Decision-Making Models and Quantitative Tools

Every managerial function requires selecting among competing courses of action. Decision conditions range along a continuum: **certainty** (all alternatives and exact outcomes are known), **risk** (decision-makers can assign reliable objective or subjective probabilities to alternative states of nature), and **uncertainty** (neither probabilities nor full outcome distributions can be reliably quantified). Routine, repetitive issues with clear rules—such as approving standard travel reimbursements under corporate policy—involve **programmed decisions**. Novel, ambiguous, high-stakes choices—such as acquiring a rival fintech firm or restructuring national supply chains—require **non-programmed decisions** relying on judgement, analysis, and cross-functional debate.

2.1 Rational Model, Bounded Rationality, and Political Realities

The **Classical (Rational) Decision-Making Model** prescribes an ideal six-step sequence: (1) identify and diagnose the problem; (2) establish decision criteria and weights; (3) generate all feasible alternatives; (4) evaluate each alternative exhaustively against weighted criteria; (5) select the mathematically optimal alternative maximising expected value; and (6) implement and evaluate outcomes. Classical theory assumes perfect information, unlimited cognitive processing, stable preferences, and zero time or search costs.

Nobel laureate Herbert Simon demonstrated that real-world managers operate under **bounded rationality**: cognitive limits, incomplete data, ambiguous goals, and severe time pressure prevent exhaustive optimisation. Rather than searching infinitely for the single theoretical optimum, managers engage in **satisficing**—selecting the first alternative that satisfies an acceptable aspiration threshold ("good enough"). Experienced executives also draw on **intuition**, which cognitive psychology recognises not as mystical guesswork, but as rapid pattern recognition built from years of domain experience, though vulnerable when environmental rules abruptly change.

Extending bounded rationality to multi-actor firms, Richard Cyert and James March's **Carnegie (Political) Model** observes that senior decisions emerge through coalition building, bargaining, and compromise among executives holding divergent departmental interests. In extreme ambiguity—termed

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"organised anarchies" such as large universities or public hospital networks—Cohen, March, and Olsen's **Garbage Can Model** portrays decisions as accidental intersections of four independent streams: problems, pre-packaged solutions, shifting participants, and choice opportunities.

2.2 Cognitive Biases and Debiasing Strategies

Behavioural economics (Kahneman and Tversky) reveals systematic mental shortcuts (**heuristics**) that distort managerial judgement even among seasoned executives.

Cognitive Bias	Psychological Mechanism	Australian Managerial Illustration	Structured Debiasing Countermeasure
Confirmation Bias	Seeking or weighting evidence that supports an initial hypothesis while discounting disconfirming data.	An executive championing an offshore acquisition highlights optimistic revenue synergies while ignoring integration failures.	Assign a formal "devil's advocate" or Red Team to build the strongest counter-case before board vote.
Anchoring Bias	Over-relying on an initial arbitrary figure or historical benchmark when estimating values.	Setting next year's IT budget as "last year plus 4%" without zero-based workload reassessment.	Use zero-based budgeting and generate independent external reference-class forecasts.
Availability Heuristic	Judging event probability by how vividly recent or dramatic examples come to mind.	Over-allocating capital to physical security after a single headline incident while neglecting silent cyber vulnerabilities.	Require base-rate actuarial data and quantitative risk matrices rather than anecdotal salience.
Escalation of Commitment	Pouring additional funds into a failing project to justify prior sunk costs and protect personal reputation.	Continuing to fund an over-budget state ERP software rollout despite missed milestones and scope collapse.	Separate initial project sponsors from stage-gate review panels; pre-commit objective kill criteria.
Framing & Overconfidence	Responding inconsistently to identical outcomes framed as gains vs. losses; underestimating uncertainty ranges.	Forecasting a construction project completion window of ±2 weeks when historical comparable projects vary by ±4 months.	Mandate pre-mortem exercises ("imagine this project failed in 18 months—why?") and wide confidence intervals.

2.3 Quantitative Tool 1: Weighted Multi-Criteria Decision Matrix

When evaluating complex non-programmed alternatives across multiple qualitative and quantitative dimensions, managers structure judgement using a weighted scoring model:

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$$S_i = \sum_{j=1}^{n} w_j r_{ij}$$

Where: S_i is the total weighted score for alternative i; n is the number of evaluation criteria; w_j is the relative importance weight assigned to criterion j (such that $\sum_{j=1}^{n} w_j = 1.00$); and r_{ij} is the performance rating of alternative i on criterion j (e.g., on a 1 to 10 scale).

Worked Example: Enterprise Cloud ERP Selection for a Melbourne Retailer

Yarra Apparel Group, a Melbourne-based omnichannel retailer, is selecting among three cloud Enterprise Resource Planning (ERP) vendors: Vendor A (Global Tier-1), Vendor B (Australian Mid-Market Specialist), and Vendor C (Low-Cost Modular Suite). Management assigns weights across four criteria: Total 5-Year Cost ($w_1 = 0.25$), Supply-Chain Integration ($w_2 = 0.35$), Australian Payroll/Award Compliance ($w_3 = 0.25$), and Implementation Speed ($w_4 = 0.15$). Scores (on a 1–10 scale) are assessed as follows: Vendor A $(5, 9, 7, 4)$; Vendor B $(7, 8, 9, 8)$; Vendor C $(9, 5, 6, 9)$.

1. **Step 1 — Vendor A Score (S_A):** $S_A = (0.25 \times 5) + (0.35 \times 9) + (0.25 \times 7) + (0.15 \times 4) = 1.25 + 3.15 + 1.75 + 0.60 = 6.75$.
2. **Step 2 — Vendor B Score (S_B):** $S_B = (0.25 \times 7) + (0.35 \times 8) + (0.25 \times 9) + (0.15 \times 8) = 1.75 + 2.80 + 2.25 + 1.20 = 8.00$.
3. **Step 3 — Vendor C Score (S_C):** $S_C = (0.25 \times 9) + (0.35 \times 5) + (0.25 \times 6) + (0.15 \times 9) = 2.25 + 1.75 + 1.50 + 1.35 = 6.85$.
4. **Step 4 — Managerial Decision:** Vendor B achieves the highest composite weighted score ($S_B = 8.00$) due to strong Modern Award payroll compliance and rapid deployment despite moderate cost, making it the recommended vendor subject to contract due diligence and sensitivity testing on weights.

2.4 Quantitative Tool 2: Expected Monetary Value (EMV) Under Risk

When future demand or regulatory states are probabilistic, managers compare capital options via Expected Monetary Value:

$$EMV_i = \sum_{k=1}^{m} p_k V_{ik}$$

Where: EMV_i is the probability-weighted expected financial payoff of strategic option i (in AUD); m is the number of mutually exclusive future states of nature; p_k is the probability that state k occurs ($\sum_{k=1}^{m} p_k = 1.00$); and V_{ik} is the net payoff (net present value or net profit in AUD) of option i under state k.

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Worked Example: Capacity Expansion at a Regional Victorian Food Processor

Goulburn Valley Foods Pty Ltd must choose between two investments for FY2027: Option 1 (Build Automated Packaging Line) or Option 2 (Upgrade Existing Semi-Automated Line). Analysts estimate three retail demand states: Strong Growth ($p_1 = 0.35$), Moderate Growth ($p_2 = 0.45$), and Domestic Slowdown ($p_3 = 0.20$). Net payoffs (in AUD thousands) are: Option 1 yields +A$900k (Strong), +A$300k (Moderate), and −A$450k (Slowdown); Option 2 yields +A$500k (Strong), +A$320k (Moderate), and +A$60k (Slowdown).

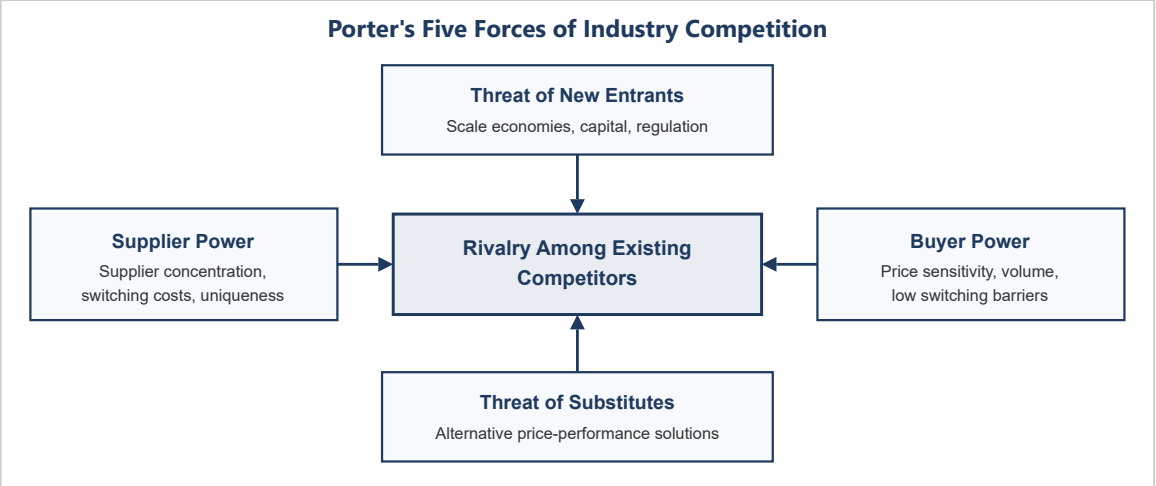
1. **Step 1 — Calculate EMV_1 (Automated Line):** $EMV_1 = (0.35 \times 900) + (0.45 \times 300) + (0.20 \times (-450)) = 315 + 135 - 90 = 360$ (A$360k).
2. **Step 2 — Calculate EMV_2 (Semi-Automated Upgrade):** $EMV_2 = (0.35 \times 500) + (0.45 \times 320) + (0.20 \times 60) = 175 + 144 + 12 = 331$ (A$331k).
3. **Step 3 — Risk–Return Interpretation:** Option 1 offers a higher expected payoff (A$360k vs. A$331k), a net EMV advantage of A$29k. However, Option 1 carries severe downside exposure (−A$450k) during a slowdown, whereas Option 2 remains profitable in all states. A risk-neutral board selects Option 1, while a liquidity-constrained firm may rationally choose Option 2 to protect solvency.

3. Strategic Management and Competitive Analysis

Strategic management is the integrated set of analyses, decisions, and actions an organisation undertakes to build and sustain competitive advantage—delivering superior economic or social value relative to rivals over time. The strategic management process unfolds iteratively across five stages: (1) clarifying mission, vision, and core values; (2) scanning external opportunities and threats alongside internal strengths and weaknesses; (3) formulating corporate, business, and functional strategies; (4) implementing strategy through structure, leadership, budgets, and culture; and (5) evaluating strategic performance and recalibrating.

3.1 External Industry Analysis: Porter's Five Forces

Michael Porter demonstrated that industry profitability is not random; rather, it reflects underlying structural economics governed by five competitive forces. The stronger these five forces collectively are, the lower the average return on invested capital firms can sustain.



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Applying Porter's Five Forces to the **Australian domestic aviation market** illustrates how industry structure governs returns. The *threat of new entrants* is moderate-to-low because airport slot congestion at Sydney and Melbourne, high fleet capital expenditure, and CASA safety certification create formidable entry barriers—witness the collapse of new entrant Bonza in 2024. *Bargaining power of suppliers* is high because global airframe manufacturing is an Airbus–Boeing duopoly and pilots/engineers hold strong union representation. *Bargaining power of buyers* is moderate for leisure travellers (who compare fares transparently online) but constrained on thin regional routes. *Threat of substitutes* is moderate on short corridors such as Sydney–Canberra (road/coach) and heightened for corporate travel by high-definition video conferencing. Consequently, *rivalry* between Qantas Group (including Jetstar) and Virgin Australia centres on loyalty ecosystems, corporate contracts, and load-factor discipline.

3.2 Internal Analysis: SWOT and the Resource-Based View (VRIO)

While Porter emphasises external industry structure, internal capability analysis examines why firms within the same industry achieve sharply different profitability. A **SWOT analysis** synthesises internal *Strengths* and *Weaknesses* with external *Opportunities* and *Threats* to generate strategic matches—leveraging distinctive strengths to capture emerging opportunities while insulating weaknesses against external shocks.

To prevent superficial SWOT lists, Jay Barney's **Resource-Based View (RBV)** tests whether an internal resource or capability confers durable competitive advantage using the **VRIO framework**:

- **Valuable:** Does the resource enable the firm to exploit an opportunity or neutralise a threat (e.g., Cochlear's clinical engineering patents)?
- **Rare:** Is control of the resource restricted to few competing firms? (If widely held, it yields only competitive parity.)
- **Inimitable (Costly to Imitate):** Can rivals replicate it cheaply? Casual ambiguity, unique historical trajectory, and socially complex culture—such as Bunnings' entrenched supplier relationships and store-level DIY advisory culture—resist rapid imitation.
- **Organised to Capture Value:** Do the firm's structure, reporting lines, incentives, and governance actually exploit the resource? Without organisational alignment, valuable patents or brands remain under-monetised.

3.3 Business-Level and Corporate-Level Strategies

At the **business-unit level**, strategy defines how a firm competes within a single product market. Michael Porter identified three generic competitive postures (plus narrow focus variants): (1) **Cost Leadership**, achieving the industry's lowest operating cost base through scale, automation, and lean logistics (e.g., Aldi Australia's limited-SKU supermarket model); (2) **Differentiation**, delivering unique product quality, brand prestige, or customer experience commanding a price premium (e.g., Aesop's botanical skincare formulations and architectural retail stores); and (3) **Focus** (Cost Focus or Differentiation Focus), serving a specialised geographic or demographic niche deeply (e.g., R.M. Williams handcrafted Australian leather boots targeting heritage luxury consumers). Firms failing to commit coherently risk becoming "stuck in the middle" with neither low-cost scale nor differentiated margin. Notably, contemporary strategic theorists emphasise that sustainable cost leaders cannot

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ignore acceptable quality, nor can differentiators ignore cost discipline: Australian biotechnology leader CSL maintains premium plasma-therapy differentiation while aggressively optimising global plasma-collection centre efficiency.

At the **corporate level**, multi-business headquarters decide *which* industries to enter, retain, or divest. **Growth strategies** encompass market concentration, **vertical integration** (backward into suppliers or forward into distribution), **related diversification** (expanding into adjacent industries sharing operational or technological synergies, such as Woolworths Group integrating retail supermarkets with Quantium data analytics), and **unrelated diversification** (holding a diversified portfolio purely for capital allocation—exemplified by Melbourne-based Wesfarmers across Bunnings, Kmart, Officeworks, and industrial chemicals/lithium). **Stability strategies** preserve current scope during consolidation, whereas **retrenchment/turnaround strategies** divest underperforming assets and cut costs to restore solvency. Tools such as the **BCG Growth–Share Matrix** classify business units into *Stars* (high growth, high share), *Cash Cows* (low growth, high share funding the portfolio), *Question Marks* (high growth, low share needing selective investment), and *Dogs* (candidates for divestment).

Strategy Level & Type	Core Strategic Logic	Key Value Driver	Principal Strategic Risk	Australian Corporate Example
Business: Cost Leadership	Outperform rivals on total unit cost across the value chain.	Scale economies, standardised workflows, tight overhead control.	Price wars, technological obsolescence, neglect of quality shifts.	Aldi Australia and Jetstar Airways low-fare operating model.
Business: Differentiation	Deliver distinctive attributes valued enough to earn a price premium.	Brand equity, R&D patents, clinical efficacy, superior customer service.	Cost parity erosion or buyer perception that premium lacks value.	Cochlear implantable hearing systems and Aesop skincare.
Business: Focus (Niche)	Tailor offerings to a narrow segment's distinct needs or geography.	Deep domain intimacy and high switching costs within niche.	Broad competitors invading niche or segment preferences shifting.	R.M. Williams heritage footwear and regional credit unions.
Corporate: Vertical Integration	Internalise upstream input supply or downstream retail/distribution.	Supply security, margin capture, quality coordination.	Capital lock-in, rigid fixed costs, loss of supplier competition.	BHP owning Pilbara rail and port export infrastructure.
Corporate: Diversification	Operate across multiple distinct industries (related or unrelated).	Shared capabilities (related) or disciplined capital allocation (unrelated).	"Conglomerate discount", headquarters bureaucracy, diluted focus.	Wesfarmers portfolio spanning retail, chemicals, and lithium.

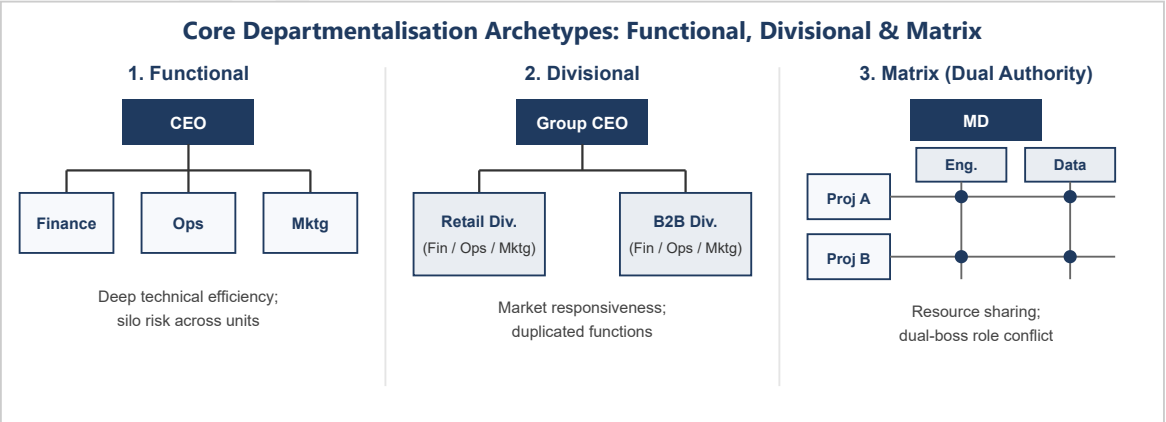
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4. Organisational Structure, Design, Agile Teams & Change Management

Once strategy is formulated, managers must design an **organisational structure**—the formal system of task division, reporting relationships, authority delegation, and coordination mechanisms—capable of executing it. Alfred Chandler's classic maxim—*"structure follows strategy"*—highlights that shifting from single-product domestic operations to multi-product or international expansion inevitably strains legacy functional hierarchies and forces structural redesign.

4.1 Six Elements of Organisational Design and Structural Archetypes

1. **Work Specialisation (Division of Labour):** Dividing complex processes into discrete tasks so workers gain speed and proficiency, balanced against boredom and coordination overhead.
2. **Departmentalisation:** Grouping jobs logically. *Functional* structures group specialists (Finance, Marketing, HR, Operations) to achieve deep technical economies. *Divisional* structures group units around products, customer segments, or geography (e.g., ANZ Retail vs. Institutional Banking) to accelerate market responsiveness. *Matrix* structures overlay functional expertise and product/project teams, creating dual reporting lines that enhance resource sharing at the cost of potential role conflict. *Network/Virtual* structures retain a small strategic hub while outsourcing manufacturing, logistics, or IT to global partners.
3. **Chain of Command:** The unbroken line of authority linking top executives to frontline staff, incorporating *authority* (formal right to decide), *responsibility* (obligation to perform), *delegation* (assigning decision rights downward), and *accountability* (answering for outcomes).
4. **Span of Control:** The number of subordinates reporting directly to a single manager. Narrow spans produce *tall* hierarchies with close supervision but slow communication and high managerial payroll; wide spans yield *flat* structures empowering autonomous employees provided tasks are routine or staff are highly skilled.
5. **Centralisation vs. Decentralisation:** The degree to which decision-making authority concentrates at senior headquarters versus dispersing to regional or frontline managers closer to customers.
6. **Formalisation:** The extent to which jobs are governed by explicit written rules, policies, and standardised procedures.



Structural Design	Primary Strengths	Key Managerial Weaknesses	Ideal Contingency Fit
Functional Structure	Eliminates role duplication; builds deep specialist expertise and clear career paths.	Slow horizontal coordination; departmental myopia ("tunnel vision").	Single-business firms in stable markets requiring scale efficiency.
Divisional Structure	Clear profit-and-loss accountability per product, client segment, or region.	Duplicates Finance/HR/IT overhead across divisions; inter-divisional rivalry.	Large diversified or geographically dispersed enterprises (e.g., Wesfarmers).
Matrix Structure	Pools scarce technical specialists flexibly across simultaneous client projects.	Violates Fayol's unity of command; power struggles and frequent meetings.	Engineering consultancies (Aurecon, Worley), aerospace, and R&D labs.
Network / Virtual	Maximum capital flexibility; concentrates fixed payroll on core IP/design.	Loss of direct operational control; supply-chain disruption and ESG risks.	Asset-light consumer brands and global software ecosystems.

4.2 Quantitative Span of Control: Graicunas's Relationship Complexity Model

Management theorist V. A. Graicunas demonstrated mathematically why adding even a few direct reports dramatically multiplies a supervisor's coordination burden. A manager overseeing n subordinates must manage three categories of interactions: direct single relationships (n), direct group relationships with subsets of subordinates, and cross-relationships among subordinates themselves. Graicunas formulated the total number of potential relationships (R) as:

$$R = n\,(2^{n-1} + n - 1)$$

Where: R is the total number of direct, group, and cross relationships requiring potential managerial attention; and n is the manager's span of control (number of direct subordinates).

Worked Example: Comparing Span of Control in a Branch Restructuring

A regional Australian insurance firm is debating whether to reorganise claims teams from narrow spans ($n_1 = 4$ claims assessors per team leader) to wider spans ($n_2 = 8$ claims assessors per team leader) in order to delayer middle management. Calculate the total managerial relationships R under both structures and evaluate the operational implications.

1. **Step 1 — Calculate R for Narrow Span ($n_1 = 4$):**

$$R_4 = 4\,(2^{4-1} + 4 - 1) = 4\,(2^3 + 3) = 4(8 + 3) = 4 \times 11 = 44 \text{ relationships.}$$

2. **Step 2 — Calculate R for Wide Span ($n_2 = 8$):**

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> $R_8 = 8\,(2^{8-1} + 8 - 1) = 8\,(2^7 + 7) = 8(128 + 7) = 8 \times 135 = 1,080$ relationships.

3. **Step 3 — Managerial Interpretation:** Doubling the direct headcount from 4 to 8 increases potential interpersonal and group coordination complexity by a factor of $R_8/R_4 = 1,080/44 = 24.55$ times (an increase of 2,354.5%). Consequently, moving to $n = 8$ is viable only if claims workflows are standardised through automated triage software and assessors possess high technical autonomy; otherwise, team leaders will experience severe cognitive overload and supervisory bottlenecks.

4.3 Mechanistic vs. Organic Structures and Agile Organisational Design

Tom Burns and G. M. Stalker distinguished two polar structural archetypes. A **mechanistic structure** features high specialisation, rigid departmentalisation, strict chain of command, narrow spans, high centralisation, and extensive formalisation—ideal for stable environments demanding regulatory consistency (e.g., pharmaceutical manufacturing under Therapeutic Goods Administration standards). An **organic structure** exhibits cross-functional teams, wide spans, decentralised authority, fluid lateral communication, and low formalisation—essential in dynamic, innovation-driven markets.

To capture agility at scale without abandoning core governance, large enterprises increasingly adopt **Agile organisational models** inspired by software engineering and Spotify's squad–tribe–chapter architecture. Self-organising, cross-functional **squads** (6–9 specialists spanning engineering, UX design, analytics, and commercial product management) work in two-week iterative sprints toward customer-focused outcomes. Related squads cluster into **tribes** led by a tribe lead, while functional craft excellence (such as cybersecurity or data science) is maintained horizontally across squads through **chapters** and voluntary **guilds**. In Australia, ANZ Bank famously restructured its Melbourne technology and retail divisions into Agile tribes and squads in 2017–2018, shortening digital product release cycles while retaining centralised APRA risk and capital compliance.

4.4 Managing Organisational Change and Innovation

Structural redesign, digital transformation, and strategic pivots inevitably disrupt established routines and trigger human resistance. Employees resist change due to fear of job or status loss, uncertainty over new skill demands, disrupted workplace friendships, selective perception, or genuine conviction that a proposed initiative is flawed. Diagnosing resistance as valuable feedback rather than mere obstinacy improves implementation quality.

Two foundational frameworks guide planned change. **Kurt Lewin's Three-Step Model** conceptualises change as (1) *Unfreezing* the status quo by demonstrating dissatisfaction with current performance and weakening inertial habits; (2) *Changing (Moving)* by introducing new workflows, structures, training, and role models; and (3) *Refreezing* the new equilibrium through aligned KPIs, reward systems, and cultural norms so the organisation does not regress. Expanding Lewin into operational practice, **John Kotter's Eight-Step Model** prescribes: (1) establish a sense of urgency; (2) form a powerful guiding coalition; (3) create a clear strategic vision; (4) communicate the vision relentlessly; (5) empower employees by removing structural obstacles; (6) generate visible short-term wins within 6–12 months; (7) consolidate gains to drive deeper systemic change; and (8) anchor new behaviours in corporate culture.

To overcome resistance ethically, Kotter and Schlesinger recommend matching tactics to context: *education and communication* when resistance stems from misinformation; *participation and involvement* when resisters possess vital operational knowledge or implementation power; *facilitation and support* (retraining, counselling) when anxiety over new technology drives pushback; and *negotiation* when powerful groups (such as enterprise bargaining partners) face clear economic trade-offs—reserving coercion strictly as a rare last resort during existential turnaround crises.

4.5 Organisational Innovation and Ambidexterity

Sustaining long-term relevance demands balancing **exploitation** (refining current products and processes for incremental efficiency) with **exploration** (experimenting with radical, architectural, or business-model innovations)—a capability scholars Michael Tushman and Charles O'Reilly term **organisational ambidexterity**. Firms that optimise solely for current cash-cow efficiency fall prey to Clayton Christensen's *innovator's dilemma* when nimbler challengers introduce lower-cost or digitally native alternatives.

Australian technology leaders institutionalise exploration within structural design. Sydney-founded Atlassian runs quarterly "ShipIt" 24-hour innovation hackathons giving engineering teams complete autonomy to prototype customer solutions outside standard product roadmaps, while Canva embeds iterative design-thinking loops—empathise, define, ideate, prototype, and test—directly into cross-functional product squads. In capital-intensive Australian sectors such as mining and healthcare, structural ambidexterity separates exploratory venture labs (e.g., autonomous electric haulage trials or AI radiology startups) from regulated core operations, protecting experimental teams from premature legacy KPIs while preserving rigorous governance and safety standards.

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