CHAPTER 1

Communicating Organizational Change

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> Rapidly changing technologies, the globalization of economic forces, unexpected competition, and quick market saturation are creating an increasingly complex and volatile business climate. As environmental turbulence increases, the rate of organizational change necessary for survival also increases. . . . In the final analysis, it is the innovative, adaptable, flexible, efficient use of information and communication which allows an organization to reorient rapidly and successfully in a volatile business environment.
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> Cushman and King (1995, 1)

The Center for Information Systems Research at the MIT Sloan School of Management in 1985 argued that an organization's ability to continuously improve its effectiveness in managing organizational interdependencies will be the critical element in successfully responding to the competitive forces of the 1990s (Rockart and Short 1989). Effectiveness in managing organizational interdependencies refers to a firm's ability to achieve coalignment among its internal and external resources in a manner equal to or greater than existing world class benchmarks.

Coalignment is a unique form of communication linkage in which each of a firm's stakeholders and subunits clearly articulates its needs, concerns, and potential contributions to the organization's functioning in such a manner that management can forge an appropriate value added configuration and linkages between units.

An appropriate value added configuration and linkage between units and stakeholders integrates, coordinates, and controls each participant's needs, concerns, and contributions so that the outcome is mutually satisfying to the participants involved and optimizing in value added activities to the organizational functioning as a whole, thus creating a sustainable competitive advantage (Cushman and King 1995, 2–6).

Several studies regarding how such communications must proceed to achieve this goal generate eight benchmarks for effective communication:

1. The CEO must function as an open communication champion.
2. There must be a match between management's words and actions.
3. There must be a commitment to two-way communication.
4. There must be an emphasis on face-to-face interaction.
5. There must be shared responsibility for employee input.
6. Good and bad news traveling up to management should be encouraged.
7. Stakeholders' interests, contributions, and concerns must be known.
8. Employees should be encouraged to use an open communication strategy (Young and Post 1994, 34).

When such communication benchmarks are met, then a firm's organizational alignments and realignments with its environment in times of rapid change produces supernormal profits (Powell 1992, 119).

Organizational change can be of two types—incremental and discontinuous. Incremental change requires the use of self-managed and cross-functional teamwork between stakeholders to achieve world class benchmarking targets. Discontinuous change involves stopping all that one is doing and adopting a totally new approach. Here benchmarking teams which take ideas from world class performance and adjust them to one's own use and outside linking teams which form joint ventures, outsource, and so forth allow the world class benchmark to provide the product to one's own firm so as to achieve a competitive advantage.

Organizations, like people, must adapt their response to rapid environmental change so they can perform at least at the speed of change (Conners 1993, 5). Optimally a firm would like to anticipate important changes and position the firm to achieve supernormal profits from such changes (Hodgetts, Luthans, and Lee 1994, 10). In either case, effective communication as just discussed must be utilized to rapidly orient and reorient a firm's internal and external resource and stakeholders to rapid environmental change.

In January 1994, some twenty researchers of organizational communication processes from throughout the world met in Sydney, Australia, to discuss communication and organizational change. This book contains the most suggestive papers from that conference. The papers contained in this volume are divided into three sections, addressing the issues involved in communication and change in (1) private sector firms, (2) public sector firms, and (3) regional markets.

The Introduction and the seven chapters in Part I explore coalignment problems in private sector firms. In Chapter One, we provide definitions of communication and change and a framework for understanding the relationship of communication to organizational change.

In Chapter 2, "Communicating Change: A High-Speed Management Perspective," King and Cushman draw upon their thirty years of teaching, research, and consulting experience to discuss high-speed management as a general theory of the relationship between communication and organizational change. This discussion explores in detail high-speed management's three subtheories, indicating how a firm obtains information and opens up communication with customers and competitors, the coalignment of a firm's decisions, and the ways in which the use of teamwork can be employed to continuously improve performance.

Then, in Chapter 3, "Leading Organizational Change: A High-Speed Management Perspective," Cushman and King outline a new theory of organizational leadership focusing on how to handle discontinuous change. This theory draws upon transformational leadership, network leadership, and leading discontinuous change.

In Chapter 4, "Community Service: Strategic Cooperation Through Communication," Rod Miller, head of the community relations unit at Queensland University of Technology, discusses the unique interface between a high-speed management firm and the community in adapting communication to change. High-speed management theory is applied to an analysis of focusing, meeting, and executing an organization's expectations and developing cost expedient programs.

In Chapter 5, "Stereotypes and Organizational Learning: Lessons from Mergers and Acquisitions of Multinational Corporations in Post-Communist Countries," Krzysztof Obloj, a teacher, researcher, and consultant in Europe, discusses the role organizational stereotypes play in a firm's communicative adaptation to change. He explores how organizational structures, layoffs, training, and performance are influenced positively and negatively by stereotypes.

In Chapter 6, "Organizational Inertia or Corporate Cultural Momentum," Michael Goodman explores several examples of the attempt to move organizations in new directions and the role corporate culture plays in assisting or retarding that movement. In so doing he explores the NASA Challenger accident, McDonnell Douglas DC10 door blowouts, and C17 TQM initiation.

In Chapter 7, "Communicating the Need for Change in a Multinational Pharmaceutical Corporation: A Case Study," Giuseppe Raimondi, a division head of an Italian pharmaceutical firm, explores how consultants can effectively communicate the need for a change in a multinational pharmaceutical firm. The author presents a structural solution for improving communication regarding change between the R & D and marketing units in a multinational firm.

In Chapter 8, "Communicating the Need for Shared Responsibility in Nongovernment Joint Venture Projects: Lessons from Years of Experience," Gordon Knowles, a division head of over sixty joint projects throughout the world, explores the need for a shared sense of responsibility in nongovernment joint venture projects. The author discusses how to build esteem, train, reward, and improve communication regarding change.

Part II explores coalignment problems in public sector firms. In Chapter 9, "Communicating Public Sector Performance Messages and Private Sector Management," Ron Cullen, reflecting on his twenty years of experience in turning around governmental units in Australia, discusses a general theory of public sector performance measures for adjusting government units to environmental change.

He maps how action plans and performance measures can bring private sector advances in quality and productivity.

In Chapter 10, "Communicating Health Care Reform: A Change for the Better?," John Johnson draws upon his vast experience as CEO of several hospitals and health care facilities to explore the problems of adjusting communication to change in U.S. health care reform. He then discusses the parallels between health reform and national and organizational reforms in upgrading performance.

In Chapter 11, "Communicating Role Change and Organizational Role Stress in a Government Organization," John Penhallurick, teacher and researcher at the University of Canberra, gathers and analyzes new data examining the relationship between communication, organizational role change, and role stress in a government organization. He finds that trust in the supervisor and the quality of upward and downward communication influences role stress.

Part III explores coalignment problems by organizations in regional cultures. In Chapter 12, "Communicating Change in China," Yanan Ju, drawing upon his experiences as a teacher of communication and marketing in China, discusses the role of communication, cultural business frameworks, and change in the People's Republic of China. He outlines how understanding China's new cultural and business framework structures communication and change.

In Chapter 13, "Communicating Change in Australia," Robyn Johnston, teacher and consultant in Australia, explores organizational change in the Australian public service. She examines how the Australian Council of Trade Union Act of 1987 attempts to restructure communication and thus organizational performance in Australia by redefining educational opportunities and work role categories.

In Chapter 14, "Communication in Asian Job Interviews," Ernest Martin, a college teacher and marketing consultant from Hong Kong, explores the organizational coalignment process in employment interviews in Asia. This discussion of verbal and nonverbal codes in the job interview is revealing of major Western and Asian differences in communication.

In Chapter 15, "Lessons from the Restructuring of Post-Communist Enterprises," Andrzej K. Kozminski, dean of the International School of Business of Warsaw University, examines lessons regarding the relationship of communication and change in the restructuring of post-Communist enterprises. His study indicates what multinationals are missing by not listening to Polish acquisitions by ABB and GE.

This book's excursion into the relationship of communication and change between an organization's stakeholders and its management should prove to be rich in insights and exciting in implications. Enjoy the execution, profit from it, and utilize it.

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