




How Leaders Can Handle Organizational Change

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Today's organizations, facing challenges such as the emergence of new technologies and the hyper-competition of the global environment, may not like change.

Yet, their leaders must embrace it. Resisting change could lead to destruction, and leaders who ignore external threats and the wide array of growing competitors will find that the train has already left the station. To create powerful change, executives need to take several steps.

INVEST IN SOCIAL CAPITAL-BASED STRUCTURES

Agility is a key component of business success today. To achieve a high level of agility, organizations need to create an equally high level of social capital. We need a new form of social capital-based organizational structure.

While organizations today must be agile, the sad reality is that as companies grow, they move away from helping the society they are established in because their main incentive generally is to prosper or, at the very least, to survive. Survival sometimes brings inertia and less agility as bureaucracies become entrenched. As a result, innovative and creative ideas in these bureaucratic environments are quickly suppressed as the efforts of the organization are focused only on achieving a high level of efficiency.

A handful of companies such as Apple, Toyota, Mitsubishi Motors, and Samsung Electronics are still focused on the original idea of helping society through technological breakthroughs. Social capital manifests itself in the form of trust, interaction, and the sharing of ideas and concerns of not only the people in the organization but also the community at large.

Social capital can play a very important role in achieving agility and reducing the gap between external changes and the

proper response to these changes. Building a social capital-based organizational structure that strengthens trust and interaction between organizational members should be the task of innovative and transformational leaders in today's business environment.

To achieve a high level of agility, social capital-based organizational structures factor in the power of trust and the design of the interaction between human resources and society. This type of organizational design increases the exchange of ideas among employees and leads to increased knowledge flow and the realization of the learning organization.

Some organizations must redesign their organizational processes and events to maximize the interaction of human resources from all parts of the company to achieve a systemic approach in volunteering, giving, and offering support to the communities that they serve. The organization becomes more compatible with its business environment through more effective, timelier, and more innovative responses to the external changes in society.

While human capital is a vital and necessary factor in achieving agility and reducing the gap between changes and the response time to them, it is social capital that uses this human capital and ultimately leads to agility. The analogy between human capital and social capital is what we call power and politics in organizational leadership. Power is human capital, and politics is using the right sources of power to enhance social capital.

Many organizations do not suffer from a lack of ideas (human capital), but they do not have effective mechanisms for sharing these ideas and using them (social capital). The social capital-

based organizational structure is the missing link for realizing the potential of turning human capital into social capital. Redesigning organizational processes and events to further align volunteers, donation ideas, and other resources can transform human capital into social capital. Through the more effective sharing and application of organizational knowledge, social capital can be enhanced and utilized.

BECOME A GOAL-ORIENTED ORGANIZATION

To create change in your company, you will need to choose a goal, but don't choose it lightly. Senior managers need to spend a great deal of time on goal setting. Low-hanging fruit is easy to pick. Senior managers in Asia and around the world view their goals not as written words, stuck in a report and never referred to again. Managers take these words and make them meaningful by implementing them as part of the organization's culture and strategy.

Goal setting is based on both cultural and strategic aspects of an organization. The true embodiment of purpose in an organization's culture and strategy spans a wide range, from maximizing market value to meeting a specific customer need. You need to add all stakeholders to the goal-setting equation. This step helps senior executives more effectively achieve their goals and not simply replace their goals with new ones.

To create a goal-oriented organization, CEOs need to write down the company's mission. While missions must be ambitious, they also must be within reason. Tesla's mission statement expresses this well: "Create the most compelling car company of the 21st century while driving the world's transition to electric vehicles." While this goal is very ambitious and futuristic, it is also specific and related to the industry in which this electric car manufacturing giant operates. By incorporating all of the cultural and strategic aspects of Tesla, the goal aims to transform the world's view toward electric cars.

Toyota presents its mission statement this way: "Toyota will lead the future mobility society, enriching lives around the world with the safest and most responsible ways of moving people." Apple's mission statement is "to bring the best personal computing products and support to students, educators, designers, scientists, engineers, businesspersons and consumers in over 140 countries around the world." And Huawei's mission statement is "to bring digital to every person, home and organization for a fully connected, intelligent world."

These mission statements are completely specific and related to the industry in which they operate. At the same time, they show that all the cultural and strategic aspects of the companies are in the service of their guiding stars.


When implementing written goals, the important component is commitment. Having commitment means including goals in all components of a strategy, from budgeting to operational risk management. Communication, continuous reporting, and sharing of ideas and stories are vital in this process. These

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goals also should be very flexible. Flexibility means planning for specific scenarios and major changes in market trends so that the company's profits are not affected in any situation or a major change.

Finally, there needs to be a clear framework for integrating goals into the company culture. Organizational culture is the heartbeat of a company. In my experience, although this framework varies depending on the type of business and the industry in which a company operates, organizational culture requires meaningful and frequent conversations among senior executives and the rest of the company so that all members can understand "Why are we doing this?"

This means that coming up with one big, audacious goal is not the end of goal setting. Goal setting is an arduous and iterative process. Determining the goal is only the first step in a host of subsequent goals. Executives must formulate it, make a commitment to it, and include it in all cultural and strategic components. By building flexibility into the goal-setting process, executives can feel good about going into the future.

With these two steps of successful change, executives can evaluate their companies and recognize areas of weaknesses, and then create a plan to help resolve them and make the company thrive in the global business environment. 

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