TRANSORGANISATIONAL CHANGE
INTRODUCTION

• Merging or networking with other organisations
• Organisations extend their boundaries to cope with complexity and rapidly changing environment
• They merge with others or acquire others to:
  - gain essential capabilities and resources
  - operate at large scale
  - Enter new markets
  - Tackle complex problems or project that single org cannot achieve

• Form strategic alliances to share costs and expertise
• Strategies, goals, structures etc. become interdependent
• Conflicts and misunderstandings can occur
# MERGERS AND ACQUISITIONS (M&As)

**Combination of two organisations**

<table>
<thead>
<tr>
<th>Merger</th>
<th>Acquisition</th>
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<tbody>
<tr>
<td>Integration of two previously independent organisations into a complete new organisation</td>
<td>Purchase of one organisation by another for integration into acquiring one</td>
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## REASONS FOR M&As
- Diversification
- Gaining access in new markets, technology or other resources
- Achieving operational efficiency
- Improved innovation
- Resources and cost sharing

## DISADVANTAGES OF M&As
- Questionable records for success
- Inadequate processes and failure to move quickly
- Lack of a compelling strategic rationale
- Unrealistic expectations of synergy
- Conflicting corporate cultures
APPLICATION STAGES

• Pre-combination phase:
  - Search and select candidate – screening, regulations etc. initial agreement
  - Create an M&A team – Senior leaders for planning
  - Establish business case – vision, strategy, competitive advantage
  - Perform a due diligence assessment – Evaluate availability of resources, articles
  - Develop merger integration Plans – How the two will combine

• Operational Combination phase:
  - Communications and actions for implementation – tasks, functions, location
  - Operational & technical Integration activities – structural changes, work design
  - Cultural Integration activities – New values and norms
STRATEGIC ALLIANCE

- **Formal agreement** – to share resources, intellectual property, people, capital, technology, capabilities or physical assets

- Collaborative effort (franchising, licensing agreements, joint ventures)

- **APPLICATION STAGES:**
  - Alliance strategy formulation – clarify business strategy
  - Partner selection – search for appropriate partner (screening)
  - Alliance structuring and start-up – contracts, structure, investments etc.
  - Alliance operation and adjustment – functioning, diagnosis and make changes
NETWORK INTERVENTIONS

• Create networks and improve their effectiveness
  - Identify existing and potential org best suited to achieve collective objectives
  - Bring them together to assess their feasibility and desirability (convention)
  - Organize themselves for task performance (develop structures, interaction)
  - Assess how network is performing – feedback on performance outcomes

• Manage change in the established network (Communication)
  1. Look at instabilities in networks (diagnosis) – create instability in network
  2. Manage the tipping point - determine process, type and direction of change

  • Law of the few: Connectors (central position, tap in different network audiences), mavens (information sinks, knowledge about particular subject), salespeople (champions of change: influence others to try new ideas/options)

  • Stickiness: Message communicated must be memorable

  • Power of context: Message must be meaningful & relevant to network members

• Move unstable networks to new

  3. Rely on self organisation – exhibit self-organising behaviour
  - reduce uncertainty, establish order in functions, leverage controls to institutionalize it (i.e. refreeze change)