

# Key Factors of Change Readiness for the Success of Management Innovation: Focusing on the K Company

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**Abstract.** There are many important factors enterprises should consider to innovate. When there is an organizational change, one of important factors is change readiness. Studies have been conducted focusing on the roles of leaders to make a change but for true innovation, all employees should prepare for changes. This study examined 9 domains focusing on the K Company to find out key factors in change readiness. In addition to key factors, this study suggested a plan for employees' effective change management activities by analyzing a perception gap in different positions by factors.

**Keywords:** Change readiness, Innovation, Success factors for projects

## 1 Introduction

Many modern companies have continued to pursue innovation to survive the changing environment. However, they have a difficulty in adapting to changes, and their effort to apply innovation itself to the organization is sometimes resisted (Starbuck & Hedberg, 1977). To enhance capabilities to cope with changes in external environment and competitiveness of an organization, learning for employees is a part of the requirements, but not a whole. This study aims to seek for a change readiness activity plan suitable for positions by analyzing a perception difference in change readiness factors employees think of.

This study selected change factors through relevant existing studies and an interview with participants in management innovation and consultants who were involved in the field, and to figure out different perception in the importance of change factors, it surveyed and analyzed the K Company that is pursuing management innovation.

## 2 Theoretical Background

Studies on corporate management innovation have mainly focused on the presentation

of success stories about the introduction and utilization of individual companies' management innovation techniques, and success factors for effective operation methods, or direct impacts on management performance.

To draw the reasons for the introduction of successful management innovation, existing studies were reviewed but there were only a few studies on the introduction factors focusing on success factors in management innovation. Therefore, this study carried out a review of literature to find success factors in management innovation and added management innovation readiness factors regarded as important in the field.

## 2.1 Success factors in management innovation

Harry explained CEO's leadership, education, innovative organization operation system, assessment, and reward as success factors in management innovation. IBM consulting put an emphasis on self-sacrificing leadership, performance measurement methods, reward system, strategy integration, process framework, and proper individual operation. Kim Sang-bu(1999) suggested understanding of management innovation programs, CEO's leadership, data-based management, systematic education and training, and operation system, as success factors. Park Ju-seok and Kim Dong-su(2004) suggested strong leadership, promoters' level, support system, selection of right projects, continuous maintenance, and establishment of exclusive organization. Kim Geum-suk and Lee Heug-woo(2005) suggested support infrastructures, propriety of strategies, capabilities of management innovation promoters, and education, as success factors. Ji Jin-ho(2006) suggested preliminary preparation for introduction, leadership of the top management, data-based analysis, education, and support system. Kim Su-yeon and Lee Sang-bok(2006) suggested the support and participation of the top management, innovation activity promoters' capability and level, selection of right projects, continuous education for employees, utilization of proper analysis tools, and consumer oriented management, as success factors.

Considering management innovation promoters and management consultants as well as key factors in the introduction of innovation activities, readiness factors in management innovation are as follows.

**Table 1.** Key Factors for Change Readiness

Key factors	Definition of key factors	Sub-category
Change understanding	Understanding of project content, target, goals, and impacts of To-be design on individuals and an organization	1. Understanding of content
		2. Connectivity with vision
		3. Individual influence and change
Appropriateness	Understanding of the need for changes and degree of sympathy	4. Need to pursue
		5. Appropriateness
Change participation	Degree of participation in projects	6. Current participation

		7. Individual role
		8. Suggest opinions
Change willingness	Willingness to participate in the progress of projects	9. Attitude towards changes
		10. Individual willingness to participate
		11. Willingness to receive education and apply
		12. Willingness to cooperate
Top manager sponsorship	Measure top/middle managers as factors that help have project direction and momentum	13. Degree of support
Middle manager sponsorship		14. Form sympathy
Implementation management	Project implementation/effectiveness of management methods	15. Authority & responsibility
		16. Result management
Communication	Perception of effects of relevant PR, information delivery, and communication activities	17. Communication
		18. Information sharing
Culture	Assessment of the overall atmosphere to pursue projects	19. Creative atmosphere
		20. Trust in the progress

### 3 Empirical Analysis

This study carries out a survey of the K Company's employees to analyze the importance of management innovation readiness factors by different positions.

#### 3.1 Analysis target and method

An Off-Line survey was given to 6 offices of the K Company for 10 days from October 20 to 29, 2014. The survey was composed of items such as understanding of an organization, change understanding of change readiness capabilities, appropriateness, participation, willingness, manager sponsorship, communication, implementation management, and culture. The survey used a 6-point scale instead of a 5-point scale to prevent central tendency. A total of 265 employees of the K Company were asked to the survey. 253(95%) employees among them answered, and 2% were executives, 10% were team leaders, and 88% were team members in terms of positions.

### 3.2 Analysis results

As the result of analysis on the importance of each question, key factors in change readiness were relatively low in individual influence, change, attitude towards changes, and information sharing.

The importance difference by positions showed there was no difference in attitude towards changes, support, formation of sympathy, and result management among executives, team leaders, and team members. However, other factors showed a difference in the importance among them.

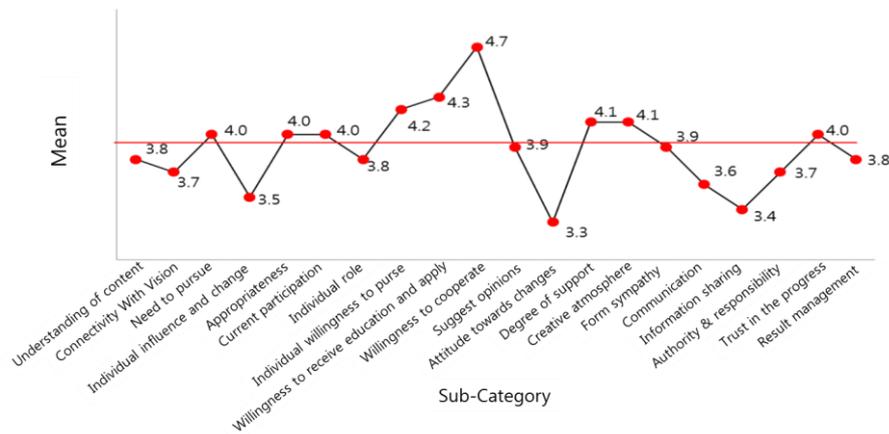


Fig. 1. Comprehensive result by change readiness factors

Table 2. Importance by Positions

Category	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Mean
Total	4.5	4.4	4.0	4.5	4.5	4.5	4.5	4.5	3.1	4.7	4.6	5.2	4.3	4.3	3.9	3.7	3.9	4.0	4.2	4.4	4.3
Executive	5.2	5.0	4.4	5.2	5.0	4.8	5.2	5.2	2.6	5.0	4.8	5.6	4.6	4.8	4.2	4.2	4.0	4.0	4.0	4.8	4.6
Team leaders	4.8	4.5	4.3	4.6	4.5	4.7	4.8	4.6	3.3	5.0	4.8	5.3	4.4	4.2	4.0	3.6	4.2	4.4	4.6	4.6	4.5
Team members	3.6	3.6	3.4	3.8	3.9	3.9	3.6	3.8	3.3	4.1	4.2	4.6	4.0	3.8	3.6	3.3	3.6	3.7	4.0	3.9	3.8
P-value	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.88	0.00	0.00	0.00	0.14	0.06	0.01	0.03	0.00	0.00	0.00	0.00	0.00

## 4 Conclusion & Limit

This study draw key factors in preparation for the introduction of new management innovation techniques, and as the result of analysis of importance by positions, the following conclusions were found. First, communication activities to enhance understanding of projects should be strengthened. Second, it needs to continuously inform employees of the changes resulting from management innovation activities

and collect their opinion. Third, a channel to share progress and result(performance) is needed. Fourth, strong leadership of the management is required.

Lastly, the factors of a difference in importance among executives, team leaders, and team members may have the effect of right education only when education tailored to each position is given. This study conducted a survey of only one company so it has a limit to have an impact of internal propensity of the company. Therefore, further study needs to carry out additional survey analysis of various companies and types of businesses.

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