

Generational change in company succession as a change management process?

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Overview

1. Information on *Generation X, Y and Z* related to entrepreneurship
2. Company Succession as a change process
3. Resistance forces and driving forces
4. Possibilities of designing the change process

Some information on *Generation Z* related to entrepreneurship form various studies

Important remarks:

- The special needs of Generation Z (born between 1995 and 2010) can hardly be consistently identified for all young people of this generation in different countries and cultures.
- Some studies tend to contain positive traits (in the sense of socially recognized), while other studies tend to contain negative traits and problems that Gen Z can cause.
- The characteristics and differences of Generation Z are described and illustrated in many studies. However, the aspect of company succession often does not play a prominent role.

Some characteristics of Generation Z

Study by: Gaidhani/Kumar Sharma/Arora in 2019

- most ethnically diverse and technologically sophisticated generation
- informal, individual and very straight way of communicating
- more realistic about their work expectation
- a high dependency on the technology and a very less attention span
- individualistic, self-directed, more demanding, materialistic
- have a high sense of responsibility towards the natural resources
- technology is a part of their identity and they are tech savvy

Gen X, Y and Z

(McKinsey & Company, 2018*)

| | Gen X 1960 – 79 | Gen Y (millennial) 1980 - 94 | Gen Z 1995 - 2010 |
|-------------|--|---|---|
| Context | <ul style="list-style-type: none">• Political transition• Capitalism and meritocracy dominate | <ul style="list-style-type: none">• Globalization• Economy stability• Emergence of internet | <ul style="list-style-type: none">• Mobility and multiple realities• Social networks• Digital natives |
| Behavior | <ul style="list-style-type: none">• Materialistic• Competitive• Individualistic | <ul style="list-style-type: none">• Globalist• Questioning• Oriented to self | <ul style="list-style-type: none">• Undefined ID• „Communaholic“• „Dialoguer“• Realistic |
| Consumption | <ul style="list-style-type: none">• Status• Brand and cars• Luxury articles | <ul style="list-style-type: none">• Experience• Festivals and travel• Flagships | <ul style="list-style-type: none">• Uniqueness• Unlimited• Ethical |

Lots of stereo-typical descriptions but maybe some realistic views.

*<https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/true-gen-generation-z-and-its-implications-for-companies>

Generation Z (and Y)

Additional statements of **Gen. Z***

(partly in contrast to Gen Y, the millennial generation)

- **Gen Z has more of an entrepreneurial spirit**
 - 17% of Gen Z vs. 11% of Gen Y wants to start a business and hire others.
- **For Gen Z, it's not about the money ... yet**
 - Only 28% of Gen Z said money would motivate them to work harder and stay with their employer longer, as opposed to 42% of Gen Y.
- **Gen Z prefers face-to-face communication over technology**
 - Gen Z grew up with technology, yet 53% percent prefer in-person communication over tools like instant messaging and video conferencing. (...)

Another study from 2014** reported that learning practical skills in college is important to students:

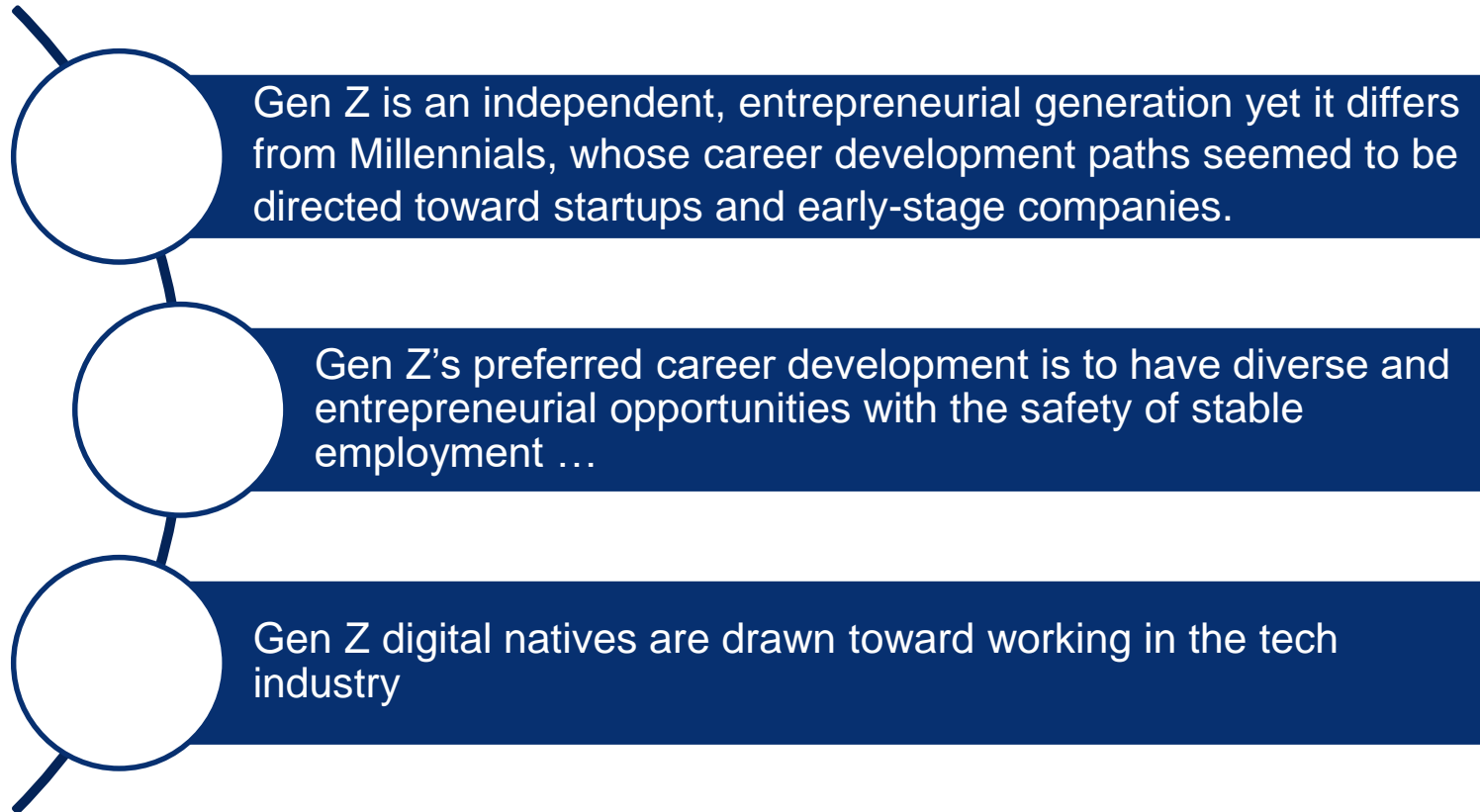
- **63 percent believe it's important for colleges to teach entrepreneurship**
- **and 85 percent believe they should learn about financial literacy in college.**

*Schwabel, D: Gen Y and Gen Z Global Workplace Expectations Study. Post – Online <http://workplaceintelligence.com/geny-genz-global-workplace-expectations-study/>

**<https://files.eric.ed.gov/fulltext/EJ1142068.pdf>

Generation Z*

(Study by: NEW – deloitte, in 2018)



*<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/consumer-business/welcome-to-gen-z.pdf>, p. 14 (Background: In late 2018, in partnership with Deloitte, NEW (network of executive women) surveyed more than 6,000 individuals across several demographics including generation, race, gender, income, education and location. Of the total respondents, 1,531 were considered Generation Z, 1,541 were considered Millennials, 1,560 were considered Generation X and 1,595 were considered Baby Boomers.

If you're the leader, be honest

Take note business leaders:

- One-half (52%) of both Gen Z and Gen Y state that **honesty** is the most important quality for being a good leader.
- The generations agree that after honesty, leaders should exhibit a **solid vision** (Gen Z 34%, Gen Y 35%), followed by **good communication skills** (Gen Z 32%, Gen Y 34%).

Let's talk. In person.

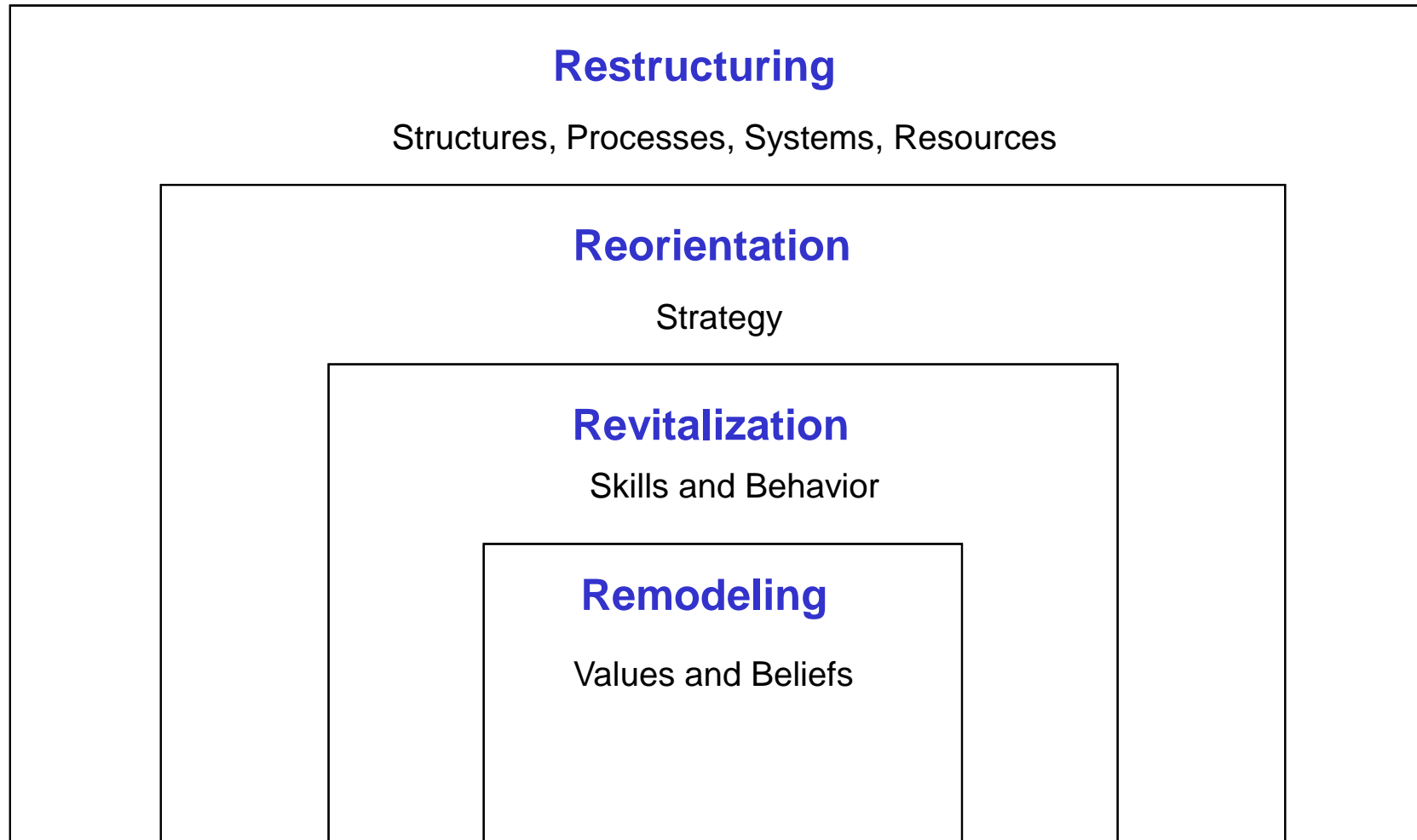
- Contrary to the assumption that younger workers want "**constant connection**" to technology, a majority of Gen Z respondents say they prefer **in-person communications with managers** (51%), as opposed to emailing (16%) or instant messaging (11%).
- The same trend applies to Gen Y: in-person (52%), emailing (18%), instant messaging (11%).
- And few believe that technology actually enhances personal relationships with co-workers (Gen Z 13%, Gen Y 14%).

Technology is a distraction

- Slightly more than one-third (37%) of Gen Z ranked **instant messaging as the biggest work distraction**, followed by Facebook (33%) and email (13%).
- Gen Y reports being most distracted by email (31%), Facebook (28%) and instant messaging (25%).

Company Succession as a change project

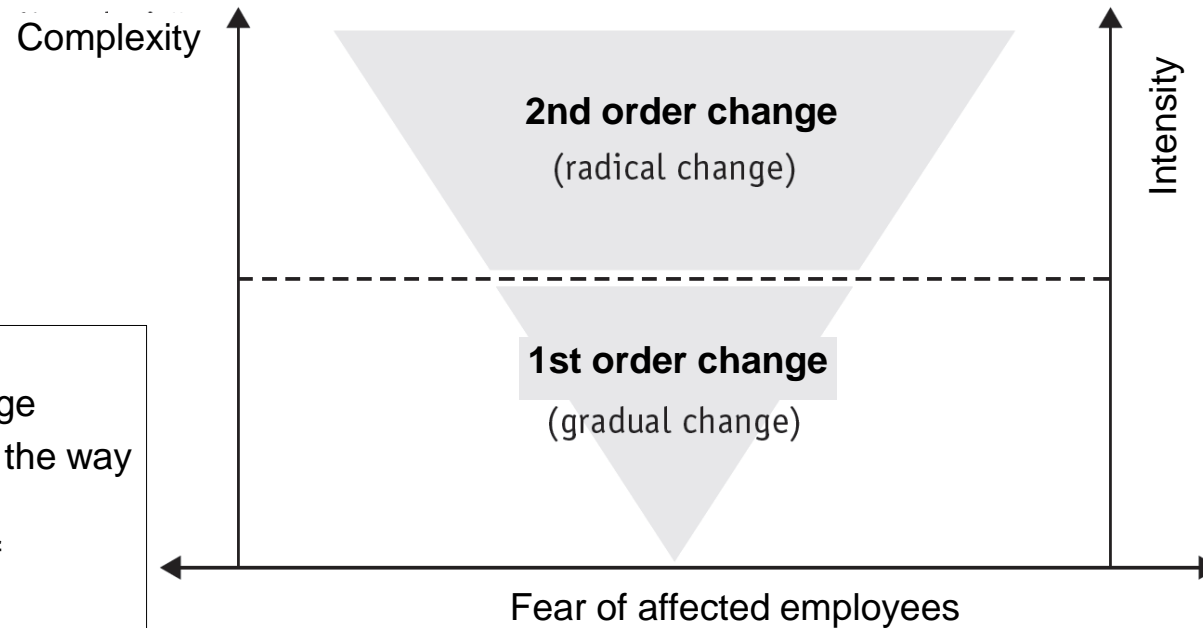
Company succession involves many changes at different levels of the company.



Change triggers fears of employees

1st order change

- evolutionary/adaptive change
- incremental modification of the way of working...
- no fundamental redesign of corporate values, strategy, behavioral norms, processes, etc.



2nd order change

- revolutionary/transformational change
- drastic, paradigmatic change in the way of working...
- encompasses the entire organization at all levels
- discontinuous, "from one day to the next"

(Vahs 2015, S. 265)

Change triggers resistance

- Change = loss of stability and security = uncertain future
- Restriction of previous freedoms and loss of control

 insecurity and fear, helplessness  **resistance**

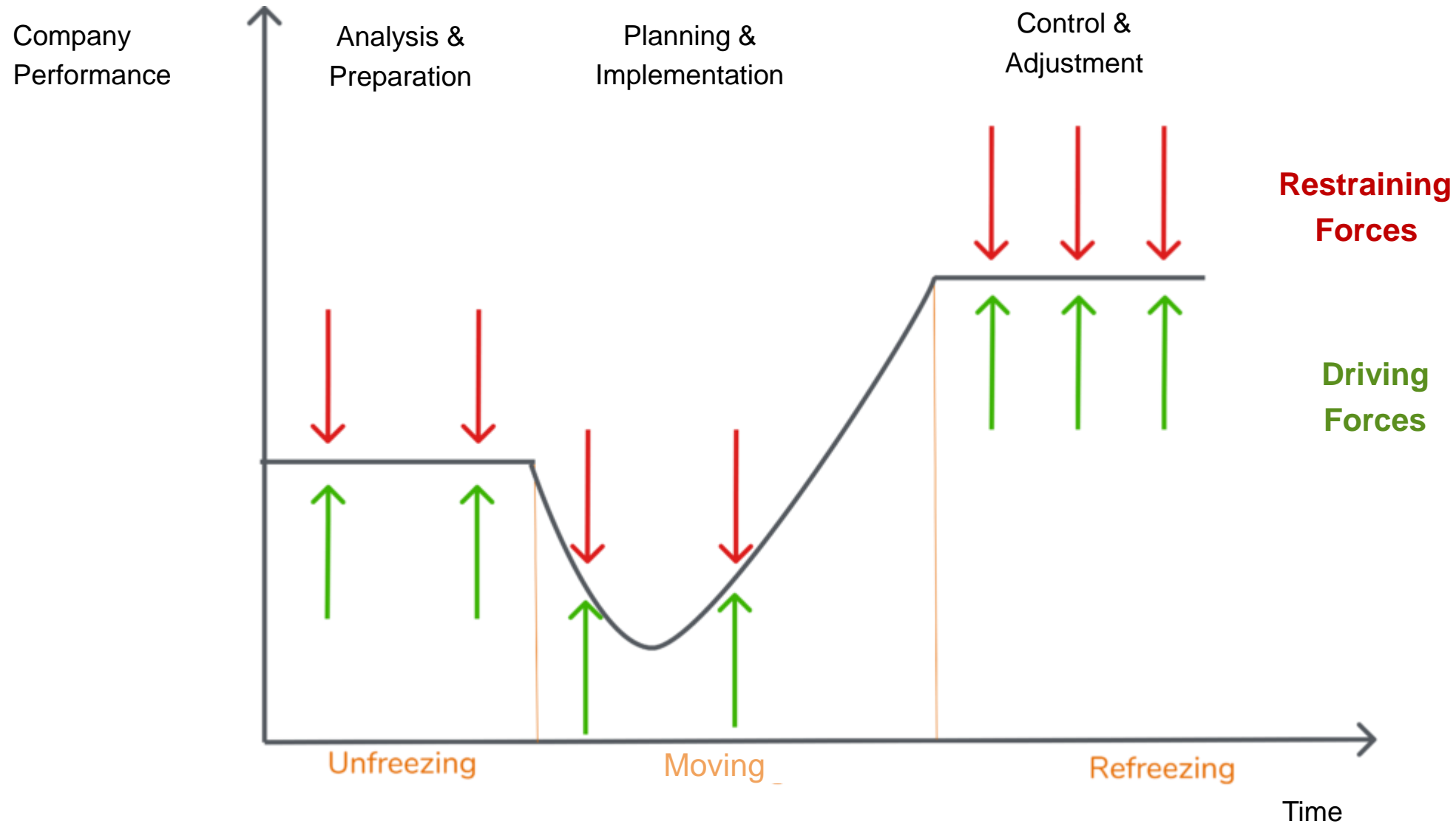
**Resistance is understood to be mental barriers
that manifest themselves in an active or passive rejection of change**

Causes of resistance:

- Lack of willingness to adapt (not wanting to).
- Lack of adaptability (not being able to)

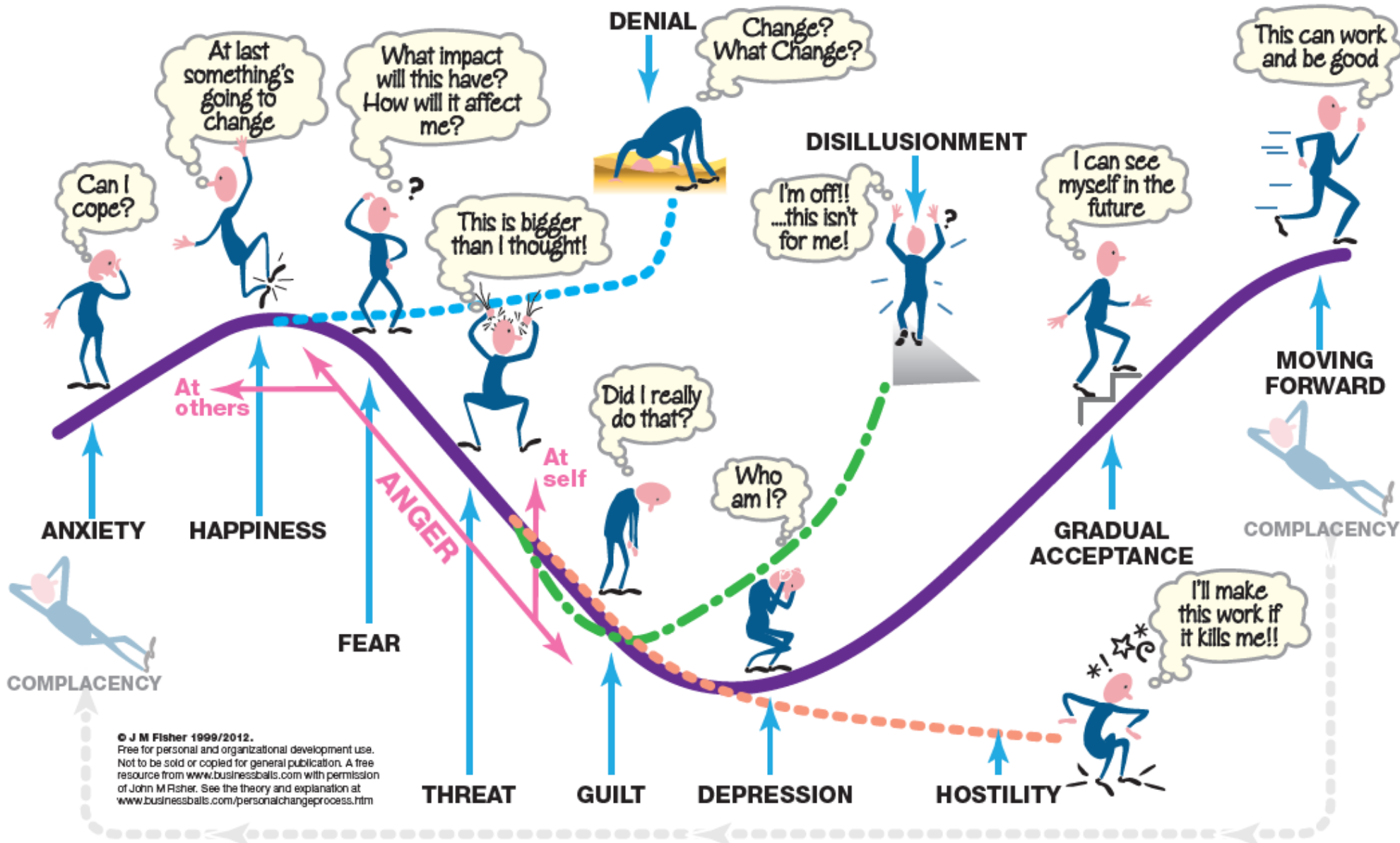
 rejection due to lack of ability to change values, ways of thinking and behavior.

Kurt Lewin's Change Model

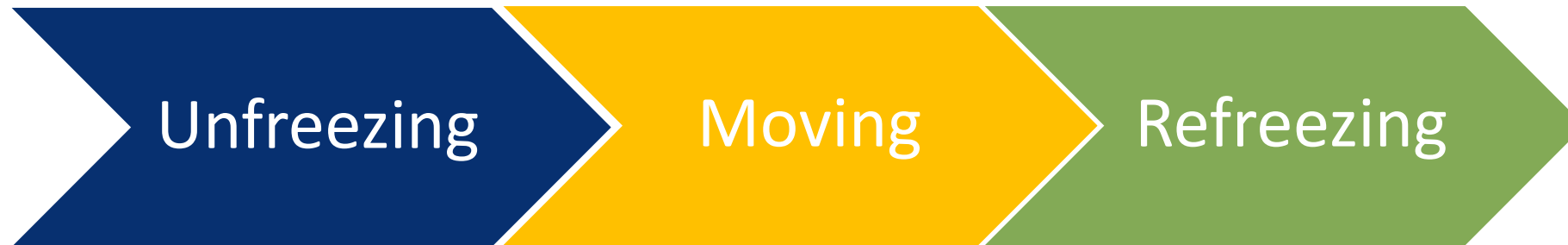


Behavior and feelings in the change process

(Fisher's Personal Transition Curve - John Fisher, 2012; Adoption of the Kübler Ross Model)



Possibilities of designing the change process



1. Recognize the need for change
2. Determine what needs to change
3. Encourage the replacement of old behaviors and attitudes
4. Ensure there is strong support from management
5. Manage and understand the doubts and concerns

1. Plan the changes
2. Implement the changes
3. Help employees to learn new concept or points of view

1. Changes are reinforced and stabilized
2. Integrate changes into the normal way of doing things
3. Develop ways to sustain the change
4. Celebrate success

Discussion:

- What could be driving and restraining forces in a company succession process?
- What could the (old) company owner and the successor do to strengthen the driving forces and to transform the restraining forces in the different phases of the change process?