

Foreword

The design of organizational change has become a permanent managerial task in order for organizations to adapt to their environment or to exert influence on it. Accordingly, change in organizations can be reactive and proactive; either as a response to new demands which exert influence on the organization from outside, or as a deliberate measure to gain competitive advantage. Drivers of change and its management are the focus of Nicole Zimmermann's dissertation. It explains change in organizational structures and processes by the interaction of internal and external stimuli. Here, it addresses the question of why some organizations are able to recognize new challenges early on and face them adequately, while others persist in their habituated structures and behavior patterns and are finally driven out of the market.

Two major research questions are at the core of the investigation: (i) what are the drivers of organizational change, and (ii) is a history of successful change processes helpful or obstructive for further change? As such, problems are investigated as to why companies in a more specific sense and organizations in a more general sense have difficulties to change their strategies which have proven successful in the past whenever circumstances change. It is an important methodological characteristic of the stated problem and indeed a trivial fact that organizational change is a highly dynamic phenomenon. However, much research that addresses this topic employs methods that are adequate for static subjects of study. Often, this results in considerable differences in organizational theories and in their statements concerning change.

The example of the New York Stock Exchange (NYSE) represents the basis of an extensive investigation of processes of inertia and change in an organization that has been successful for a very long period of time and then ran into difficulties that threatened its continued existence. The case study is used in order to collect data of a concrete example, to formulate hypotheses and to test them. Methodologically, the system dynamics approach is used because it is equally appropriate for theory formulation and the analysis of a case study. The author develops a formal model which can later be used for computer simulation. It is based on a multitude of also qualitative data that she derived predominantly from weblog entries and a number of interviews with employees of the New York Stock Exchange. She succeeds at developing hypotheses, at postulating causal relationships, at testing them by analyses, and at developing them further.

The research question focuses on the transition from manual to electronic securities trading, which had been delayed for a long period of time, but which has since been implemented very quickly. Different periods, resistance, and impulses for change are analyzed, formed into hypotheses, and transferred to a model format. The comparison of simulated behavior over time with empirical data shows high consistency. The combination of exogenous pressure for the abandonment of manual

trading with endogenous actions by the management team creates a process that quickly transforms the habituated behaviors at the NYSE.

The statements and insights which have been derived from the case study are generalized in order to derive the basic elements of a theory of organizational change. For this purpose, the original model that analyses a specific situation is transferred into a generic one that represents an entire class of applications. Elaborations on this generic model, its structure, and its behavioral patterns allow the author to gain insight into the processes of organizational change.

Drivers of and resistance to change, external and internal factors, perception and actions of the management team are represented, analyzed, and consolidated towards the direction of a system of hypotheses—a theory—of organizational change.

The analysis reveals that both developments in the environment and decisions by the managerial team determine the evolution of organizations. Additionally interests of stakeholders and the cognitive flexibility of the management team play a decisive role. In particular, the behavior of stakeholders can be used as a valuable source of information about the organizational environment.

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