

Module: Change and Stability Management

Handout Seven (2023)

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Dr. Joe Leung is the Sustainable Strategy Adviser of Organisational Learning Consultancy Limited. Dr. Leung's work begins with examining the company as a "Resilient Organization", in which case its survival relies on the management team's response to external opportunities/threats, that is its ability to adapt to change. Dr. Joe Leung has promoted corporate governance training and consulting services in Hong Kong, and participated in the government project: "Corporate Governance Toolkit-From Guidelines to Implementation". With the Corporate Governance Framework, Dr. Leung helps 50 clients overcome the growth and sustainability challenges and embark on the journey of corporate change. Dr. Leung works with his clients in four main areas:

- Corporate Leadership
- Corporate Sustainability
- Corporate Governance System
- Corporate Change

Under his coaching and consultancy practice, his clients won "The Directors of the Year Awards: ESG and Corporate Governance" in 2019, 2020 and 2022 organized by the Hong Kong Institute of Directors. In addition, Dr. Leung has also assisted his client to win the ESG Achievement Gold Award 2022 from The Institute of ESG & Benchmark.

In the past 19 years, more than 9,800 directors, executives and managers attended Dr. Leung's executive workshops that helped them broaden their strategic horizons and led them to the path of business growth and sustainability in the turbulent world.

Leading Change

Speed of change is the driving force. Leading change competently is the only answer.

John Kotter

What leading sustainable change entails

One of the most challenging functions and requirements of leaders in organizations

Entails showing the way and helping or inducing others to pursue it

7.1 Six Sore Themes and Practices in Leading Organizational Change

- Vision: Vision for change
- Purpose: Purpose of change
- Share Value: Values associated with change
- Strategy: Strategy for change
- Empowerment: Empowering people for change
- Engagement: Engaging people in change

Source: Julie Hodges and Roger Gill (2011), **Sustaining Change in Organizations**, SAGE Publications.

A Model of Six Core Themes and Practices of Effective Leadership



Vision

A vision for change

- Effective leaders define and communicate a valid and appealing vision of the future
- Effective leadership is the key to making change effective and sustainable because it provides the vision and the rationale for change
- Useful visions for change have several common characteristics

Steps in developing a vision for sustainable change

1. Clarify the need for the change
2. Describe the future state and its benefits
3. Identify what the change will mean to the people involved and how their lives will change
4. Outline the path for transition between current and desired states
5. Assess and reinforce the power and relevance of the change vision

Purpose

The purpose for change

- Effective leaders define and communicate a valid and appealing purpose for change
- Purpose (or mission) together with a vision for change is the driving force for change
- A strong sense of shared purpose throughout the organization maximizes the likelihood of sustainable change
- Considering several questions is the basis for the steps to take in defining the purpose for change

Share values

Values underpinning sustainable organizational change

- Effective leaders identify, display, promote and reinforce shared values that inform and support the vision, purpose and strategies for change
- Values are principles or standards in intentions and behaviour that are considered to be important or beneficial
- Values are part of culture
- Change initiatives and core values must reflect and inform each other for sustainable change
- Such shared core values maximize the likelihood of sustainable organizational change

Question and Answer



Strategy

Strategy for change

- Without strategies, vision is a dream
- Effective leaders develop, communicate and implement rational strategies for change that are informed by shared values and serve the organization's vision and purpose
- Strategies are ways of pursuing the vision and purpose, identifying and exploiting opportunities, and anticipating and responding to threats
- Developing and implementing change strategies require consultation, commitment of those involved and effective communication

Empowering

Empowering people for change

- Effective leaders of change empower people to be *able to do* what needs to be done
- Successful and sustainable change depends on people empowered to achieve it
- Empowerment is giving people the knowledge, skills, self-confidence (self-efficacy), opportunity, freedom, authority and resources to manage themselves and be accountable for their performance
- Empowering people for change requires understanding the barriers to it and the facilitators of it that are involved and skilfully acting accordingly

Engagement

Engaging people in change

- Effective leaders engage people in the change effort by influencing, motivating and inspiring them to *want to do* what needs to be done
- Engaging people in a change effort is perhaps the most difficult part of leading organizational change but is also critical to its success and sustainability
- Engagement is intellectual, emotional and spiritual commitment to what one is doing, shown by discretionary attention and effort devoted to it
- Engagement of followers is the essence of what is known as transformational leadership
- Engagement encourages creativity, which can lead to innovation
- The many ways of influencing, motivating and inspiring people are both intrinsic, through, for example, meaningful work, and extrinsic, such as inspirational language

Dispersed leadership for change

- Change leaders exist at all levels throughout an organization
- Collective action in leading change is more likely to achieve successful and sustainable change

Question and Answer



7.2 Managing Change

Leading change and managing change are different but mutual processes: each is necessary, but neither is sufficient alone.

Resistance to change

Resistance to change: an emotional/behavioral response to real or imagined work change.

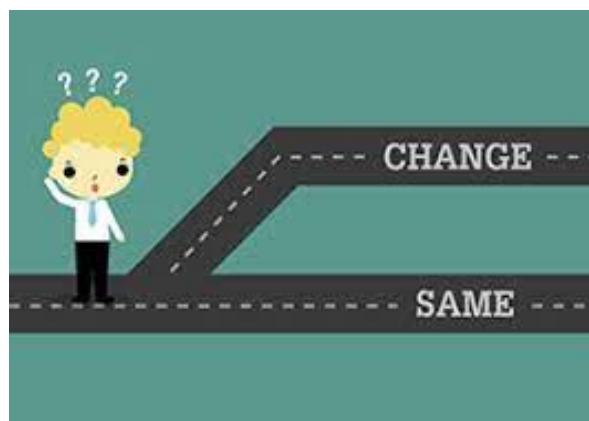
The leading reasons why people resist change are:

- An individual's predisposition toward change
- Surprise and fear of the unknown
- Climate of mistrust
- Fear of failure
- Loss of status and/or job security

Leading Reasons Why People Resist Change:

- Peer pressure
- Disruption of cultural traditions and/or group relationships
- Personality conflicts
- Lack of tact and/or poor timing
- Non-reinforcing reward systems

Question and Answer



Assessing an organization's readiness for change

- Why is readiness for change an important consideration?
- What survey questions resulted in the lowest readiness for change?
- Why did this occur?
- What can managers do to prepare an organization for change?

Strategies for overcoming resistance to change

Approach	Education + Communication	Participation + Involvement
<i>Commonly Used in Situations</i>	Where there is a lack of information or inaccurate information and analysis	Where the initiators do not have all the information they need to design the change and where others have considerable power to resist
<i>Advantages</i>	Once persuaded, people will often help with the implementation of the change	People who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan
<i>Drawbacks</i>	Can be very time consuming if lots of people are involved	Can be very time consuming if participators design an inappropriate change

Approach	Facilitation + Support	Negotiation + Agreement
<i>Commonly Used in Situations</i>	Where people are resisting because of adjustment problems	Where someone or some group will clearly lose out in a change and where that group has considerable power to resist
<i>Advantages</i>	No other approach works as well with adjustment problems	Sometimes it is a relatively easy way to avoid major resistance
<i>Drawbacks</i>	Can be time consuming, expensive, and still fail	Can be too expensive in many cases if alerts others to negotiate for compliance

Approach	Manipulation + Co-optation	Explicit + Implicit Coercion
<i>Commonly Used in Situations</i>	Where other tactics will not work or are too expensive	Where speed is essential and where the change initiators possess considerable power
<i>Advantages</i>	It can be a relatively quick and inexpensive solution to resistance problems	It is speedy and can overcome any kind of resistance
<i>Drawbacks</i>	Can lead to future problems if people feel manipulated	Can be risky if it leaves people mad at the initiators

Question and Answer



Managing Change

- Effectively addressing an important organizational challenge almost always means that something in the organization must change
- Sometimes the changes are small e.g. change in a procedure, a rule, the way work is organized, or in how people interact with colleagues, subordinates, or clients.
- Sometimes the changes are larger and require a shift in priorities and strategies or a change in the services and products offered by the organization

Change creates unexpected consequences in the organization

- A leader's task is to systematically plan for the change by initiating, organizing, managing, and monitoring the change process.
- Leaders need to be familiar with the behaviors, methods, and techniques for successfully introducing change and anticipate the consequences.
- Successful management of change includes creating conditions (climate, rewards, encouragement, inspiration, resources) that encourage stakeholders to get involved
- All of these changes alter the usual ways of working, and sometimes the prevailing patterns of power; *leading change is not for the 'faint hearted'*

Human reactions to change

- If we look at the changes over the last 200 years, it is remarkable how good we are as human beings in adapting to change.
- Some changes have made life better and others have made it worse
- When people perceive a change as bad, they tend to push back.
- This resistance can take various forms: passive resistance, active resistance, sabotage, or lethargy (indifference)
- In organizations we call all this "resistance to change";
- Between organizations, or even nations, we may call this competition or even war.

Human reactions to change

- One thing we can learn from history is that most human beings resist being changed.
- If the initiators take pains to involve, listen to, and empower people in the process, outcomes almost always are different from when the initiators impose the change.
- Rather than saying “people resist change,” it is much more practical to say “people resist being changed,”
- Change is a phenomenon that, in itself, is neither good nor bad. It is our reaction to change that gives it a value and that leads to either cooperation or resistance.

Human reactions to change

Our first reactions are influenced by what we think we will gain or lose:

- If the initiators engage us in conversations, public debate, negotiation and we feel that our views are being listened to, we may eventually change our minds
- If we do not feel listened to we tend to respond to change by digging in our heels, by sabotaging, or disengaging altogether.

Leading change: Common errors in change initiatives

- Allowing too much complacency
- Failing to create a sufficiently powerful guiding coalition
- Underestimating the power of vision or under communicating the vision
- Permitting obstacles to obscure the new vision;
- Failing to create short-term wins or declaring victory too soon;
- Neglecting to anchor changes firmly in the corporate culture.
- The problem with failed change initiatives is not only wasted time and other resources, but, more importantly, the wasted good will of employees
- Failed change creates cynicism, and cynicism acts like a virus in an organization: it spreads rapidly and makes future change initiatives less likely to be embraced

Question and Answer



7.3 Leading and Managing Change: Eight Stages of Change

John Kotter proposes a sequence of eight stages when initiating any change. The following is a description of Kotter's eight stages:

Eight stages of change

1. Establishing a Sense of Urgency

- We need to communicate that the need for change is unavoidable.

2. Creating the Guiding Coalition

- Which allies should be included in such a guiding coalition?

3. Developing a Vision and Strategy

- Generate a point of reference in the future.

Eight stages of change

4. Communicating the Change Vision

- Articulating the vision and strategy is important, but not sufficient.

5. Empowering Broad-Based Action

- People are energized and they take initiative, risks and innovate

6. Generating Short-Term Wins

- People need concrete reinforcement through some tangible short-term wins

7. Consolidating Gains and Producing More Change

- We build on current gains to create more change and sustain the innovations

8. Anchoring New Approaches in the Culture

- The have to cultivate the new change as a culture or norm of the organization

Question and Answer

