



PEOPLE FACTOR IN INTEGRATED DEVELOPMENT: A CASE OF CHAMPIONING CHANGE

Dr Ajantha Dharmasiri

Senior Faculty Member - Postgraduate Institute of Management

Overview

Human resources have long been hailed as the most precious resource in any organization. One cannot consider development without the involvement of people. For integrated development incorporating multiple perspectives to take place, people play a pivotal role. This paper focuses on one fundamental requirement for development, which is *change*.

Nature of Change

As we are aware, the only permanent thing in the world is change. Everything is changing, either towards better or worst. Change is crucial for individuals as well as for institutions. Driving change in providing needed leadership is essential for sustainable growth.

It says that the only person who loves change is a baby with a wet diaper. Change is uncomfortable. Human nature is such that there is resistance to move beyond comfort zones. Renowned Novelist D. H Lawrence puts this so vividly: "No one fears a new idea, what they fear is a new experience". Telling is easy and doing is difficult. That's why you need to drive change. There are many instances both local and overseas, where change initiatives have failed due to lack of leadership.

Whether we like it or not, it has become a competitive necessity in an increasingly competitive world. As Charles Darwin said, "it is not the strongest species that survive, nor the most intelligent, but the ones who are most responsive to change". Whether you *distinct* or *extinct* will depend on how you respond to change. It can be a case of being a victor or a victim.



Types of Change

There are essentially two kinds of change, evolutionary and transformational. Let's look at the organizational context. Evolutionary change involves moving incrementally towards the future vision of the organization and achieving the desired transition in short steps. It is all about being "slow and steady". Transformational change, on the other hand, occurs where there is a pressing need for urgent, substantial change. It is a case of being "speedy and solid". Where a case for significant reform and modernization has been identified, a transformational change management approach is required.

Transformational change is difficult to drive but having a long-term impact. It may need a fundamental reorientation in the way in which the organization operates.

Kurt Lewin, a change management expert discussed way back in 1943, a three-step concept to the change management process. As he puts it briefly and brilliantly, such a process is structured around three interrelated activities:

- *Unfreezing* the existing organizational structures, systems and procedures
- *Implementing* changes to create the desired organizational outcomes
- *Refreezing* the organization.

Lewin also uses an interesting metaphor to describe the process of change. He suggested that that changing an organization is like navigating a large ship across calm waters. The captain makes the occasional adjustment to the ship's course, there is furious but coordinated activity while the ship reorients it, and then the whole ship moves off calmly in a new direction.

Leadership and Change

Riding a constant wave of organizational change is very difficult for employees. In fact, it often results in a risk-averse response in which employees want to rest in their comfort zone. This avoids dealing with the new demands, new processes, and new expectations

How, then, can a leader convince his risk averse followers to catch the next wave of change with him or her and embrace the change, knowing that the ride may not always look comfortable, safe or enjoyable? This in fact is a critical challenge.

As we know, leadership is all about inspiring, influencing and instructing a team towards an identified goal. It is a journey to make a dream a reality. In such a journey, obstacles become opportunities and stumbling blocks become stepping stones. Yet, it is not a rosy path at all.



Leadership Styles and Scale of Change

What leadership style will lead to what type of change? It opens us a variety of scenarios. The model developed by two leadership researchers, Dunphy and Stace (1991) offer many insights with this respect. Figure 1 contains the details.

FIGURE 1. Leadership for Change

		Scale of Change	
		Minor	Major
Leadership Style	Collaborative	Participative Evolution	Charismatic Transformation
	Coercive	Forced Evolution	Dictatorial Transformation

Source: Adapted from Dunphy and Stace (1991)

As the above figure depicts, scale of change can be either major or minor. Minor change initiatives include: fine tuning and incremental adjustments. Fine tuning is getting a better 'fit' between what is and what should be. It may include refining policies and procedures, clarifying established roles with their associated powers and accountabilities, and developing people to undertake a particular role. Incremental adjustments are distinct modifications. They include shifting the emphasis among priority services or strategies, improving process technology and adjusting organizational structures.

Major change may refer to modular or corporate transformation. Modular transformation means a major re-alignment in one part of the organization. Examples could be major restructuring of a work area/division, new appointments to key management positions in a particular work area/division or an introduction of significant technological changes affecting a key work area/



division. Corporate transformation refers to strategic whole-of-organization change. Such change may include major changes in organizational structure, systems, and processes and reformed organizational mission.

Based on the above model, we can identify two different style of leadership.

Collaborative:

This involves high levels of participation by followers in making important decisions and implementing such decisions. The key word is leader working with the team showing a high level of participation.

Coercive:

Here, the reference is to apply force. It can be the executives of same organization. Or, it can even be the outside bodies forcing changes on the organization. The team will oblige as there is no choice.

Based on the two scales or change and two style of leadership, four different scenarios emerge. Let's look at them and see the relevance to Sri Lanka.

Four Scenarios of Change

Based on Dunphy and Stace (1991) model, the following scenarios can be possible.

1. Participative Evolution

It refers to collaborative leadership style for a minor scale of change. A manager working with a departmental team in improving the orderliness of the department is one such example. Many such success stories can be found in Sri Lankan organizations. Popularity of quality circles in both manufacturing and service organizations is an indication of the presence of participative evolution.

2. Charismatic Transformation

Here is a case of collaborative leadership style with a major scale of change. A manager working with a departmental team to launch a new product or to introduce a new service is one such example. The emphasis on the term charismatic refers to the energy and enthusiasm demonstrated in the process of major change. How Sri Lankan apparel sector faced the GSP issue with the urgent need for cost-reduction highlights the local presence of charismatic transformation.

3. Forced Evolution

It refers to applying of pressure to make minor change happen. The indications are that the relationship between the leader and the team is not so solid for the leader to convince the team to work together for change. It can also be a case of high resistance from the team. A manager working with a departmental team to increase punctuality or



to reduce absenteeism is one such example. Traditional workplaces with outdated personnel management practices in Sri Lanka may fall into this category of change.

4. Dictatorial Transformation

There is where coercive leadership style is associated with major change. One may hail this as a sure success with local and global examples. There are instances where force is the only language a team will understand. However, long term sustainability of results will be difficult as there will be neither ownership by the team nor the willing corporation by them.

One may not find a perfect approach that will fit universally to all change initiatives. Perhaps, coercive style also may have its usages in the short or even in the medium run. However, in the long run, participatory approach will give a sustainable harvest.

Making Change Sustainable

John Kotter, an authority on leadership and change and also a professor at Harvard claims that 70 percent of the major change initiatives in organizations fail. Based on his findings, he has identified an eight-stage process for achieving successful change in an organization. What Kotter (1997) shares with regard to change are consistent with several other research findings such as Bruch & Ghoshal (2002), Conner & Ulrich (1997) and Miles(2010).

According to Kotter (1997), the first four steps in the transformation process help defrost a hardened status quo. "If change were easy, you wouldn't need all that effort, says him. Steps five to seven then introduce many new practices. The last stage grounds the changes in the corporate culture and helps make them stick.

Eight Stage Process

It is worthwhile to look into Kotter's eight-stage process and to see its relevance to Sri Lankan managers. Let's go step by step.

Step 1: Establishing a Sense of Urgency

According to Kotter, establishing a sense of urgency is necessary to gaining the cooperation needed to drive a significant change effort. Most companies ignore this step - indeed close to 50 percent of the companies that fail to make needed change make their mistakes at the very beginning. He is of the view that leaders may underestimate how hard it is to drive people out of their comfort zones, or overestimate how successfully they have already done so, or simply lack the patience necessary to develop appropriate urgency.

Leaders who understand the importance of a sense of urgency are good at taking the pulse of their company and differentiating between complacency, false urgency and true urgency. For



those that determine that true urgency is insufficient - and it often is - there are some tried and true approaches to developing it and one way that is almost certainly doomed to failure.

Sri Lankan managers, the way I see, have somewhat been successful in establishing a sense of urgency.

Step 2: Creating the Guiding Coalition

As Kotter rightly says, no one person, no matter how competent, is capable of single handedly doing the vital things. These include developing the right vision, communicating it to vast numbers of people, eliminating all of the key obstacles, generating short term wins, leading and managing dozens of change projects and anchoring new approaches deep in an organization's culture. Putting together the right coalition of people to lead a change initiative is critical to its success. That coalition must have the right composition, a significant level of trust, and a shared objective.

Too often companies that start a change initiative create a low credibility committee to drive the change. When this happens, things limp along until the initiative falls apart. These efforts are doomed from the start and, as a result, the company's competitive position gets a little weaker and the industry leader get a little further ahead.

Sri Lankan managers also face with the dilemma of selecting the right people in driving change. Sometimes such guiding coalitions have acted as true catalysts in ensuring change whilst others have ended up being catastrophic. We have many examples for both of the above cases.

Step 3: Developing a Change Vision

A clear vision serves three important purposes, says Kotter. First, it simplifies hundreds or thousands of more detailed decisions. Second, it motivates people to take action in the right direction even if the first steps are painful. Third, it helps to coordinate the actions of different people in a remarkably fast and efficient way. A clear and powerful vision will do far more than an authoritarian decree or micromanagement can ever hope to accomplish.

As research has found, many visions are deceptively mundane. Often the vision is part of a larger system that includes strategies, plans and budgets. However, the vision is the glue that holds these things together and makes sense of them both for the mind and the heart. A good vision can demand sacrifices in order to create a better future for all of the enterprise's stakeholders.

With regard to Sri Lankan scenario, we can see a growing awareness of the need to have a vision. Multinationals and blue-chip conglomerates are spearheading the move in being more strategic. However, forming a vision is just one step. Sharing of it and getting the required support for it from all concerned is the thing that needs major improvements.



Step 4: Communicating the Vision for Buy-in

Gaining an understanding and commitment to a new direction is never an easy task, especially in complex organizations. As Kotter observe, under-communication and inconsistency are rampant. Both create stalled transformations.

Research has found that most companies under-communicate their visions by at least a factor of 10. A single memo announcing the transformation or even a series of speeches by the CEO and the executive team are never enough. To be effective, the vision must be communicated in hour-by-hour activities. The vision will be referred to in emails, in meetings, in presentations – it will be communicated anywhere and everywhere.

Sri Lankan managers are no better. We see major communication gaps in the areas of getting the buy-in for change initiatives. Every human being is interested in knowing how a new initiative can impact him/her. Some of the recent protests by several segments of the local society are a clear indication of this aspect not properly taking place.

Step 5: Empowering People and Removing Barriers

Kotter says that empowering employees involves addressing four major obstacles: structures, skills, systems and supervisors. Structural Barriers are often the internal structures of companies work as cross-purposes to the change vision. An organization that claims to be customer focused finds its structures fragment resources and responsibilities for products and services.

Realigning incentives and performance appraisals to reflect the change vision can have a profound effect on the ability to accomplish the change vision, observes Kotter. Management information systems can also have a big impact on the successful implementation of a change vision. Up-to-date competitive information and market analysis and the ability to communicate powerfully and effectively throughout the company in a cost effective way can speed up feedback loops and provide information necessary for people to do their jobs more efficiently.

Another barrier to effective change can be troublesome supervisors. Often these managers have dozens of interrelated habits that add up to a style of management that inhibits change. They may not actively undermine the effort, but they are simply not “wired” to go along with what the change requires. Sri Lanka has got them in abundance.

Step 6: Generating Short-term Wins

According to Kotter, for leaders in the middle of a long-term change effort, short-term wins are essential. Running a change effort without attention to short-term performance is extremely risky. The Guiding Coalition becomes a critical force in identifying significant improvements than can happen between 6 and 18 months. Getting these wins helps ensure the overall change initiative’s success. Research shows that companies that experience significant short-term wins by fourteen and twenty-six months after the change initiative begins are much more likely to complete the transformation.



To ensure success, short term wins must be both visible and unambiguous. The wins must also be clearly related to the change effort. Such wins provide evidence that the sacrifices that people are making are paying off. This increases the sense of urgency and the optimism of those who are making the effort to change. These wins also serve to reward the change agents by providing positive feedback that boosts morale and motivation. The wins also serve the practical purpose of helping to fine tune the vision and the strategies. The guiding coalition gets important information that allows them to course-correct.

As we have seen in Sri Lanka, short-term wins also tend to undermine cynics and self-serving resistors. Clear improvements in performance make it difficult for people to block the needed change. Likewise, these wins will garner critical support from those higher than the folks leading the change (bosses, board and shareholders). Finally, short-term wins have a way of building momentum that turns neutral people into supporters, and reluctant supporters into active helpers.

Step 7: Never Letting Up

Emphasis here is to use increased credibility to change systems, structures and policies that do not fit the vision. It also included hiring, promoting and developing employees who can implement the vision. Reinvigorate the process with new projects, themes, and change agents are a matter of priority.

In Sri Lanka we are mostly starters and not finishers. The relatively higher number of foundation stones compared to the completion plaques is one such evidence. Constant focus in driving change towards success is what we should do more.

Step 8: Incorporating Changes into the Culture

Culture is how people collectively behave with shared norms and values. Gert Hofstede, the veteran Dutch anthropologist calls it “collective mental programming”. Articulation of the connections between the new behaviors and organizational success is the essential requirement here. The need to develop the means to ensure leadership development and succession also occupies high prominence.

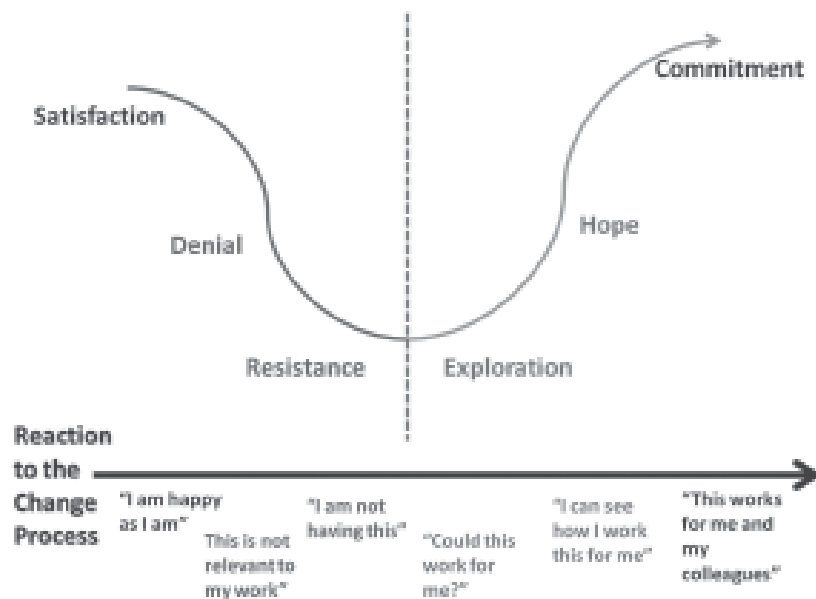
This also is a significant area for improvement for Sri Lankan managers. I have personally witnessed many instances how a massive change initiative dies down in the face of a leadership change. The crux of the change has not planted in the organizational culture and as such when people come and go, change initiatives also will be short-lived. The sure cure is to develop awareness and conduct attitudinal training in order to embed the change in the culture.



Change and Comfort

Change invites you to move beyond a comfort zone. It applies to individuals, interactive teams and also to institutions. Both in the private and public sectors, change has become simply a necessity. One way of understanding how humans go through change is to look at what Kubler-Ross (1969) calls the Change Curve. Figure 2 depicts the details.

FIGURE 2. Change Curve



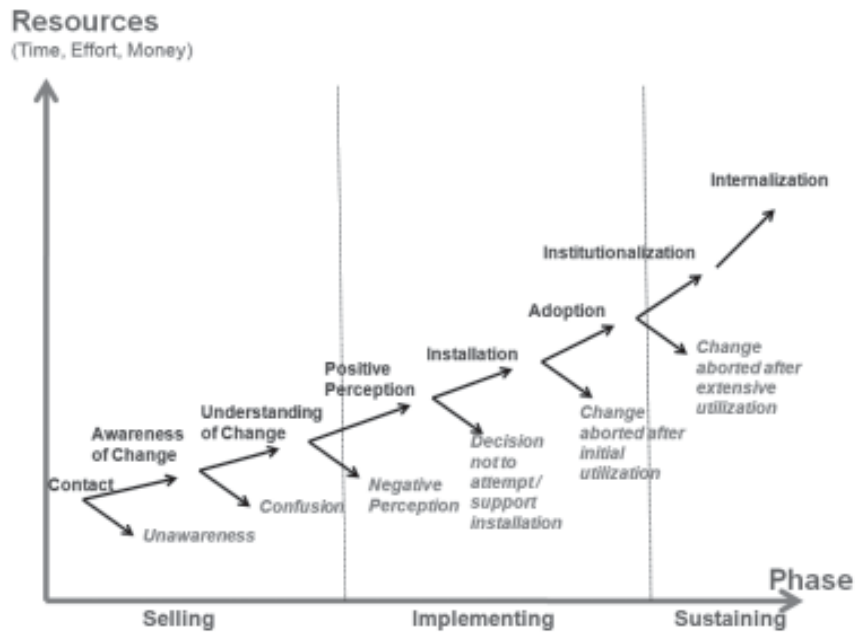
Source: Kubler-Ross (1969)

As the above figure shows, it is a case of moving from satisfaction to dissatisfaction and eventually towards more satisfaction. The first reaction is denial. Then it grows to the level of resistance. We have seen this happening in Sri Lankan organizations many an occasion. This is the point where the change trigger happens. A gradual shift from *excusing, evading and eroding* to *exploring, expanding and excelling* takes place. End result should be commitment towards better results as a truly converted individual.

Conceptually it sounds clear. Challenge is the implementation. Driving change from an institutional perspective is also worth investigating. Bounds *et al* (1992) site an interesting way to drive organizational change using a Phased approach. Figure 3 contains the details of such a change progress curve.



FIGURE 3. Change Progress Curve



Source: Adopted from Bounds et al (1994)

As the above figure aptly demonstrates, driving change goes through three key phases, selling, implementing and sustaining. The arrows downwards indicate how change is aborted, whereas the arrows upwards show the requisite path. Accordingly, the institutional resources should be utilized towards what Bounds et al (1992) call the internalization of change. This is perhaps the most crucial element. Unless and until the change is internalized, there will not be whole-hearted engagement of people.

Way Forward

Championing change is a crucial challenge for corporations. Right blend of leadership style and the scale of change have to be employed in such instances. "Task before self" can be a sensible approach in making them happen. As Harry Truman, a former US president said, "It is amazing what you can accomplish if you do not care who gets the credit". For that to happen, one may need something that does not rapidly change with changing times. This is the "changeless" core of values, leading to consistent ethical behavior.



Sri Lankan organizations should move forward with confidently embracing change in enhancing the economic growth. High-performing Banks can be the forerunners in this journey towards prosperity.

References:

Bounds, G., Yorks, L., Adams, G.M. (1994). *Beyond Total Quality Management: Toward the Emerging Paradigm*, London: Routledge.

Bruch, H. & Ghoshal, S. (2002). "Beware the Busy Manager", *Harvard Business Review*, February: 62 – 69.

Conner, J. & Ulrich, D. (1997). "Human Resource Roles: Creating Value, Not Rhetoric", *Human Resource Planning*, 1 (3), pp. 38 – 49.

Kotter, J. P (2007). "Leading Change", *Harvard Business Review*, Jan.

Kubler-Ross, E. (1969), *On Death and Dying*, London: Routledge.

Lewin K. (1943). Defining the "Field at a Given Time." *Psychological Review*. 50: 292-310.

Miles, R. H. (2010). "Accelerating Corporate Transformations", *Harvard Business Review*, Jan/Feb.

