



# Sector Readiness and Workforce Capacity Initiative

## *Developing Leadership Effectiveness in Uncertain Times*

# Session 3

## Leadership and Change Models

## Session 3: Leadership and Change Models

Leaders need to build relationships that inspire and motivate others to do their best, innovate and adapt. In order to do this well they need to understand themselves, build effective relationships with others as well as understand and influence the system they work in. Leaders can be anyone – those who are taking the initiative to bring others together, those who start something that needs to happen, or who encourage a new way of working. When there are significant changes occurring in an organisation, people can no longer rely on positional authority to get things done – all levels need to be involved.

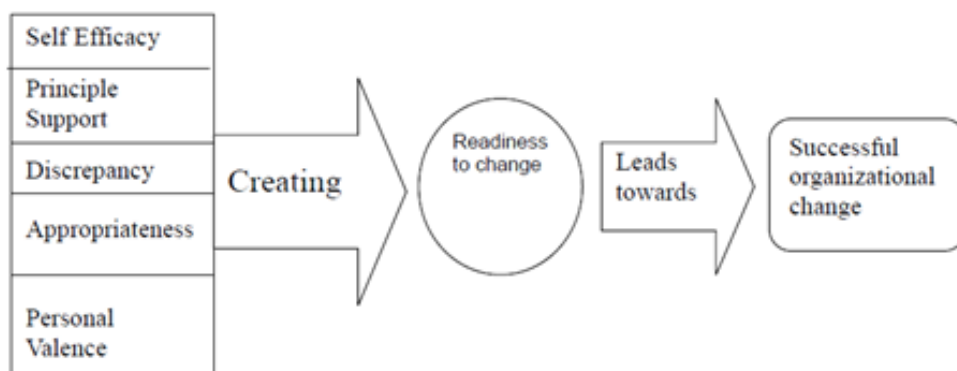
Session 3 explores leadership models and thinking that provide a specific focus on leading change. We will work with Armenakis and Harris' framework describing the factors that impact readiness for change and how these can be assessed and developed and also examine how willingness to learn is directly related to commitment to organisational change. We will also build knowledge and understanding of Heifetz's Adaptive Change model with regard to recognising the bigger picture of transitions for an individual or an organisation.

Finally, there is an overview of Ralph Stacey's model of organisational change and dynamics and tools to apply this in your workplace. Growing our understanding of organisational change tools and how leaders can apply these is necessary for improving the outcomes of the changes for individuals and for the organisation's overall performance.

### Readiness for change

Several studies have shown that where organisational leaders overestimated the degree of preparedness within the organisation and its employees, and did not undertake a process of creating readiness for change, the change efforts either experienced false starts from which they might or might not recover, the change efforts stalled as resistance increased, or the effort failed altogether.

## Staff willingness and organisational change



Source \*Adapted from Armenakis & Harris (2002).

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From research conducted in a range of workplaces, it has been found that in those organisations where the change readiness is high, staff and managers are more likely to exert greater effort, initiate change, demonstrate greater persistence, and generally show more cooperative behaviour. The result of all of this is more effective implementation. These five areas identified in the model that lead to successful organisational change, outline a combination of the individual employee's willingness, as well as the organisational environment and leaders behaviours. They are described in detail below.

#### *Personal Valence*

This relates to the self-interest of those who are carrying out and/or impacted by the change. It is important to ask a number of questions here - Do team members value the specific impending change? Do they think that it is needed, important, beneficial, or worthwhile? The more they value the change, the more they will want to implement the change and engage in the courses of action involved in change implementation. These questions are a useful guide in assessing individuals' initial openness to change.

#### *Efficacy and Appropriateness*

Self-efficacy for individuals means that people in the organisation are confident in their knowledge and skills and their ability to be flexible in times of change. Many people in the middle of an organisational transition to new ways of working will ask themselves – Will my skills be the right fit for our new processes/direction?

Efficacy in an organisation means we have to consider the following: Do we have the resources to implement this change effectively? Do we know what it will take to implement this change effectively? Can we implement this change effectively given the situation we currently face?

Going hand in hand with efficacy, it is appropriate to ask the question -Do we have the right strategy for change? Is what we are planning a match for what is needed? Implementation capability depends in part on knowing what courses of action are necessary; what kinds of resources are needed; how much time is needed; and how activities are to be organised. At this stage of planning, leaders and other team members gauge what knowledge is needed and determine the match between the change task demands and available resources. That is, they assess whether the organisation has the human, financial, material, and informational resources necessary to implement the change well.

#### *Discrepancy*

Discrepancy is really about people understanding the need for change. What is the discrepancy between the reality of the change and people's understanding of the change? Do people in the organisation understand why the change is occurring? Are they able to relate their own work to the new direction? Is there any relationship between what was part of the daily operations and the new way of working? If not, this has to be explained and may need discussion, with trials, reviews and clarification to occur over time. Along the way leaders can ask – where are our people in terms of the change and where do they need to be? What do we need to put into place to assist and support?

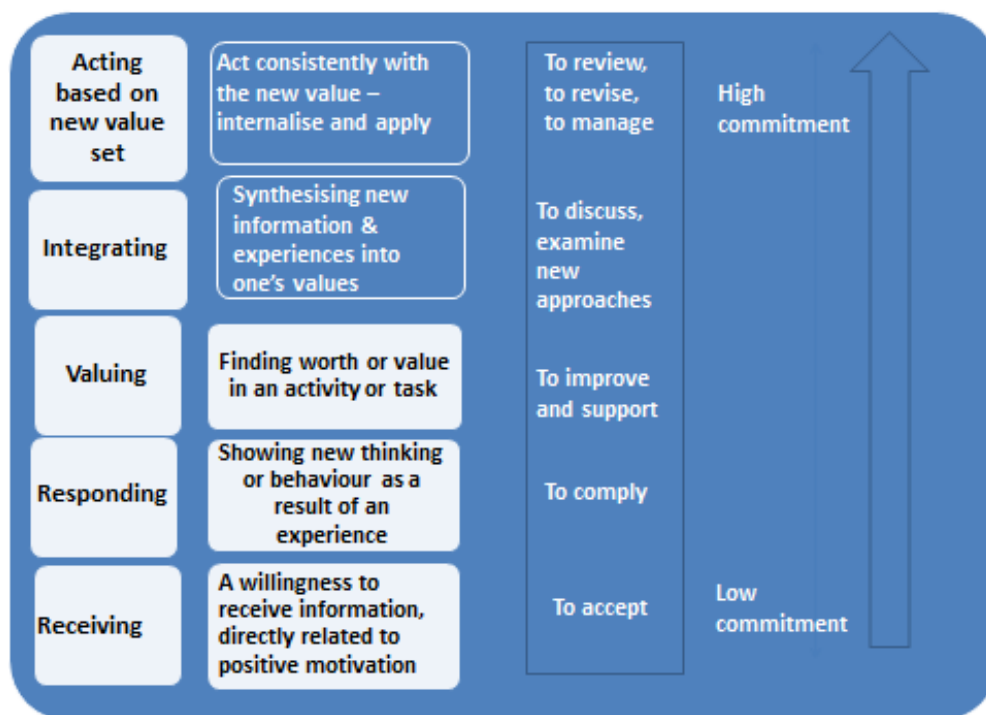
### *Principle Support*

The Principle of Support means that when there is an encouraging climate where organisational members are supported, members feel part of the decision making process and are encouraged to problem solve; and are then more likely to come on board with the changes and are more change ready.

### **Learning and commitment to change**

Because implementation of new changes in an organisation is often undertaken in teams, problems arise when some feel committed to implementation but others do not. It has been noted that members of organisations have several ways of committing to change - they can commit to implementing an organisational change because they want to i.e. they value the change, because they have to or have little choice, or because they feel obliged. Commitment that is based on 'want to' motives reflects the highest level of commitment to implement organisational change.

Learning and change are inextricably linked. As individuals, our willingness to do new things, question our own ways of working, our attitudes and beliefs, are directly related to our success in undertaking change in organisations and in our own lives. Our ability to commit to a new direction or new strategy in our workplaces, is dependent on our motivation and openness to learning



The five levels of learning in the framework above form a continuum of attitudinal behaviour - from awareness and acceptance - to the internalisation of values and attitudes.

At the Receiving level of learning, it is possible for people to start to become aware of what is happening, start to listen and receive new information about the changes, but not yet ready to act. In the second stage, Responding, individuals show active participation, moving from an obedient compliant

response to enjoyment in responding. They may actively participate in discussions which is an indicator they are moving towards Valuing.

When people reach the valuing level of learning, they make a choice to express a belief in what is happening, moving from acceptance of the value of new way of working to preferring it, and then to a stated commitment to work that way. At this level the behaviours of those valuing the change will be akin to them discussing the quality of their own work and performance; openly discussing quality improvement ideas in the workplace.

Integrating – at this fourth level of learning, people have gained deeper understanding of the value of what they are doing and merge it into their own value system.

Acting based on the new value is at the highest level of learning. Here people promote the quality of the system and advocate for the changes. Their value and new way of working has been “internalised” and behaviour is consistently positive and demonstrated in part of their normal operating procedures. They are likely to encourage new staff to take on the change and describe the value of it.

This framework can be used to assess where people are at in terms of their response to change. It is important to note that many people in organisations are at a stage prior to awareness and therefore need to be introduced to change in such a way that they are moving towards the first level of receiving information and starting to show interest.

#### **Leadership and adaptive change**

Adaptive work is required when our deeply held beliefs are challenged; when the values and ways of working that made us successful become less relevant; and when legitimate yet competing perspectives emerge. We see adaptive challenges every day at every level of the workplace—when organisations restructure or reengineer, develop or implement strategy, or businesses are merged. Adaptive challenges are evident in an organisation when the marketing area has difficulty working with operations, when cross-functional teams don't work well, or when senior managers and executives complain that they can't seem to get things done. Adaptive challenges are often systemic problems with no ready answers.

## LEADERSHIP AND ADAPTIVE CHANGE

*"...there's a proportionate relationship between risk and adaptive change: The deeper the change and the greater the amount of new learning required, the more resistance there will be and, thus, the greater the danger to those who lead. For this reason, people often try to avoid the dangers, either consciously or subconsciously, by treating an adaptive challenge as if it were a technical one. This is why we see so much more routine management than leadership in our society." Heifetz*

When there are significant transitions in an organisation, it can require such different ways of operating that it needs an adaptive change approach. Successfully altering the human system is a critical part of adaptive change. Adaptive change is needed when the expertise and tools to run the system no longer exist or have been transformed to such an extent that it cannot quite function in the same way.

In adaptive change people must step outside known patterns of behaviour, and put themselves in jeopardy by becoming part of an emergent system. This requires surrender of personal control, the toleration of uncertainty, the development of a new culture at a collective level and new self at the individual level.

In adaptive change people must step outside known patterns of behaviour; put themselves in jeopardy & become part of an emergent system. They need to:

- |   |   |
|---|---|
| 1 | surrender personal control                  |
| 2 | tolerate uncertainty                        |
| 3 | develop a new culture at a collective level |
| 4 | develop new self at the individual level    |

There are six principles that we can work with in leading adaptive work: getting on the balcony, thinking politically, orchestrating the process, managing our hungers and anchoring ourselves. They are outlined below.

**Get on the Balcony.** Leaders in adaptive change need to move out of the fray to a position from which the patterns revealed by holistic systems thinking are apparent. Personal reflection on individual and group process must take place, serving as a solid foundation for next steps.

### ADAPTIVE LEADERSHIP



**Think Politically.** The relationships between leaders and others in the change process are crucial. Supportive partners must be courted, the opposition closely engaged, and most importantly, those who are undecided actively engaged and start to build ownership of your vision of change.

Key to this strategy is acknowledging the resistance that change brings, including feelings of loss, uncertainty, disloyalty, and even incompetence.

**Orchestrate the Process.** A leader's role is to create a safe yet stressful "holding environment". This is the space where productive dialogue and conflict can be maintained, whilst pacing the work in a manageable way. It is necessary to find many ways to do this over time.

**Manage Your Hungers.** As leaders take up their authority and power to lead changes, their own personal challenges must be addressed. Leadership can be seductive, and the ready availability of or need for power, control, affirmation, and importance must be recognised and managed. These can become blockers to people's effectiveness as leaders. Seeking feedback from others will assist leaders to keep their feet on the ground and connected to their people and aware of their own impacts.

**Anchor Yourself.** Leaders must not confuse themselves with their professional role. They also must recognise the need for a truly trustworthy confidant. Confidants are different to allies in the world of work. They should be people who have no conflicting loyalties and be able to say what a leader needs to hear but may not be able to hear from anyone else. If a leader has a place where they can retreat to engage in personal reflection, this can give provide the necessary re-energising that is needed during the trying challenges of leadership.

Ultimately leadership is a social process that creates meaning through exploration of relationships, values, aspirations, mutual exchange, gaining understanding, and change.

#### **Listening in change**

Another important lesson that Heifetz offered was in regard to leaders who frequently avoided or did not listen to those who disagreed with them. He recommended doing just the opposite – **seek these people out**. In order to refine one's own strategy and respond to the questions of adversaries, we need to listen carefully to the reservations others express. Listening does not mean abandoning your own goal but does it does push a leader to become better informed of others' reservations and thus work more effectively for change.

The adaptive leadership response includes (Heifetz & Laurie, 2001); direction (identifying the challenge and framing the issues); protection (letting the organisation feel tolerable external pressures); orientation (challenging current or quickly emerging roles); managing conflict (exposing or letting conflict emerge); and shaping norms (challenging unproductive norms).

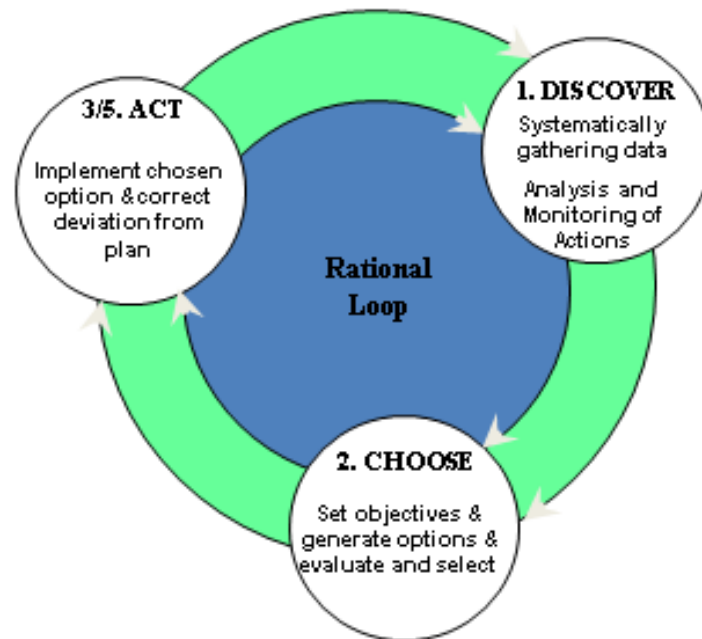




In the previous section the complexities of adaptive change and the leaders challenges were outlined. Here we are building on that work and applying the strategic change and dynamic model.

A key process of organisational life involves the making of decisions and the implementation of those decisions through various means including strategies, policies and plans. How those decisions are implemented, why some change processes are successful and why some are not, is a complex process.

The work of Ralph Stacey (1996) offers some insight into how organisational leaders and managers can better understand exactly what is happening in their organisation when a decision is made or a new project is implemented. The Stacey model is a diagrammatic representation of the flow of information and the reactions that can occur to this flow when certain decisions are made or are not made. It is a complex model of organisational dynamics that offers insights into the rational decision making process and also the non-rational side of organisational change management and leadership.

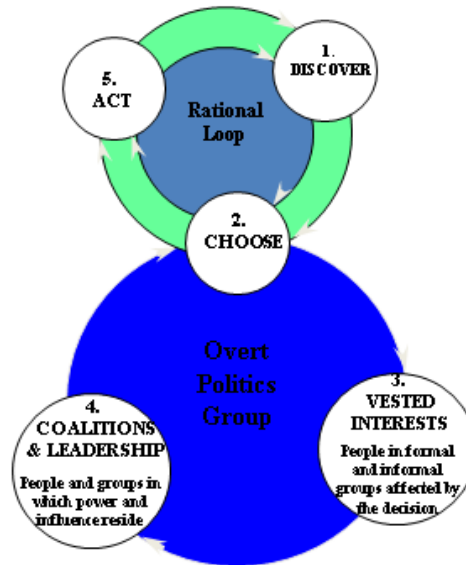


## Rational Loop

At a simple level, the 'Rational Loop' (see diagram above) consists of three steps:

1. Discovery – this is the process of gathering data in a systematic way and analysing it. This forms the basis of choice about performance objectives, the generation of options to achieve them and the evaluation of long term planning effectiveness.
2. Choice – This is the stage at which options are put forward and the decision for one direction/plan over another is made.
3. Action - This is the implementation of the plan, the pragmatic carrying out of choices.

The 'Rational Loop' is the decision making process we most often see in organisational life. It is concerned with decision-making, planning and control. The 'Rational Loop' allows organisational members to plan the steps needed to answer the question 'Where do we want to be?' through a process of analysis of past and present data by the application of rational criteria.



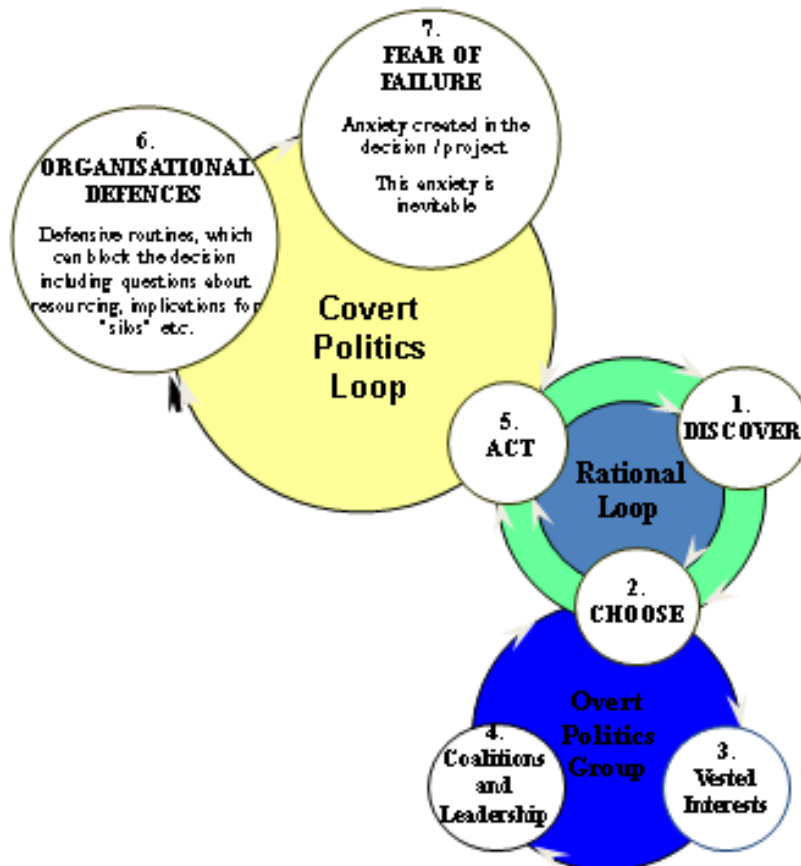
## Overt Politics Loop

If decision and project engagement processes are effective, the 'Overt Politics Loop' is closely aligned with working well and building relationships effectively. It is concerned with the people aspect of organisational life, decision-making and change. When a change process which considers the concerns of people is decided upon and implemented within an organisation the 'Overt Politics Loop' is moved through and feeds back into the 'Rational Loop'. In practical terms this is achieved through the open and honest engagement of vested interests, coalitions and leadership in a process of dialogue and authentic conversations in which all players take the position of 'cards up on the table' i.e. being up front about what they need, want and don't want (Boas P, unpublished paper).

## COALITIONS AND LEADERSHIP

*Who are the people and groups who have the power to make or break the change? What actions do we take?*

- Research and discover influential groups including associations and unions and external stakeholders
- Identify CEO, senior managers, key policy and corporate areas
- Decide on strategies to inform and engage these groups
- Attend Senior Management meetings to engage



## Covert Politics Loop

When change management decisions are made and the needs of the people involved are not considered Stacey (1996) argues that a whole series of interrelated events begin to occur which are represented by the other loops within the model. The first of these to be considered is the 'Covert Politics Loop'.

The stages of the 'Covert Politics Loop' are:

1. Act - This is the implementation of the plan, the pragmatic carrying out of choices made but this is influenced by the anxiety and defensiveness of the covert activities
2. Organisational defence
3. Fear of failure – Anxiety is created

Once the changes commence there are often defences shown within a short space of time. These are some examples of how this can be demonstrated:

- Compliance with any requests rather than ownership of the changes
- Traditional rational approaches used to engage staff in new initiatives rather than engaging and empowering people
- Organisational change leaders may be excluded from meetings where key decisions are made
- Audits may be conducted targeting areas of change
- Resources that were committed to the change, can be threatened
- People act like they are participating but are not – they only go through the motions
- Competition for resources is increased

In planning a change, organisational defences need to be anticipated and included in the plans.

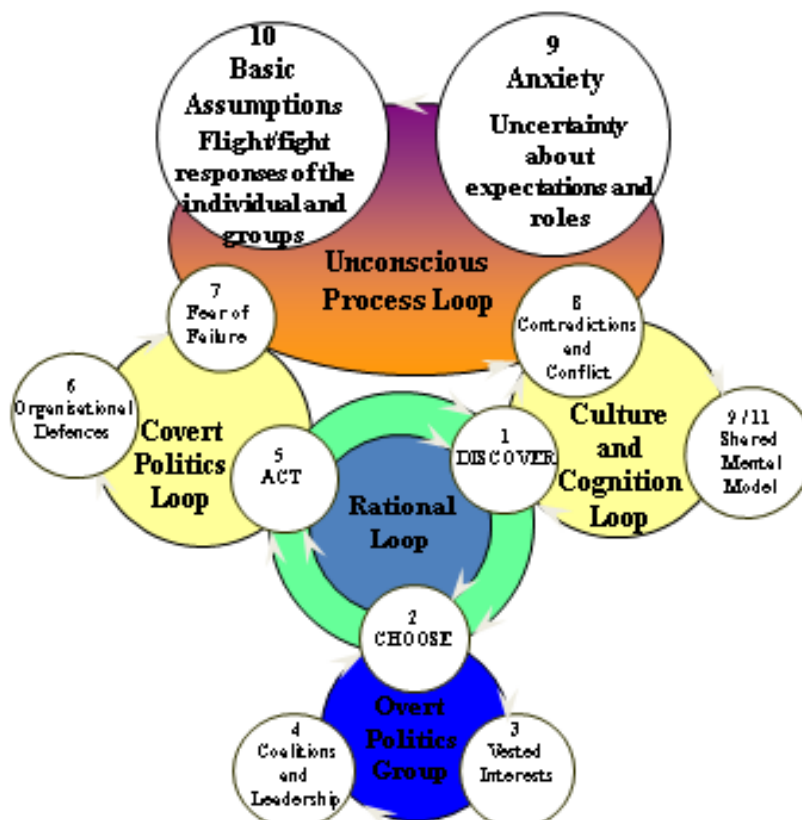
The 'Covert Politics Loop' is a result of the defensive routines that are generated when organisational members begin to experience anxiety and fear associated with operating in unfamiliar ways e.g. when people's mental models and assumptions are no longer valid or useful. As Stacey notes, 'As soon as they do this they arouse fears to do with failing to produce anything that functions in place of what they are destroying...' (Stacey, 1996; p. 392). Defensive reactions appear when people believe decisions that affect them are being made without due consideration for their point of view or position.

*Organisational defence systems* then move into the next stage of the loop, which is *fear of failure*. The manifestation of this stage could be people rejecting new ideas, hidden agendas etc., because they are unsure of how it will affect them. Often, this is because they are receiving mixed messages from different parts of the organisation and are confused.

When organisational leaders are threatened by change initiatives they can react negatively and try to protect "their patch". Change leaders and others are likely to experience a *fear of failure* and if this is not responded to or managed well, they can feel increased levels of anxiety.

The reactions noted by leaders not involved in the change during this stage can include:

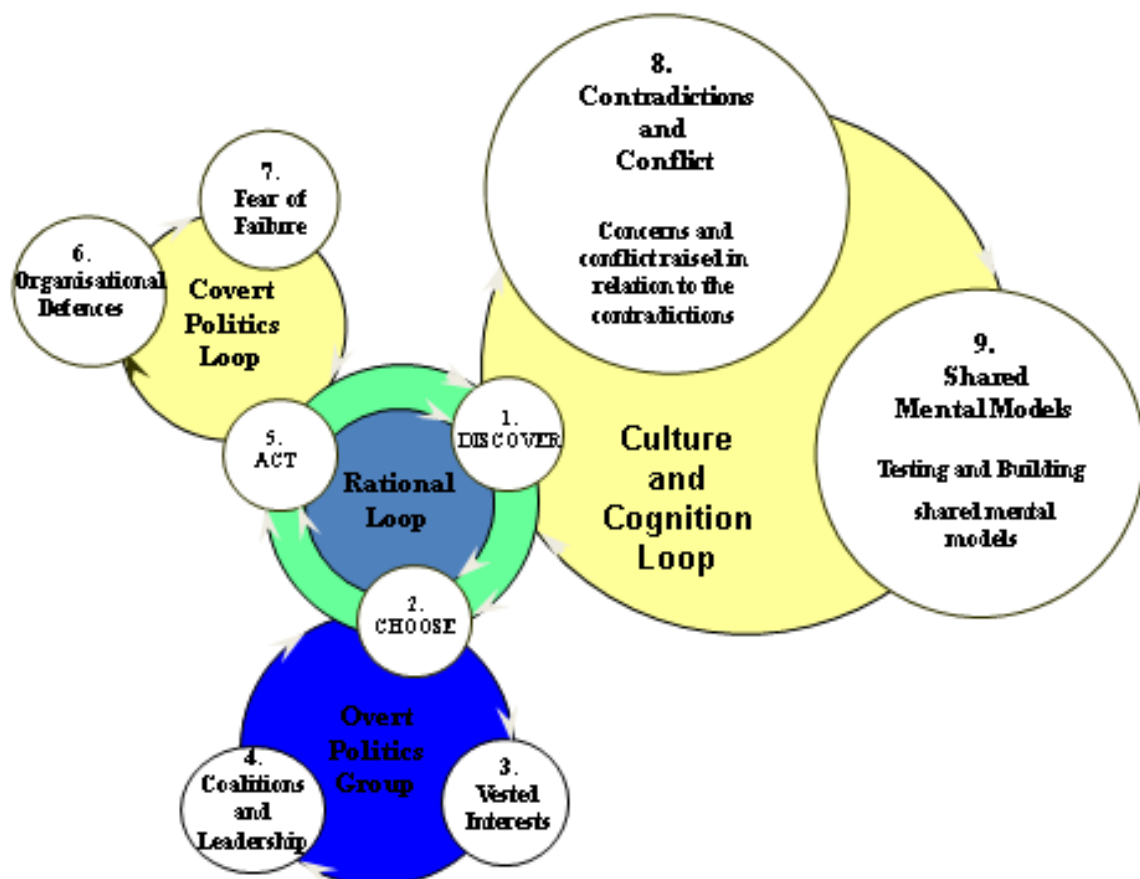
- Avoidance, retreat, ignore new strategies
- Reject new approaches and argue against the theory
- Link up with coalitions to push back
- Personal threats
- Bullying
- Mixed messages from different parts of the organisation



## ANXIETY AND BASIC ASSUMPTIONS

**This is the stage where people feel that their foundations for how the world of work is undertaken, are severely shaken. They bunker down, act on their shadow side may fight or withdraw. The following behaviours are often observed:**

- Opportunities for learning are not taken up
- The effectiveness of the overall strategy is questioned and challenged
- Scarcity mentality is practised, no sharing of resources
- People operating on the belief that everyone gets the same share but this is not realistic
- Decisions not be made except through traditional hierarchy, lack of trust in leaders demonstrated
- Polite behaviour is shown that does not deal with any of the conflict openly



At the Contradictions and Conflict stage people can be feeling confused and doubtful. Some parts of the organisation are working with the new direction whilst others are still behind. This is normal and is due to the time taken for any change and the planning, development and implementation of strategies to support people and operations along the way.

Strategies that organisational change leaders have used to work with this stage include the following:

- Openly deal with conflict as it arises
- Involve key people in discussions and negotiations
- Surface questions and doubt in large and smaller forums and respond and fully
- Identify and engage key people with the capability to deal with resistance and to support others
- Raise the concerns and deal with the objections early keeping senior executives involved
- Create environments where disagreement and challenges are encouraged
- Seek feedback and respond with consistency, common language and messages are used

## SHARED MENTAL MODELS

**At this stage people in some parts of the organisation are keen and moving ahead whilst others can be stuck and at times resistant dealing with the uncertainty. The strategies that assist in building shared mental models include:**

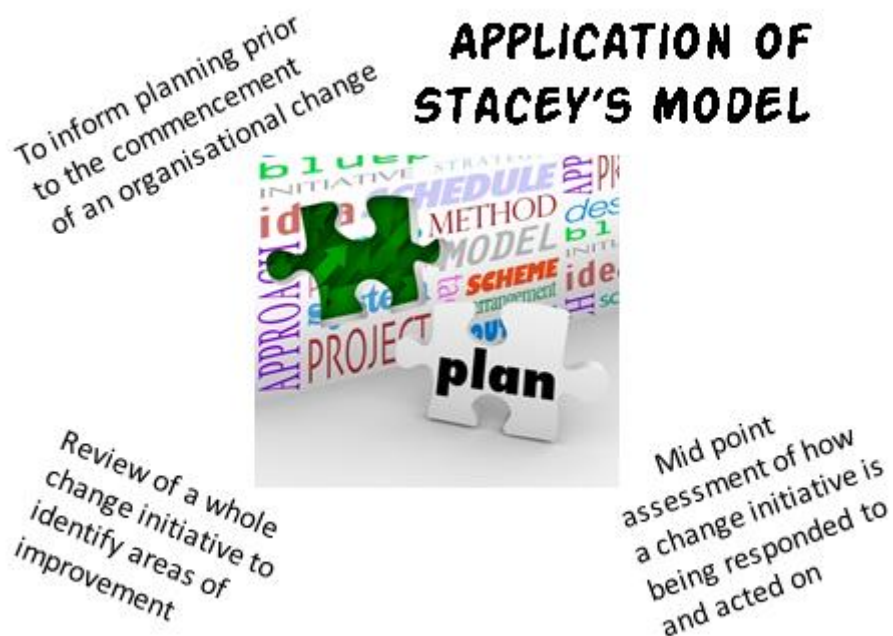
- **Sharing stories of the past, recognising that things are not the same and its time to let go**
- **Creating learning circles to share new knowledge, focus on futuring and vision creation**
- **Working at all levels to develop networks and build trust using Appreciative Enquiry and World Café processes .**

In order to reach a point of 'Shared Mental Models', people need to develop skills in listening to and appreciating the stories of others. It is only by hearing what others have to say in a spirit of true dialogue and authentic conversations can a group reach a state of shared mental models. The 'Shared Mental Models' stage leads back into the 'Discovery' stage of the 'Rational Loop' at which point the process

begins again but this time the data, and information on which decisions are made and actions taken is of a higher quality and people are more engaged with the process.

In summary, Ralph Stacey (1992) approaches the dilemma of change leadership from a “new science” or chaos theory perspective, identifying business organisations as “non-linear feedback systems” that fail when they seek to stay the same and be consistent and succeed when they are innovative and creative. In “Managing the Unknowable,” Stacey (1992) argues that people in organisations undergoing change, generate in themselves and others, such a complexity of behaviours that logical cause-and-effect outcomes are not possible. He has proposed that people’s self-organising interactions – how they behave towards each other in any moment, is what really creates what happens.

In spite of our human wish to create a vision of the future that we can plot, plan and make happen, the future of an organisation undergoing change is, by definition, not predictable. Given the unknowable future of an organisation that is improving, changing, and becoming innovative, the notion of a “shared vision” can’t happen across the organisation. Similarly, a unified, strongly shared culture is a hindrance to change. It needs to be challenged. For Stacey, the role of leader is to create conditions that foster different perspectives, provoke questioning and promote complex learning in a state that he describes as “bounded instability.” Such systems will inevitably increase the anxieties of its members, require them to reconcile their multiple perspectives of self and align their differing values as a means to manage ambiguity, contain anxiety and develop compatible work processes.





## SYSTEMS THINKING ACTIVITY

**Map the networks you have and those you need to influence**

**Identify where are the informal and formal leaders in both vested interest groups and coalitions**

**Explore the impact of the changes on those leaders**

**Discover who is working with the new direction and who is not**

**Build relationships**



Refer to the worksheet provided for a complete list of questions regarding Stacey's model. This can be used to plan change, reflect on the change so far or to review a project that has been completed.

### Reflections

What are you doing that is accelerating adaptive leadership learning and change?

How are you creating space for innovation and future directions?

How are you building networks that support the sustainability of change initiatives and connect into a focus of engagement both within and outside of your organisation?

### Further reading

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With over 20 years of experience and significant change leadership expertise across 5 different government departments at middle and senior management levels, I have been responsible for initiating and leading statewide organisational development and culture change processes, strategy planning and futuring processes, leadership and management development and performance improvement.

Over the past 10 years my successful consulting business has assisted a range of public, community and private sector organisations to grow their strategic capacity, build teams, enhance their leadership and align vision and values to achieve results.

Many of the articles and processes used in these sessions come from my own practice developed over years and from partners in Human Ingredient. If you would like more information and assistance in facilitating these activities in your teams, please contact me via email on address provided.

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