



THE PEOPLE SIDE OF CHANGE

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Thought Piece
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A Google search for 'change management' leads to 1.2 billion results (certainly more when you read this). 'Human resources management' to only 415 million entries. This tends to indicate that the most critical portion of change, the human side, is vastly overlooked.

Underestimating the challenges inherent to managing complex employee reactions to change can actually sink an organization. And these reactions can be quite confusing: Why do staff focus on issues such as working conditions in turbulent times? How can staff show high professional satisfaction and engagement in the midst of a major shift, when the future of the organization is at risk?

Longitudinal studies conducted by Ipsos provide us with insight in this regard. Years of research for organizations undergoing major changes indicate that results are quite consistent across industries, geographies, and in both the public and private sectors.

Change models (from pioneer work re: group dynamics by Kurt Lewin

in the late 1940s to William Bridges' Managing Transitions close to 50 years later) describe 3 stages: "unfreezing," transition, and entry into a new period.

Ipsos' employee research uses a comparable 3 step approach. Employee attitudes vs. change typically progress through a consistent cycle:

- 1) Passive when change starts
- 2) Defensive when change becomes destabilizing
- 3) Proactive when change is finally implemented and endorsed

In stage 1, employees don't immediately understand the new strategies and objectives. Since employees don't understand either the rationale for change or its implications - especially its potential individual impact - people tend to show their attachment to the current situation by focusing on their direct environment and their usual day to day tasks. The employee-employer relationship is characterized by growing distance, explaining that employee engagement and professional satisfaction can remain at a high level for a while.

Voice of the Employee: Typical Stage 1 Quotes

Everything is the same. I haven't seen the benefits at my level just yet

Another re-organization that we have to wait and see what the fallout will be

While the merger does not impact our day to day business, there has been no clear communication as to if we will be moving offices - who, when, where

Stage 2 sees an accelerated pace of change. Staff feel better informed so they start to understand how change will impact the organization and themselves as individuals. Their main concerns now shift to: how am I going to fit into this new organization? Do I have what it takes to do so? Staff feel destabilized: as old points of reference become obsolete, new ones haven't completely emerged yet. A common request at Stage 2 involves training since people perceive it as the most effective aid to help them adjust to change. Professional satisfaction and engagement tend to drop significantly.

Voice of the Employee: Typical Stage 2 Quotes

There is so much change and uncertainty that it is hard to stay focused and motivated

Change is painful

Too confusing, don't understand the new organization, NO TRAINING

Things have moved too fast and while change is good and sometimes need to be accelerated, we have started running before we can walk. People aren't given adequate support

Change is stressful

There is uncertainty about future prospects: where we now fit in?

In stage 3, employees get back on board - when change is well managed. Some organizations get stuck in stage 2 for extended periods of time. Staff perceive an overall improvement of the situation and feel reassured about their future because they understand their role and their contribution within the new environment. People know what is going on and feel a part of it. Engagement and job satisfaction improve noticeably at this stage.

Voice of the Employee: Typical Stage 3 Quote

At first, there were some sense of confusion and instability, but I believe that slowly, things are being worked out for both the company and employees' good

Rather than base all change-related actions on staff expectations, the experience of Ipsos' employee relationship management practice has seen clients succeed with different priorities at each stage:

Stage 1 Priority: Overcome staff "distance" through open communication by leadership to detail the necessity and the purpose of change.



Effective practice: Town hall meetings focusing on the big picture

Ineffective practice: No bottom-up communication channel

Stage 2 Priority: Provide employees with the means to adjust to change by launching initiatives that better match their expectations. Managers need to support staff as they learn (to trigger change endorsement and to develop confidence).

Effective practice: Biweekly or monthly follow-up interviews with team members covering their progress, their challenges and their individual prospects

Ineffective practice: No timeline attached to discussed matters and actions

Stage 3 Priority: Empower the staff as employees start to sign on to the new direction taken by the organization. This means leadership fostering proactive behavior on the part of staff, recognizing and rewarding newly acquired skills and giving employees more leeway to make decisions.

Effective practice: Appraisal system adjustment to reward achievements and attitudes most in line with new corporate priorities

Ineffective practice: Prevalence of past performance recognition

Through several decades of employee engagement research, Ipsos has observed that drivers of employee engagement change over time.

- 1) Individual dimensions prevail in Stage 1 since staff are primarily motivated by their own perspectives and interests. This drives distance between employees and the organization.
- 2) During the transitional Stage 2, a mix of individual and collective engagement drivers exist (e.g. my career progression on the one hand; my sense of belonging to the organization on the other).
- 3) Collective dimensions rise in importance in Stage 3 including



collective objectives and corporate culture. Reaching stage 3 implies alignment across the entire workforce.

Efficient change management requires monitoring of the “people side” at each stage. Many options exist to effectively and efficiently track the diffusion of change into the larger organization. Even though managers are typically exposed to change earlier (and often in more detail) than staff, seniors also have issues with change.

Only half of HK managers believe change is well managed at their workplace.

Some feedback from Hong Kong managers and employees sheds light on this key aspect. Ipsos' Representative Employee Data (RED) show that only half of HK managers believe that change is well managed at their workplace. Only a third of HK employees share that opinion. These scores are below both regional and international standards as measured by Ipsos. Does it mean change initiatives are likely to be rejected in Hong Kong? Yes and No.

A large proportion of HK employees simply don't understand the need for change. Once they do, most of them tend to endorse it. HK managers' posture is actually more worrisome: close to 30% of them believe the corporate strategy of their employer is “heading in the wrong direction”. The proportion of these “internal opponents” in Hong Kong is 2 times the regional average and it has significantly increased over the past few years.

Generally speaking but particularly in HK, it is of paramount importance to ensure management's endorsement of change from the beginning of the process.





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About Ipsos Employee Research:

Is your organization on the outset of a transition? Knowing how your people -your most important asset- will react to and in this change is essential to the success of the transition and the success of your business. Our Employee Relationship Management (ERM) team understands the challenges you face and has the tools you need to prepare for, to implement and to evaluate major change initiatives.

About Ipsos:

Ipsos is an independent market research company controlled and managed by research professionals. Founded in France in 1975, Ipsos has grown into a worldwide research group with a strong presence in all key markets. In October 2011 Ipsos completed the acquisition of Synovate. The combination forms the world's third largest market research company. With offices in 84 countries, Ipsos delivers insightful expertise across six research specializations: advertising, customer and employee research, marketing, media, public affairs research, and survey management.

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