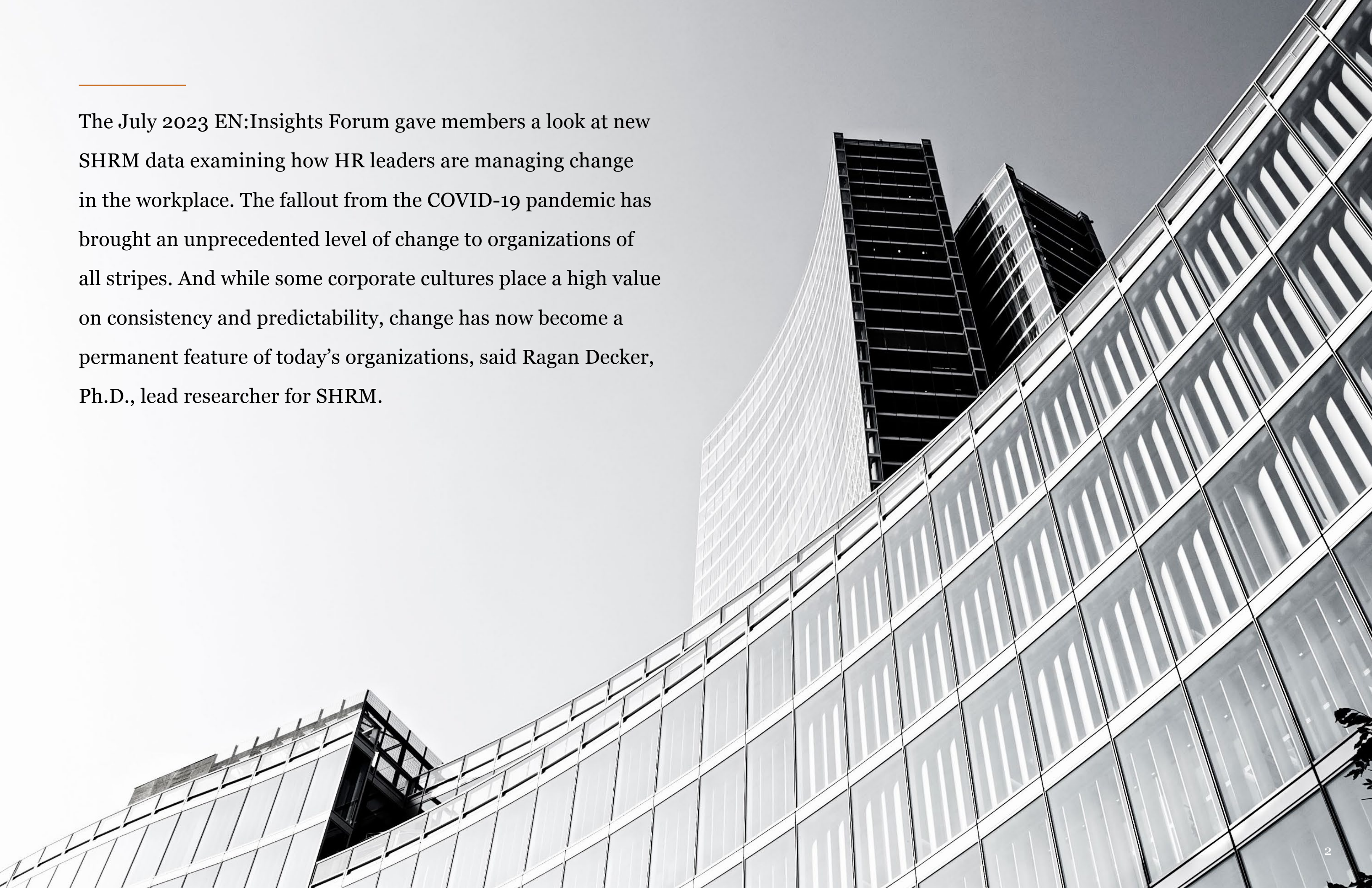


CHANGE MANAGEMENT FOR HR LEADERS

JULY 2023 EN:INSIGHTS FORUM
EXECUTIVE SUMMARY



The July 2023 EN:Insights Forum gave members a look at new SHRM data examining how HR leaders are managing change in the workplace. The fallout from the COVID-19 pandemic has brought an unprecedented level of change to organizations of all stripes. And while some corporate cultures place a high value on consistency and predictability, change has now become a permanent feature of today's organizations, said Ragan Decker, Ph.D., lead researcher for SHRM.





RAGAN DECKER, PH.D.
LEAD RESEARCHER FOR SHRM

Understandably, HR executives are experiencing a constant state of volatility, uncertainty, complexity and ambiguity (VUCA) that is quickly becoming the new norm. SHRM’s research found that just 23% of HR executives describe themselves as thriving in the VUCA environment.

“To put it in perspective, *HBR* [*Harvard Business Review*] reported that in 2022, the average employee experienced 10 planned enterprise changes,” Decker said. “This is an increase of eight changes compared with just six years ago in 2016. In this volatile, uncertain, complex and ambiguous environment, navigating change is no easy task.”

Morain, C., and Aykens, P., “Employees Are Losing Patience with Change Initiatives.” *Harvard Business Review*, May 9, 2023. hbr.org/2023/05/employees-are-losing-patience-with-change-initiatives

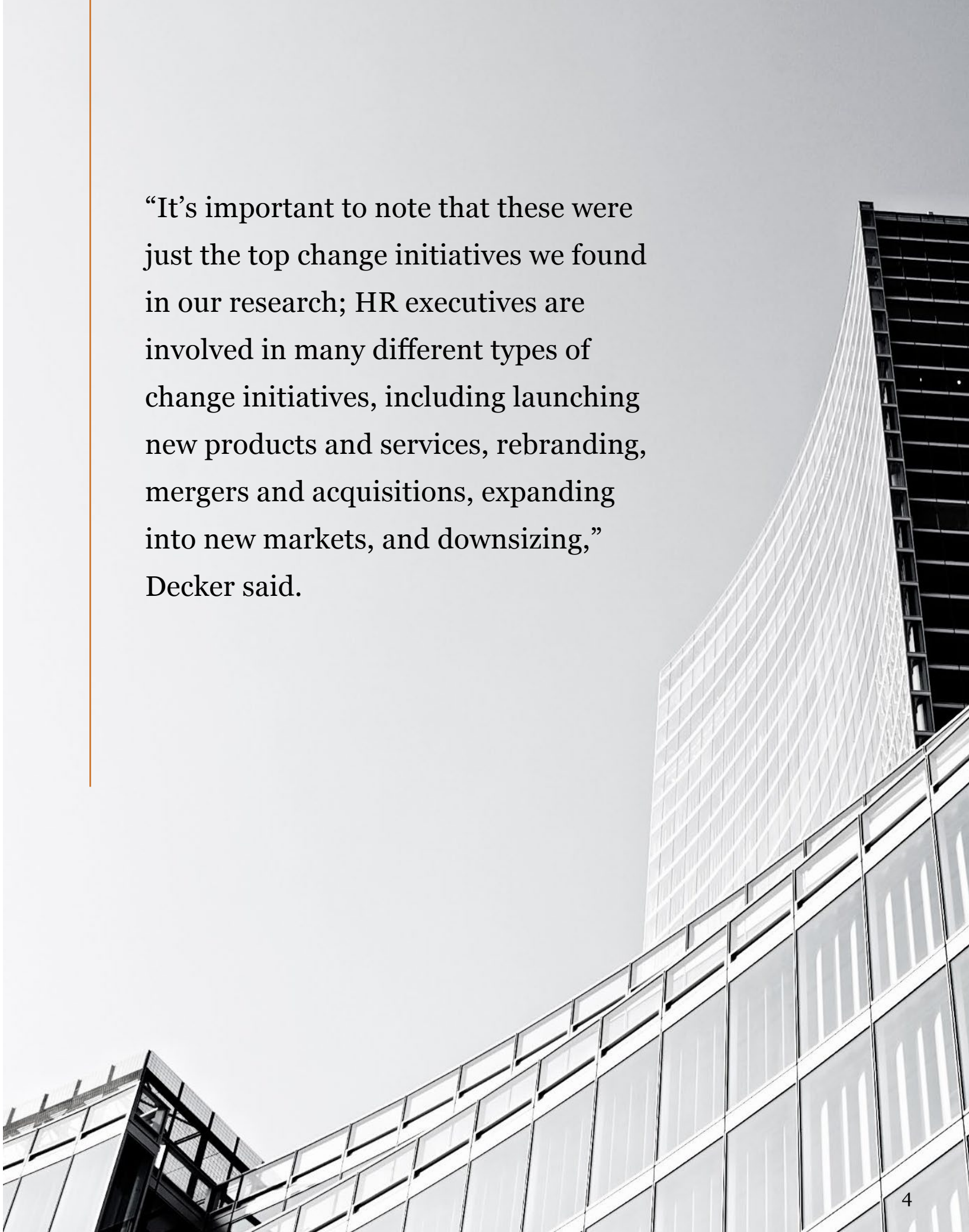
A major role for HR leaders:

SHRM Research found that 99% of HR executives report leading or playing a major role in organizational change during the last three years.

PERCENTAGE OF HR EXECUTIVES LEADING OR PLAYING A MAJOR ROLE IN THE FOLLOWING CHANGE INITIATIVES SINCE 2020:

Adaptation of work arrangements	63%
Implementation of new technology	55%
Strategic realignment/restructuring	51%
Culture change initiatives	49%

“It’s important to note that these were just the top change initiatives we found in our research; HR executives are involved in many different types of change initiatives, including launching new products and services, rebranding, mergers and acquisitions, expanding into new markets, and downsizing,” Decker said.



HR leaders play many roles in change management:

HR leaders have historically played a variety of roles in organizations, including administrative experts, strategic partners, employee champions and change agents. “Back in the 1990s, there was an emphasis on the administrative expert role, but as we’ve evolved, HR now plays many different roles,” Decker said. “And it’s important for HR to play all of these roles.”



TOP ROLES HR SHOULD PLAY IN CHANGE MANAGEMENT, ACCORDING TO HR EXECUTIVES:

Communicator **79%**

Partner **76%**

Strategist **65%**

Advisor **65%**

Leader **55%**

“These findings suggest that HR executives recognize the importance of playing diverse roles in the change process,” Decker said.

HR leaders may not be as successful as they think:

When it comes to how HR executives consider their own performance with change programs, the survey results suggest that HR executives believe they are effective at managing and initiating change, with many reporting a high success rate over the course of their career.

Over a third (**36%**) said all or nearly all their initiatives were successful, compared with **47%** who said many initiatives were successful, and **16%** who said only a few were successful. No HR executives said they'd never had a successful initiative.

However:

Just 29% of individual contributors said their organizational leaders are extremely or very effective at initiating and managing change. This points to a significant perception gap between executives and individual contributors when it comes to their effectiveness in initiating and managing change, Decker said.

Looking ahead:

The top change initiatives planned for the coming years won't surprise anyone working in HR—the implementation of new technology and process improvements top the list. Overall, the focus will be on efficiency and digital transformation, including adaptability and new technology such as artificial intelligence.

TOP CHANGE INITIATIVES PLANNED FOR THE NEXT 3 YEARS:



“It’s important to note that some of these top change initiatives planned are initiatives that HR executives have previously led or been a major part of over the last three years, including the implementation of new technology, strategic realignment and restructuring, as well as culture change,” Decker said. “This suggests that HR executives will likely continue to play a major role in change.”

And how ubiquitous is organizational change? Just 7% of HR executives say their organization will not engage in change initiatives during the next three years.

“This just emphasizes the inevitability of change in today’s dynamic business environment,” Decker said.



Strategies for effective change management:

Looking through both the qualitative data as well as the quantitative data, a few key findings jumped out, starting with the power of strategic planning, with 41% of HR executives saying their organization is most effective at developing a vision and plan for change.

“HR executives are stressing the importance of strategic planning and preparing before the implementation of change,” Decker said.

HR executives’ insights on factors driving or impeding change initiatives underscore the important of effective communication. Communication proves to be both a facilitator and an obstacle.

TOP 3 FACTORS THAT ENABLE CHANGE INITIATIVES:

Strong leadership and management support	48%
Collaboration and teamwork across departments	34%
Effective communication	32%

TOP 3 FACTORS THAT HINDER CHANGE INITIATIVES:

Limited resources	45%
Resistance to change from employees	38%
Lack of effective communication	28%

Evaluation is important:

Only about one-third of HR executives think HR should be an evaluator (34%) or an analyzer (32%) of change, even though HR executives have a great understanding of employee metrics, putting HR in a very good position to play these roles.

“When we think about change initiatives, the human element is so important,” Decker said. “It really begs the question of, ‘Shouldn’t HR be playing a bigger role in evaluation?’ We received several comments that support this idea of planning how to measure success from the beginning. This not only helps to determine the effectiveness of the change later, but it helps the entire team focus on what the real end goal is, which often gets lost during big shifts. Another point is to also make sure you have strong post-launch measurements in place.”

THE IMPORTANCE OF EVALUATION:

- 30%** of HR executives say their organizations need to improve change evaluation.
- 34%** of HR executives say HR should play the role of evaluator in change management.
- 32%** of HR executives say HR should play the role of analyzer in change management.





And finally—change fatigue is real:

The survey results highlight the importance of addressing the fatigue employees experience when there are many changes made in a short period of time.

73%

of HR executives are increasing or improving communication to address change fatigue.

“As highlighted at the beginning of this presentation, workers are experiencing much more change than they had in the past,” Decker said. “As a result, many HR executives are planning to increase or improve communication to address change fatigue.”

HR LEADERS MUST BE CHANGEMAKERS



JIM LINK

CHRO, SHRM



SHRM CHRO Jim Link's career has taken him to companies such as GE, Pillsbury, Porsche and Randstad, giving him plenty of perspective on leading change. The HR function is no stranger to change itself, Link noted, with the field undergoing tremendous changes not just in the period surrounding the pandemic but going all the way back to the days when HR was just the old-fashioned "personnel office" focused on administrative duties.

"And what has changed," Link says, "is the significant role HR leaders play and that they need to play in order to be successful in these organizations."

Rethinking the Role of HR

Link started the discussion by asking attendees about the role of HR. A SHRM survey published earlier this year revealed a stark disconnect between how employees see HR and how HR sees itself.

"According to the HR professionals we ask, it's HR's job to create a positive employee experience. And then employees tell us HR's No. 1 job is to keep the company out of legal trouble. And those are not the same thing," he said.

"When I think about HR, I wonder, 'Are we peacekeepers or are we changemakers?' And I prefer for us to think of ourselves as changemakers," Link said. HR has evolved beyond its administrative beginnings, and now it's up to HR leaders to take the initiative to shape the modern workplace, even if it means shaking things up a little, he said.

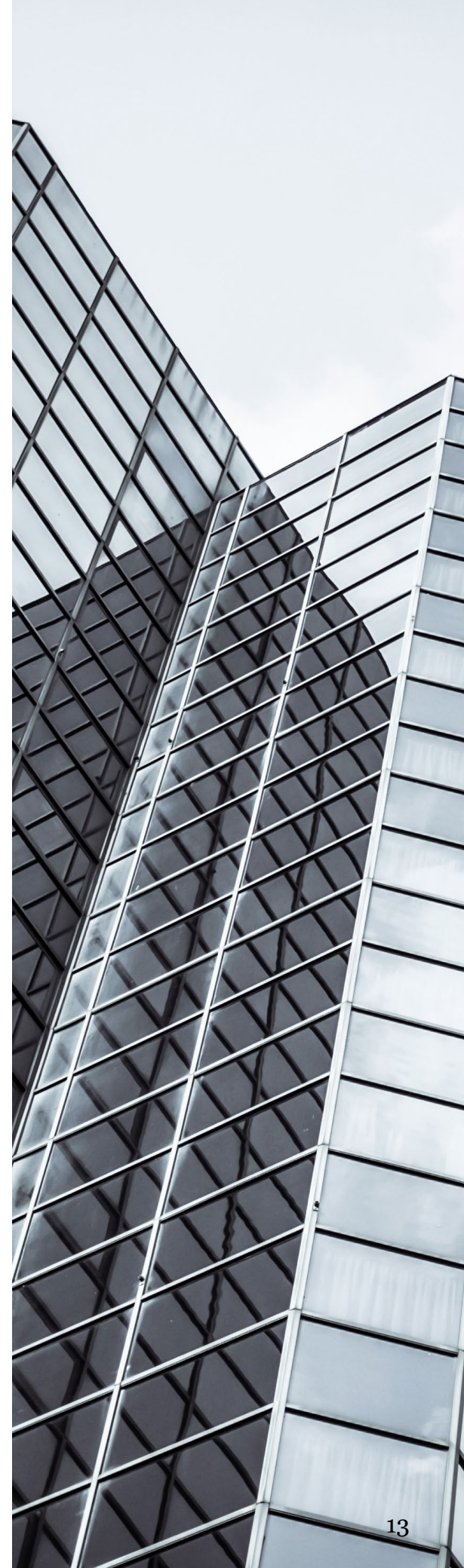
Q & A WITH JIM LINK

Q: **How do you get buy-in for change in the C-suite?**

A:

I have a record of both good successes and massive failures in this effort. When I look introspectively at the things I've been able to do successfully and the things I've done unsuccessfully, there are some common elements.

I've been successful when I've taken a very analytical approach to the need to drive change. I've done my homework, I've looked at it quantitatively, and most CEOs and business leaders speak in the language of quantitative analysis, whether they realize it or not. And we, as HR leaders, have really learned how to start speaking that language in just the last 10 years. Where I've been successful, I've gone in with a much more analytical approach to the reason for the change that's needed or the process that needs to shift or the transformative change that needs to occur.



The ones where I've failed are ones where I relied more on my own intuition and hearsay and gut feeling, without doing enough of the homework and the background and the process around the numbers and the analytics to convince others they need to change. Sometimes I think we, as HR leaders, think the need for change is so obvious anybody sitting around the leadership table will get it.

It's important that you involve everybody sitting around the table in the language they use every day and not make those assumptions. You have to take the time to build that case, to bring all of those folks in, and that's not just people who are at the leadership table—it's all of your constituencies who are very interested in helping move something forward in any organization.

The times where I made mistakes were when I assumed everybody would just magically understand it was a great idea and move forward.



Q: How do you make change management a competency versus a program?



A:

I think you can measure it and talk about it as part of your performance management systems and your leadership effectiveness models. We teach change as being a component of leadership here at SHRM, and that change is one of those required competencies that leaders must have to be not just successful in the leadership job that they're in today but effective in the leadership jobs that they'll have tomorrow and in the future.

You can think about change as a competency, and there is some research out there that tells you how to think about that and how to measure it and how to even prepare leaders for change. The good news is it can be taught, and if it can be taught, it can be learned. And if it can be learned, it can be put into practice. And if it can be put into practice, then you, as a business leader, can hold others accountable for that competency in your organization.

I absolutely believe all leaders should have it as a competency, and I'm talking entry-level leaders as well, all the way up to the very top of your organization. They should have that competency as a requirement to be an effective leader.

Q:

How do you successfully manage the fear of the unknown when changes are made in an organization?

A:

It is a bit of an art, and it's a bit of science. You've probably heard change is easier whenever there's a burning platform, right? The history books are littered with organizations that faced situations where if they didn't change, they weren't going to survive. Harley Davidson, the famous motorcycle manufacturer, basically needed to change the quality and systems and manufacturing programs, everything associated with their product, because they were producing an inferior product at the time. They had a burning platform—if their business was going to survive, they needed to change.

To me, that's an easier change because, if you don't change, your organization is going to die. What's harder is when the need for change is not so obvious. Whenever you're making change for the sake of trying to make things better for the long term, that's much, much harder to sell.

However, the real answer to your question is the best change occurs when leadership teams and the entire organization can envision the future of what that change will produce—when the vision of what will happen if the change occurs is so clear it becomes compelling. If you can paint a very clear picture of what that result is going to be, that vision becomes the compelling reason to make the change in an organization. And it works very well in getting people to buy into a change initiative in your organization, whether it's large or small.



Q: I work at a 25-year-old company that was managed by harsh and inappropriate managers. We now have new owners. How do I get buy-in for transformation?

A: It's not a one-time event. It's something that happens over the entire workplace experience of an employee. But it's not just one employee's experiences; it's also the experiences they gather from observation and from talking and chatting with other people.

I've consulted with organizations that needed to drive massive change in the organization, but not as part of a process or part of a transformation of technology. What they needed to change was their own internal management teams and their own internal structures of things. Those changes were important for the long-term success of that business. Sometimes an event like new ownership or a merger or acquisition is the perfect time to re-establish and re-evaluate and redefine what effective leadership looks like and to share that mission and vision for what the future holds.

Q:

How do you create or ensure psychological safety during a change?

A:

It's not a one-time event. It's something that happens over the entire workplace experience of an employee. But it's not just that one employee's experiences, it's also the experiences they gather from observation and from talking and chatting with other people.

While psychological safety certainly can exist at an organizational level, the absolute best person to create a sense of psychological safety is your direct leader, your direct manager, that person in the organization who you rely on and count on every day to help manage and lead that organization. Spend time with front-line managers and leaders defining psychological safety, what it means in your organization and the value it can bring to employees. You can train and teach front-line leaders and managers how to develop cultures of safety.

I don't like to think of it as psychological safety. To me, it's more a culture of care. And if you think about that culture of care, psychological safety is often a component that comes along with it. It's tied to things like well-being, and it's tied to effective, empathetic listening. It's tied to all kinds of capabilities that are part of the softer sciences that we should be doing well every day. While we're talking about driving change, we can't forget the empathetic components that we bring to our own leadership capability and to those around us. That is a massive part of building psychological safety.

Q: What's the best way to support leaders in managing DE&I efforts during these challenging and complex times?

A: I believe the best way to approach these things is to define and to describe what you want your work culture to be. I think the best organizations work on four components of their culture, and they constantly work on these four pieces to build a great employee experience—a great outcome for the business—and to become a great place to work.

The first is a culture of innovation. A culture of innovation drives this idea of a culture of learning, and a culture of learning creates a culture of collaboration, and all those traits put together create a culture of belonging. This operates like a four-quadrant system, and if one of those quadrants is out of line, not getting as much attention or focus as it needs, then it's harder for the other three to be effective.

If you focus on belonging, collaboration, learning and innovation, you won't have issues attracting, retaining and engaging people, let alone promoting or helping those people feel successful who might fall into any diverse grouping. If you focus on those four cultural elements in your organization, I honestly believe the rest of it gets easier, and the business outcomes will certainly be there.

