

# How the Soft-Side of Change Can Better Prepare the Hearts and Minds of Employees?

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Change has been posited as important today by some of the top journals such as Harvard Business Review, California Management Review, Muma Business Review, Leader to Leader, and MIT Sloan Management Review, but what exactly does the change mean to you? For example, the COVID-19 change is certainly tantamount to many people's minds. That change is so broad, that readers view it as changing everything from the price of food to the remote working environment. Many business leaders and scholars sanctify organizational change. But why? One reason is that organizational change is one of the most difficult management issues to grasp, and while executives are contemplating change they are being usurped by their boss or by the competition. When managers decide to lead change, they face many problems such as countless

tensions or opposition from employees. Successful change requires leading the hearts and minds of employees. Only then, will leaders get buy-in. In fact, if the employees do not buy into the change with their hearts and minds and do not accept it, real change will not happen.

We address the vital question today: How can managers prepare the hearts and minds of employees for change? To answer this question, executives need to manage the soft side of change. Our experience of more than 20 years of management consulting in Australia and the rest of the developed countries speaks to the most important factor in preparing the hearts and minds of employees. Have them accept the idea that change is mandatory to remain competitive and will not eliminate their jobs and they will buy into the change.

**Organizational change is elusive at times because employees are not prepared for change; they need buy-in and support.**

**Keywords:** Organizational Change, The Soft Side of Change, The Hard Side of Change, Team Building, Top Management Support, Employee Buy-In, Alignment.

Many people wonder why is change so hard for humans. Lorsch (2022, p. 69), a renowned scholar and Harvard Business School professor says in his new book *Listen, Observe, Test*:

“To better solve the problems companies, face today, managers and management scholars need to think less like theorizing quants and act more like observant doctors.”

The problem is that people usually get used to what they have and what they do, and it is hard for them to change their habits (Hawlder et al., 2022; Zhang et al., 2022). Clawson (2022), an expert in habitual leadership and human responsiveness found that ninety-five percent of leaders are creatures of habit. Life in villages is the best example of this inner tendency of humans. In villages, people usually inherit the habits of the past, get used to what their fathers and mothers did, and use them in their daily life.

One of the ways to change the previous habits is by conducting a deep dive. A deep dive means that executives need to change how they think about change. Executives need to be comfortable with change and get in touch with their unconscious biases and how to address their biases proactively. Executives must be aware that the new era of business has resulted in two kinds of corporate lives. First life, corporations get ready to accept the change and move toward a bright future with continuous change. Second life, corporations refuse to accept change, and they are eventually banished, or even vanished, from the competitive scene (Dacin et al., 2022). This new era of business states a clear message to all companies: Either change and adopt new ways or die on the corporate life cycle! (Keller & Schaninger, 2019, p. 3).

The question here is: What is the corporate life cycle? A corporate life cycle comprises the stages of growth and development that nearly every company goes through from the initiation of the company to its end (Freisinger et al., 2021; Mosca, Gianecchini & Campagnolo, 2021). Just think about the companies that you have worked for. Many vanish, get taken over, go out of business, or merge. Thus, the four stages of a corporate life cycle are the start-up stage, either as a proprietorship or a corporation; the growth stage, which could be positive or negative; leading to the maturity stage, which is where inertia begins to set in; and then the final stage which is decline, die, or exit. There is only way that remains:

Successful change enables organizational resilience.

But how? Change has always been hard (Feldmann, 2014; Khaw et al., 2022; Pickup, 2022). Managers around the world have experienced trauma during change. When managers begin the dialogue about change, many employees lower their heads and ask each other under their breath, WHY? Many people feel that everything is fine and there is no need to change anything. Managers are often surprised by the employee’s response to change and do not understand the reason for this behavior. In a qualitative study we conducted in Australia, we requested 17 managers to list 5 main reasons why their employees oppose organizational change. These managers’ answers were shocking to us. Almost all of them listed a laundry list of reasons (such as unrealistic timelines, mistrust, lack of confidence, and so on)! We perceived some of their reasons as real, while some appeared to not be based on fact (Proviterra & Sayyadi, 2023). Take a look at the following table to view the statistics of diverse interviewees of this study by industry, sampling strategy, and interview style. In terms of gender, 11 interviewees were male and 6 of them were female.

The following table also summarizes this qualitative study and presents the main reasons why employees oppose organizational change.

The Covid-19 crisis made leaders feel that organizations must be prepared for change in a continuous manner. They changed the organizational risk management title to non-financial risk management which we feel is more apropos today (Arabi et al., 2021; Lehmann et al., 2021; Caldeira et al. 2023). A successful organizational change requires focusing on both soft and hard aspects (Errida & Lotfi, 2021; Khaw et al., 2022). The hard side of change refers to those factors that directly affect the success of organizational change projects (Malek & Yazdanifard, 2012; Albach et al., 2015; Rao, 2022). In particular, these factors are typical project charters such as objectives, budget, schedule, etc. On the other end of the spectrum, the soft side of change refers to those factors that indirectly affect the success of organizational change projects (Hughes, Rana & Dwivedi, 2020; Errida & Lotfi, 2021). These factors include human or social factors of change, including leadership, organizational culture, human capital, organizational capital, and social capital. This side of

**Table 1: Statistics of Interviewees by Industry, Sampling Strategy, and Interview Style**

Sampling Strategy	Interview Style	Number of Interviewees (Mining)	Number of Interviewees (Finance)	Number of Interviewees (Health Services)	Number of Interviewees (Supermarkets and Grocery Stores)
Opportunistic	Unstructured	2	3	3	3
Targeted	Unstructured	1	1	2	2

**Table 2: Summary of the Qualitative Study**

<b>Fear of the Unknown Things.</b>
<b>Mistrust Climate</b>
<b>Lack of Confidence</b>
<b>Fear of Failure</b>
<b>Ineffective Reward Systems</b>
<b>Fear of More Work Pressures</b>
<b>Fear of Losing Job Security</b>
<b>Unrealistic Timelines</b>
<b>Change is Unnecessary and Illogical</b>
<b>Fear of Future Conflicts with Coworkers and Supervisors</b>
<b>Maintaining the Status Quo</b>
<b>Fear of Losing Connections</b>

change is often hidden from the eyes of managers and organizational change consultants (Clay, 2017; Jakobus et al., 2022; Khaw et al., 2023). Our experience says that if this side of change is ignored, organizational change projects will not succeed.

The soft side of change is actually the missing link that can prepare the hearts and minds of employees to accept change (Grant, 2018; Harikkala-Laihinien, 2020). Lorsch (2022, p. 87) argues that “the immense pressures placed on junior faculty [or managers] come with significant psychological costs to the individual.” Although this side of change indirectly affects the success of change projects, it is deeply rooted in people and organizations. In fact, ignoring non-financial risk management would lead organizations to fail. Psychological costs of individuals are a non-finance risk that organizations must not be willing to take.

### **A Comprehensive Approach Towards Change**

Many executives are concerned with the bottom-line financials (i.e. the hard side of change) and ignore non-financial risk management (i.e. the soft side of change) (Krishnan & Parsons, 2008; Ambler, 2008; Sitnikov, 2013; Maas, 2018; Gleißner, Günther & Walkshäusl, 2022). Our experience says that changes can create a cognitive and emotional load, and may also have psychological costs. This skepticism eventually leads to the resistance of the employees against the intangible issues because they are concerned about receiving a pay cut or being terminated. In contrast, organizational change projects that also consider the soft side of change may be more competitive and attract better talent.

Executives can effectively link the hard and soft aspects of organizational change. As an example of this debate, one factor of the hard side of change is the timeline determined for the project (Turner, Anbari

& Bredillet, 2013; Hew et al., 2020). Too much focus on this factor can actually prevent innovation and does not usually bring optimal results (Linton, 2019; Fligstein, 2021; Bangerter & Endrissat, 2022; Hai et al., 2022; Bonanno, Ferrando & Rossi, 2023). Quotas are important to meet, and, in some cases, exceed. The key point is that budgets need to be adhered to but there has to be a place to keep employees skilled, continuously learning, and improving. To do this, based on our consulting experience for a multinational financial company in Australia, we suggest that executives divide an organizational change project into several smaller steps, which at first, make the project appear longer, but, in actuality, eventually, create more innovation. This can develop a culture of sharing in the success of the project (Serrat, 2017; Teixeira et al., 2023), and subsequently strengthen the soft side of organizational change. This culture of sharing in the success of the project is also the glue that keeps the organizational members together and develops their participation through cohesive collaboration in which the entire project is rowing in the same direction (Caldwell, 2023). As a result, this also leads to more acceptance from the employees and also provides better results for the organization. Therefore, our first suggestion is to divide an organizational change project into several smaller steps to provide more detailed information about each step (development of a culture of sharing in the success of the project).

The next key point is that building teams made up of the organization’s best talent to implement change projects needs care and determination. Therefore, our next suggestion is that executives should develop effective teams to create a set of the best skills, achievements, experience, and the kind of persons that are aligned with the culture to enhance the effectiveness of the soft side of change. A few years ago, we were doing management consulting for a

multinational mining company in Sydney, Australia. In this consulting project, we found that many managers in this company like football coaches looked at organizational change projects as preliminary games. In fact, they did not want to use their stars in these projects because they designated other high-end tasks for them. That was one of the main reasons for the failure of change projects at this company. That failure reason satisfied senior managers to value the effectiveness of change projects as much as their employees' high-end tasks. In doing this, our suggestion for executives to improve the effectiveness of change projects was that they could use their best talent in organizational activities to tap into their innovation ability. Prioritization of a mix of highly talented employees coupled with young up-and-coming professionals makes the best team and also prepares their minds and hearts (i.e., the soft side of change) to accept change (Tran, 2017). This type of team leads to successful organizational change projects, which strongly depend on intellectual capital.

The third point is that senior executive support for innovation in organizational change projects is crucial. While working at Salomon Brothers Inc., senior leaders wanted to develop a teamwork platform for operations in Tampa. The project was successful until some senior leaders did not buy into the team concept and wanted people to be accountable at the individual level. Senior executives across the globe should be aware that without approval from above nothing will change, and resistance will set in. In Salomon Brothers Inc., senior leadership designed a structure of teams to run the operations for each division. Over time, senior managers could not effectively develop teamwork, and the incentive lost faith placing a limit on innovation and creativity. Salomon Brothers Inc. eventually was taken over (see our case studies titled Salomon Brothers Inc. A and B for a thorough explanation). (Provitera & Sayyadi, 2022a; Provitera & Sayyadi, 2022b). At Salomon in Tampa, employees complained that the senior executives did not support their innovative initiatives. Senior executives in different companies often underestimate the crucial role they can play as inspiring leaders. The lack of inspiring leadership from these senior executives often leads to more costs and errors in organizational change. In Salomon Brothers Inc., senior leaders attempted to correct this common mistake and adopt an inspiring approach that ultimately reduced costs and highly improved the overall performance of employees. However, it was too late, the company was already on the chopping block.

Finally, when evaluating organizational change projects (both hard and soft sides) and analyzing the results with the aim of correcting mistakes and moving forward, some organizational change projects do

not achieve the predetermined results. To solve this problem, based on our consulting experience for the Sydney branch of a Japanese multinational automotive manufacturer, executives should develop a unique vision and mission for a project of importance. This way, each organization can implement its organizational change projects with the aim of achieving its mission and vision.

## Conclusions

By addressing both the hard and soft sides of change, executives can reap buy-in from followers who need to focus on change efforts and be successful. Too many employees simply rely on their leaders to implement change and focus on their unique jobs instead of focusing on the entire system and improving it. The key is for executives to prepare the hearts and minds of employees to embrace and accept change. The hearts and minds of the employees are what we call in this article the soft side of change. Executives can break down each category of change and address each component as an improved ingredient in a recipe for success. For example, they can focus on financial resources or financial risk factors to improve the hard side of change. They can also improve the effectiveness of corporate leadership and organizational culture to address the soft side of change. The suggestions in this article can make organizational change more effective for companies and improve the results of change.

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## Review

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